DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

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JON J.P. FERNANDEZ
Superintendent of Education

Vice Speaker Therese M. Terlaje
34 GL-18-2369
OCT 02 2018
Time: 10:12 AM
Received by: JG

September 28, 2018

Mr. Edward Birn
Director
Department of Administration
P.O. Box 884
Hagatña, Guam 96932

Re: iLearn Academy Charter School: Fiscal Year 2018 September 2018 Allotment Request

Hafa Adai,

Upon review of the iLearn Academy Charter School (iLearn) Fiscal Year (FY) 2018 September 2018 Allotment Request by our Internal Audit Office (IAO) in collaboration with members of the iLearn, I am unable to submit my verification of accuracy as required by Public Law (P.L.) 34 - 42, Chapter II, Part I, in its entirety.

Our IAO was not able to validate the invoiced total as iLearn has exhausted their allotted appropriations for FY 2018. Please see the attached verification report. This validation is based on actual invoices submitted to the IAO on September 24, 2018.

On a moving forward basis, IAO will be tracking the local appropriations received by charter schools against cash received by GDOE. Per P.L. 34-42, Guam Academy Charter Schools were to receive local appropriations in proportion to the cash received by GDOE for FY 2018. This additional review will be included in IAO's validation reports to ensure that charter schools receive local funds as prescribed in law.

Please advise my office if you have any further questions or concerns regarding this matter.

2018 OCT -2 AM 11:10

Sincerely,

Jon J.P. Fernandez
Superintendent of Education

Attachment
2369

Cc: Chairman and Members, Guam Education Board
Speaker, 34th Guam Legislature
iLearn Academy Charter School

JON J.P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE
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FRANKLIN
COOPER-NURSE
Chief Auditor

September 28, 2018

MEMORANDUM

TO: Jon J.P. Fernandez, Superintendent of Education

CC: Taling M. Taitano, Deputy Superintendent of Finance and Administrative Services

FROM: Franklin J.T. Cooper-Nurse, Chief Auditor, Internal Audit Office

SUBJECT: September 2018 Review of iLearn Academy Charter School's Invoices

Hafa Adai,

The Guam Department of Education (GDOE) Internal Audit Office (IAO) has completed its review of iLearn Academy Charter School (iLearn)'s allotment request for September 2018. GDOE (IAO) is authorized by Public Law (PL) 34-42 to verify charter school invoices for accuracy and report its findings within 10 days.

On September 24, 2018, IAO received the Department of Administration (DOA)'s transmittal for iLearn's September 2018 Allotment Request of $101,818.53. Although the submitted invoices are accurate and valid, iLearn has exhausted their allotted appropriations for Fiscal Year (FY) 2018. See Table 1 and Appendix 1 for details.

Table 1: September 2018 Allotment Request

14th Drawdown	[A]	[B]	[C]
Object Class	iLearn's Drawdown	Submitted Invoices	IAO's Validation
Personnel Salaries	$ 92,732.19	$ 92,732.19	$ -
Benefits	9,086.34	9,086.34	-
Total	**$ 101,818.53**	**$ 101,818.53**	**$ -**

PL 34-42 provides $6,500 for each student up to 500 students or a total of $3,250,000. However, due to revenue shortfalls from tax cuts, iLearn's FY 2018 appropriations were reduced by $281,567[1] for a revised appropriation of $2,968,433. For FY 2018, IAO validated $2,968,433 of expenditures, leaving an unexpended balance of $0. As of September 20, 2018, 500 students were enrolled in iLearn. See Tables 2, 3, and 4 for details.

[1] Bureau of Budget and Management Research (2018, January 24). *FY 2018 general fund appropriation reductions-tax cuts and jobs act of 2017.*

Further, iLearn received in excess of what should have been provided per the law. Per P.L. 34-42, Guam Academy Charter Schools were to receive local appropriations in proportion to the cash received by GDOE for FY 2018. As of August 23, 2018, GDOE has received 95% of its FY 2018 local appropriations to date. However, iLearn was provided 5% more than GDOE's cash receipt. Therefore, IAO does not advise the release of funds for this allotment request. See Table 5 and Appendix 2.

Table 2: FY 18 Validation Summary

Month	iLearn's Drawdown	Submitted Invoices	IAO's Validation
October	$ 282,077.74	$ 282,077.74	$ 282,077.74
November	278,941.58	278,941.58	278,941.58
December	277,722.76	277,722.76	277,722.76
January	334,059.11	334,059.11	334,059.11
February	278,623.43	278,623.43	278,623.43
March	268,828.48	268,828.48	268,828.48
April	271,692.69	271,692.69	271,692.69
May	276,039.80	276,039.80	276,039.80
June	227,894.96	227,894.96	227,894.96
June (Supp. #1)	51,244.25	51,244.25	51,244.25
July	221,134.12	221,134.12	221,134.12
July (Supp. #1)	50,832.34	50,832.34	50,832.34
August	149,341.74	149,341.74	149,341.74
September	101,818.53	101,818.53	-
Total (FY 18)	$ 3,070,251.53	$ 3,070,251.53	$ 2,968,433.00

Table 3: FY 18 General Fund Appropriation Reduction

Remaining Funds	
P.L. 34-42 Funding Per Student ($6,500 x 500 Students)	$ 3,250,000.00
Less: Appropriations Reduction (BBMR Circular 18-04)	(281,567.00)
Revised Budget	2,968,433.00
Less: IAO's Validation	(2,968,433.00)
Unexpended Balance	$ -

Table 4: FY 18 Enrollment Summary

SY	Month	Grade Level: K	1	2	3	4	5	Total
17-18	October 2017	107	101	99	65	68	60	500
17-18	November 2017	107	101	99	65	68	60	500
17-18	December 2017	107	101	99	65	68	60	500
17-18	January 2018	107	101	99	65	68	60	500
17-18	February 2018	108	99	99	67	68	59	500
17-18	March 2018	108	99	99	67	68	59	500
17-18	April 2018	108	99	99	67	68	59	500
17-18	May 2018	109	99	99	67	68	59	501
17-18	June 2018	78	115	90	96	60	61	500
18-19	August 2018	85	113	87	95	60	60	500
18-19	September 2018	78	115	90	96	60	61	500
SY 17-18 Average		**100**	**103**	**97**	**72**	**66**	**60**	**500**

Table 5: FY 18 Available Funds

	iLearn
P.L. 34-42 Appropriation	$ 3,250,000.00
Less: P.L. 34-87 (BBMR Circular 18-04) GF Reduction	$ (281,567.00)
Subtotal	$ 2,968,433.00
Less: P.L. 34-42 (% of Cash Not Received by GDOE)	$ (143,862.34)
Revised P.L. 34-42 Appropriation	$ 2,824,570.66
Less: IAO Validated Amounts	$ (2,968,433.00)
Total Available to iLearn	$ (143,862.34)
% of Funds Available	-5.1%

Should you have any questions or concerns, please contact Leana Willess at 300-3697 or lmwilless@gdoe.net, and Franklin Cooper-Nurse at 300-1336 or fjtcooper-nurse@gdoe.net.

Appendix 1: iLearn August 2018 Invoice Details

Month	Type of Request	Object Code & Class	Ref	Vendor	Description	Invoice Number	Invoice Date	Invoice Amount	Validated Amount
September	Monthly	111 Personnel	N-2.1	Sanford Technology Group LLC	PPE: 09/07/2018	202040-04J	9/7/2018	48,208.07	-
September	Monthly	111 Personnel	N-2.2	Sanford Technology Group LLC	PPE: 09/21/2018	202581-04J	9/21/2018	44,524.12	-
September	Monthly	113 Benefits	N-3.1	Sanford Technology Group LLC	PPE: 09/07/2018	202040-04J	9/7/2018	4,593.17	-
September	Monthly	113 Benefits	N-3.2	Sanford Technology Group LLC	PPE: 09/21/2018	202581-04J	9/21/2018	4,493.17	-
							Total	101,818.53	-

Doc. No. 34GL-18-2369.

Appendix 2: GDOE and BBMR FY 2018 Appropriation / Allotment Status as of August 23, 2018

Guam Department of Education
FY 2018 Appropriations and Allotments [2]
As of August 23, 2018

Fund	Appropriation	GDOE Cash Received	Cash Received as % of Appropriations	% of Cash Not Received by GDOE
General Fund (GF) [1]	$ 187,273,035.00	$ 180,784,491.43	96.5%	3.5%
TEFF Ops Fund	$ 4,353,375.00	$ 4,353,375.00	100.0%	0.0%
TEFF - 1st Generation	$ 100,000.00	$ -	0.0%	100.0%
PLRF	$ 996,946.00	$ 747,711.00	75.0%	25.0%
Interscholastics / Health & Physical	$ 891,754.00	$ 607,042.00	68.1%	31.9%
Limited Gaming Fund	$ 608,518.00	$ 456,389.00	75.0%	25.0%
Subtotal	$ 194,223,628.00	$ 186,949,008.43	96.3%	3.7%
JFKHS Maintenance	$ 1,568,000.00	$ 1,568,000.00	100.0%	0.0%
Charter Schools	$ 2,327,016.00		0.0%	100.0%
Grand Total	$ 198,118,644.00	$ 188,517,008.43	95.2%	4.8%

Bureau of Budget and Management Research
FY 2018 Appropriation /Allotment Status Report [3]
As of August 23, 2018

Fund	Appropriation	BBMR Circular 18-04 GF Reduction	PL 34-87 GF Reduction	Appropriation Less PL 34-87 Reduction
GDOE	$ 214,310,861.00	$ (18,610,365.00)	$ (9,072,589.00)	$ 205,238,272.00
Chamoru Studies	$ 401,207.00	$ (34,759.00)	$ -	$ 401,207.00
Universal Pre-Kindergarten Pilot Prog.	$ 1,054,596.00	$ (91,366.00)	$ (1,054,596.00)	$ -
Textbooks & Collateral Mat. FY 2017	$ 1,500,000.00	$ (129,954.00)	$ -	$ 1,500,000.00
Textbooks & Collateral Mat. FY 2018	$ 1,500,000.00	$ (129,954.00)	$ -	$ 1,500,000.00
Textbooks & Collateral Mat. FY 2018 (Advance)	$ (1,500,000.00)	$ 129,954.00	$ (1,500,000.00)	$ (3,000,000.00)
Maintenance / Repair School Facilities	$ 500,000.00		$ -	$ 500,000.00
Grand Total	$ 217,766,664.00	$ (18,866,444.00)	$ (11,627,185.00)	$ 187,273,035.00

[1] GDOE's report did not include the P.L. 34-87 GF Reduction (BBMR Circular 18-04). IAO included it, from BBMR's FY 2018 Appropriation/Allotment Status Report (as of August 23, 2018), for a more accurate presentation of GDOE's actual cash receipt.

[2] GDOE and BBMR's reports were obtained during the Education Financial Supervisory Commission's August 2018 meeting.

Doc. No. 34GL-18-2369.