DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

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JON J.P. FERNANDEZ
Superintendent of Education

October 9, 2018

2018 OCT 11 PM 2:55

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

Re: Guahan Academy Charter School: FY 2018 September 2018 (Partial #4) Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2018 September 2018 (Partial #4) Allotment Requests by our Internal Audit Office in collaboration with members of the Guahan Academy Charter School Incorporated, I am unable to submit my verification of accuracy as required by Public Law 34-42, Chapter II, Section 3 in its entirety.

Our Internal Audit Office was able to validate $1,871.67 of the invoiced total. Please see the attached verification report. This validation is based on actual invoices submitted to our Internal Audit Office on October 2, 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.

Sincerely,

Jon J.P. Fernandez
Superintendent of Education

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

2412

Vice Speaker Therese M. Terlaje
34GL-18-2412
OCT 11 2018
Time: 1:39 pm
Received by:

JON J.P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE
501 Mariner Avenue, Barrigada, Guam 96913
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FRANKLIN COOPER-NURSE
Chief Internal Auditor

October 8, 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 Guahan Academy Charter School Inc.'s Invoices

Hafa Adai,

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

On October 2, 2018, IAO received the Department of Administration's transmittal for GACS's September 2018 Partial #4 Allotment Request of $14,816.67. IAO was able to validate **$1,871.67** of GACS's submitted invoices. IAO was not able to validate $12,945 of submitted invoices for food services due to an incomplete procurement record and areas of concern relative to source selection and compliance to Guam Procurement Law and regulations (e.g. Title 5 of the Guam Code Annotated §5211(b) and Title 2 of the Guam Administrative Rules and Regulations, Division 4 §3109(f)(2)). See Table 1 and Appendix 1.

Table 1: September 2018 Allotment Request Invoices (Partial #4)

Object Class	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
Contractual	$ 12,945.00	$ 12,945.00	$ -	$ 12,945.00
Supplies & Materials	$ 1,149.76	$ 1,149.76	$ 1,149.76	$ -
Miscellaneous	$ 721.91	$ 721.91	$ 721.91	$ -
TOTAL	$ 14,816.67	$ 14,816.67	$ 1,871.67	$ 12,945.00

P.L. 34-42 provides $6,500 for each student up to 740 students or a total of $4,810,000. However, due to revenue shortfalls from tax cuts, GACS's Fiscal Year (FY) 2018 appropriations

were reduced by $416,719[1] for a revised appropriation of $4,393,281. For FY 2018, IAO validated $3,959,451.97 of expenditures, leaving a balance of $433,829.03 of unexpended funds. Based on enrollment reports provided by GACS, 711 students were enrolled as of September 28, 2018. See Tables 2 and 3.

Based on recent communications with DOA, GACS's FY 2017 allotment requests, submitted during FY 2018, were drawn from GACS's FY 2018 appropriations. At the end of FY 2017, GACS's had remaining funds of $50,586. However, IAO was informed that the FY 2017 lapse funds did not roll-over into FY 2018. Therefore, GACS's FY 2018 appropriations are further reduced by $16,275.70, the amount validated for FY 2017 expenses during FY 2018.

Per P.L. 34-42, Guam Academy Charter Schools are 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, GACS was provided 90% of their allotted appropriations. See Table 4 and Appendix 2.

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

Table 2: FY 2018 Validation Summary

	A	B	C	(B-C) = D
Month	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
Oct 2017 (Partial)	$ 223,949.48	$ 223,949.48	$ 223,949.48	$ -
Oct 2017 (Partial #2)	$ 181,025.77	$ 181,025.77	$ 116,189.14	$ 64,836.63
Nov 2017 (Partial)	$ 109,713.81	$ 109,713.78	$ 109,713.78	$ -
Nov 2017 (Partial #2)	$ 110,662.47	$ 110,662.47	$ 110,662.47	$ -
Dec 2017 (Partial)	$ 125,065.99	$ 125,065.99	$ 125,065.99	$ -
Dec 2017 (Partial #2)	$ 113,142.58	$ 113,142.58	$ 105,782.74	$ 7,359.84
Dec 2017 (Partial #3)	$ 468,515.60	$ 468,515.60	$ -	$ 468,515.60
Dec 2017 (Partial #4)	$ 179,258.25	$ 179,258.25	$ 179,258.25	$ -
Jan 2018 (Partial #1)	$ 146,654.61	$ 146,654.61	$ 122,064.36	$ 24,590.25
Dec 2017 (Final)	$ 182,255.86	$ 182,255.56	$ 178,264.76	$ 3,990.80
Jan 2018 (Partial #2)	$ 350,000.00	$ 350,000.00	$ -	$ 350,000.00
Jan 2018 (Partial #3)	$ 107,998.48	$ 107,998.48	$ 107,998.48	$ -
Jan 2018 (Partial #4)	$ 206,542.11	$ 206,288.83	$ 206,079.23	$ 209.60
Feb 2018 (Partial #1)	$ 124,744.17	$ 124,744.17	$ 124,744.17	$ -
Feb 2018 (Partial #2)	$ 243,880.82	$ 243,880.82	$ 243,880.82	$ -
Mar 2018 (Partial #1)	$ 188,314.19	$ 188,314.19	$ 180,914.19	$ 7,400.00
Mar 2018 (Partial #2)	$ 142,191.57	$ 142,191.57	$ 142,191.57	$ -
Mar 2018 (Special #2)	$ 170,484.19	$ 170,484.19	$ -	$ 170,484.19
April 2018 (Partial #1)	$ 204,677.70	$ 204,677.70	$ 204,677.70	$ -
April 2018 (No. 3)	$ 104,800.00	$ 104,800.00	$ -	$ 104,800.00
April 2018 (Special #4)	$ 50,173.75	$ 50,173.75	$ -	$ 50,173.75
April 2018 (Partial #2)	$ 125,858.12	$ 125,857.92	$ 125,342.16	$ 515.76
April 2018 (Special #5)	$ 4,124.98	$ 4,124.98	$ -	$ 4,124.98
April 2018 (Special #6)	$ 8,000.00	$ 8,000.00	$ -	$ 8,000.00
April 2018 (Partial #3)	$ 14,809.14	$ 14,041.40	$ 13,240.90	$ 800.50
May 2018 (Partial #1)	$ 105,617.14	$ 105,617.14	$ 105,617.14	$ -
April 2018 (Special #8)	$ 13,026.00	$ 13,026.00	$ -	$ 13,026.00
May 2018 (Special #10)	$ 48,000.00	$ 48,000.00	$ -	$ 48,000.00
May 2018 (Partial #2)	$ 158,403.19	$ 158,003.19	$ 156,638.94	$ 1,364.25
May 2018 (Partial #3)	$ 17,700.37	$ 17,700.37	$ 17,700.37	$ -
May 2018 (Partial #5)	$ 103,488.65	$ 103,488.65	$ 103,488.65	$ -
May 2018 (Partial #6)	$ 92,457.50	$ 92,457.50	$ -	$ 92,457.50
June 2018 (Partial #1)	$ 14,342.50	$ 14,342.50	$ -	$ 14,342.50
June 2018 (Partial #2)	$ 184,486.82	$ 184,487.12	$ 168,673.37	$ 15,813.75
June 2018 (Partial #3)	$ 96,418.68	$ 96,418.68	$ 95,622.52	$ 796.16
June 2018 (Partial #4)	$ 150,000.00	$ 150,000.00	$ -	$ 150,000.00
July 2018 (Partial #2)	$ 142,777.52	$ 142,777.52	$ 142,777.52	$ -
July 2018 (Partial #1)	$ 14,000.00	$ 14,000.00	$ -	$ 14,000.00
July 2018 (Partial #3)	$ 27,226.83	$ 27,226.83	$ 16,189.58	$ 11,037.25
July 2018 (Partial #4)	$ 33,222.58	$ 33,222.58	$ 15,023.60	$ 18,198.98
July 2018 (Partial #5)	$ 19,201.89	$ 19,201.89	$ -	$ 19,201.89
July 2018 (Partial #6)	$ 89,723.41	$ 89,723.41	$ 89,723.41	$ -
August 2018 (Partial #1)	$ 102,880.84	$ 102,880.84	$ 99,604.70	$ 3,276.14
August 2018 (Partial #2)	$ 57,076.74	$ 57,076.74	$ 42,076.74	$ 15,000.00
August 2018 (Partial #3)	$ 87,849.03	$ 87,849.03	$ 87,253.27	$ 595.76
September 2018 (Partial #1)	$ 92,800.81	$ 92,800.81	$ 92,800.81	$ -
September 2018 (Partial #2)	$ 104,700.40	$ 104,730.40	$ 104,369.49	$ 360.91
September 2018 (Partial #3)	$ 40,957.50	$ 40,957.50	$ -	$ 40,957.50
September 2018 (Partial #4)	$ 14,816.67	$ 14,789.03	$ 1,871.67	$ 12,917.36
Total (FY 2018)	**$ 5,698,018.71**	**$ 5,696,599.82**	**$ 3,959,451.97**	**$ 1,737,147.85**

Table 3: FY 2018 GACS Enrollment

Months	Grade Level 1	2	3	4	5	6	7	8	9	10	11	12	K	PK	Total
Oct-17	82	97	99	94	77	91	87	56	42	33	31	34	69	65	957
Nov-17	81	96	97	94	75	91	85	56	42	33	30	34	67	65	946
Dec-17	81	96	96	93	75	90	84	55	41	31	30	35	67	64	938
Jan-18	77	95	95	92	74	89	84	54	41	31	29	31	67	64	923
Feb-18	76	93	93	90	72	88	81	52	41	30	28	32	66	64	906
Mar-18	76	92	93	88	72	87	79	52	41	30	28	32	62	63	895
Apr-18	76	91	92	88	72	87	79	51	41	30	28	32	60	63	890
May-18	76	90	92	88	72	87	79	49	41	30	27	32	59	61	883
Jun-18	75	90	91	87	72	87	79	49	41	30	27	32	59	61	880
Jul-18	50	58	74	77	77	65	74	76	27	37	27	26	43	-	711
Aug-18	50	58	74	77	77	65	74	76	27	37	27	26	43	-	711
Sep-18	57	58	74	75	74	61	73	74	19	35	26	28	57	-	711
Average	**71**	**85**	**89**	**87**	**74**	**82**	**80**	**58**	**37**	**32**	**28**	**31**	**60**	**52**	**863**

Table 4: FY 2018 Funds Available

P.L. 34-42 Appropriation	$	4,810,000.00
Less: P.L. 34-87 (BBMR Circular 18-04) GF Reduction	$	(416,719.00)
Subtotal	$	4,393,281.00
Less: P.L. 34-42 (% of Cash Not Received by GDOE)	$	(212,916.27)
Revised Appropriation	$	4,180,364.73
Less: IAO Validated Amounts	$	(3,959,451.97)
Less: FY2017 requests drawn from FY 2018 appropriations	$	(16,275.70)
Total Available to GACS	$	204,637.06
% of Funds Available		4.9%

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: GACS September 2018 (Partial #4) Allotment Request Invoice

Object Code and Class	Reference	Vendor	Invoice #	Invoice Date	Invoice Amount	Validated	Validated Amount
230 Contractual	AW-2.1	New Fresh Bread Bakeshop	GACS-0016	9/28/2018	$ 12,945.00		$ -
						Subtotal	$ -
240 Supplies and Materials	AW-3.1	Pacific Guam	019112	9/25/2018	$ 320.00	✓	$ 320.00
240 Supplies and Materials	AW-3.2	ST Corporation	CG74682-IN	9/26/2018	$ 535.76	✓	$ 535.76
240 Supplies and Materials	AW-3.3	Cosmos Distributing Co., Ltd.	7214813-IN	9/26/2018	$ 294.00	✓	$ 294.00
						Subtotal	$ 1,149.76
290 Miscellaneous	AW-4.1	Petty Cash Fund	PCF 082818	8/28/2018	$ 324.75	✓	$ 324.75
290 Miscellaneous	AW-4.2	Petty Cash Fund	PCF 090418	9/4/2018	$ 397.16	✓	$ 397.16
						Subtotal	$ 721.91
						Total	**$ 1,871.67**

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 [2]
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.