DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

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JON J.P. FERNANDEZ
Superintendent of Education

November 6, 2018

2018 NOV 14 AM 10:42 C.S.

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

Re: Guahan Academy Charter School: FY 2019 October 2018 (Partial #4) Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2019 October 2018 (Partial #4) Allotment Request by our Internal Audit Office in collaboration with members of the Guahan Academy Charter School Incorporated, I am able to submit my verification of accuracy as required by Public Law 34-116, Chapter II, Part I in its entirety.

Our Internal Audit Office was able to validate **$113,896.59** of the invoiced total. Please see the attached verification report. This validation is based on actual invoices submitted to our Internal Audit Office on November 5, 2018.

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

Vice Speaker Therese M. Terlaje
34GL-18-2556
NOV 14 2018
Time: 9:41
Received by:

2556

JON J.P. FERNANDEZ
Superintendent of Education

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

November 6, 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: October 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 October 2018. GDOE (IAO) is authorized by Public Law (P.L.) 34-116 to verify charter school invoices for accuracy and report its findings within 10 days.

On November 5, 2018, IAO received the Department of Administration's transmittal for GACS's October 2018 Partial #4 Allotment Request of $113,896.59. IAO was able to validated **$113,896.59** of GACS's submitted documentation. See Table 1 and Appendix 1.5

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

	A	B	C	(B-C) = D
Object Class	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
Personnel Salaries	$ 80,968.60	$ 80,968.60	$ 80,968.60	
Personnel Benefits	$ 8,761.61	$ 8,761.61	$ 8,761.61	
Contractual	$ 21,773.62	$ 21,773.62	$ 21,773.62	
Supplies & Materials	$ 468.76	$ 468.76	$ 468.76	
Miscellaneous	$ 1,924.00	$ 1,924.00	$ 1,924.00	$ -
TOTAL	$ 113,896.59	$ 113,896.59	$ 113,896.59	$ -

P.L. 34-116 provides $6,088 for each student up to 740 students or a maximum of $4,505,120. Based on enrollment reports provided by GACS, 713 students were enrolled as of October 31, 2018. Based on the per pupil cast, GACS's current Fiscal Year (FY) 2019 budget is $4,340,744. For FY 2019, IAO validated $327,288.15 of expenditures, leaving an unexpended balance of $4,013,455.85 of unexpended funds. See Tables 2, 3, and 4 for details.

Table 2: FY 2019 Validation Summary

	A	B	C	(B-C) = D
Month	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
October (Partial #1)	$ 108,789.52	$ 108,789.52	$ 107,930.56	$ 858.96
October (Partial #2)	$ 25,685.00	$ 25,685.00	$ 25,685.00	$ -
October (Partial #3)	$ 79,776.00	$ 79,776.00	$ 79,776.00	$ -
October (Partial #4)	$ 113,896.59	$ 113,896.59	$ 113,896.59	$ -
Total (FY 2019)	**$328,147.11**	**$328,147.11**	**$327,288.15**	**$ 858.96**

Table 3: FY 2019 Remaining Funds

Funding Per Student	$	6,088.00
Current Enrollment		713
GACS Budget as of 10/19/2018	$	4,340,744.00
Less: IAO's Validations	$	327,288.15
FY 2019 Remaining Funds	$	4,013,455.85

Table 4: FY 2019 Enrollment Summary

	Grade Level													
Months	1	2	3	4	5	6	7	8	9	10	11	12	K	Total
Oct-18	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Average	**57**	**58**	**75**	**75**	**74**	**61**	**73**	**75**	**19**	**35**	**26**	**28**	**57**	**713**

Based on the Deputy Attorney General's information and guidance on August 24, 2018 (Ref: DOA 18-0353), there is a fundamental difference in the interpretation of what GDOE shall validate as an accurate and proper use of government funds. GDOE strongly believes in transparency and accountability and the work being done by IAO in its review is not contrary to any legislative statutes. IAO has a fiduciary responsibility and is guided by professional standards in conducting any review. As such, IAO will continue to do its due diligence in properly and thoroughly advising the Superintendent of charter school's requests for drawdown of government funds. The Department of Administration has control over all education and charter school appropriations and is not obligated to follow the Superintendent's validation and can release requested charter school allotments on its own accord.

Per P.L. 34-116, Guam Academy Charter Schools are to receive local appropriations in proportion to the ratio of cash received by GDOE for FY 2019. IAO will be including data relative to GDOE's cash receipts in future validation reports. Charter school available funds will be based on the proportion of cash received by GDOE as required by law.

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 October 2018 (Partial #4) Allotment Request Invoice

Object Code and Class	Reference	Vendor	Invoice #	Invoice Date	Invoice Amount	Validated	Validated Amount
111 Personnel	D-2.1	Sanford Technology Group	204084-30H	10/31/2018	$ 80,968.60	✔	$ 80,968.60
						Subtotal	$ 80,968.60
114 Personnel Benefits	D-3.1	Sanford Technology Group	204084-30H	10/31/2018	$ 5,020.02	✔	$ 5,020.02
114 Personnel Benefits	D-3.2	Sanford Technology Group	204084-30H	10/31/2018	$ 1,174.02	✔	$ 1,174.02
114 Personnel Benefits	D-3.3	Sanford Technology Group	204084-30H	10/31/2018	$ 2,567.57	✔	$ 2,567.57
						Subtotal	$ 8,761.61
230 Contractual	D-4.1	Sanford Technology Group	204084-30H	10/31/2018	$ 258.62	✔	$ 258.62
230 Contractual	D-4.2	New Fresh Bread Bakeshop	GACS-0019	10/19/2018	$ 13,020.00	✔	$ 13,020.00
230 Contractual	D-4.3	New Fresh Bread Bakeshop	GACS-0020	10/26/2018	$ 7,810.00	✔	$ 7,810.00
230 Contractual	D-4.4	Pacedit	71262	10/29/2018	$ 685.00	✔	$ 685.00
						Subtotal	$ 21,773.62
240 Supplies and Materials	D-5.1	Evertrade	81366	10/9/2018	$ 165.00	✔	$ 165.00
240 Supplies and Materials	D-5.2	MD Wholesale	SI-18-59536	10/19/2018	$ 256.06	✔	$ 256.06
240 Supplies and Materials	D-5.3	MD Wholesale	SI-18-59850	10/31/2018	$ 47.70	✔	$ 47.70
						Subtotal	$ 468.76
290 Miscellaneous	D-6.1	The Guam Daily Post	A51593	10/29/2018	$ 324.00	✔	$ 324.00
290 Miscellaneous	D-6.2	Guahan Academy Charter School	Memo #54	10/31/2018	$ 1,600.00	✔	$ 1,600.00
						Subtotal	$ 1,924.00
						Total	**$ 113,896.59**