DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

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Barrigada, Guam 96913
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JON J.P. FERNANDEZ
Superintendent of Education

35GL-19-0658
Speaker Tina Rose Muña Barnes

JUN 25 2019
Time 11:42 (✓)AM ( )PM
Received By:

June 24, 2019

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

2019 JUN 25 PM 4:06 KC

Re: Guahan Academy Charter School: FY 2019 Bank Loan/Independent Evaluator Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2019 Bank Loan/Independent Evaluator Allotment Request 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 34-116, Chapter II, Part I in its entirety.

Our Internal Audit Office was able to validate $0 of the invoiced total. Please see the attached verification report. This validation is based on actual invoices submitted to our Internal Audit Office on June 14, 2019.

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, 35th Guam Legislature
Guahan Academy Charter School

0658

JON J.P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE
501 Mariner Avenue, Barrigada, Guam 96913
Telephone: (671) 300-1336
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Email: iao@gdoe.net

FRANKLIN COOPER-NURSE
Chief Internal Auditor

June 24, 2019

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: 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 submitted invoices for a bank loan and an independent evaluator. 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 June 14, 2019, IAO received the Department of Administration (DOA)'s transmittal for GACS' bank loan documents and invoice for its independent evaluator totaling $176,586.52. IAO did not validate GACS's submitted loan documents and invoice. See Table 1 and Appendix 1.

The bank loan was previously submitted and not validated on April 4, 2018. GACS used proceeds from the loan to pay a vendor for construction supplies and materials. Per Title 17 of the Guam Code Annotated (GCA) §12116, "no capital improvement funds shall be awarded to a non-converted public school for the purpose of constructing, reconstructing or improving said school." Therefore, it appears government funds are being used to repay loan proceeds which was expended for construction supplies and materials contrary to existing statute.

Additionally, IAO did not validate the invoice for the independent evaluator due to the incorrect utilization of small purchase procedures to attain professional services. Per 5 GCA §5216, the services of professionals shall be procured in accordance with competitive selection procedures (Request for Proposal). IAO notes GACS ratification of this contract, however, in review of the statutes, it is unclear whether GACS as a non-profit organization successfully complied with the statutory requirements for ratification as specified in 5 GCA §5452.

Table 3: FY 2019 Remaining Funds

Funding Per Student	$	6,088.00
Current Enrollment		713
GACS Budget	$	4,340,744.00
Less: IAO's Validations	$	2,398,942.78
FY 2019 Remaining Funds	$	1,941,801.22

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
Nov-18	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Dec-18	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Jan-19	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Feb-19	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Mar-19	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Apr-19	57	58	75	75	74	61	73	75	19	35	26	28	57	713
May-19	57	58	75	75	74	61	73	75	19	35	26	28	57	713
Jun-19	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 schools' 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.

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.

DEPARTMENT OF ADMINISTRATION
DIPATTAMENTON ATMENESTRASION

LOURDES A. LEON GUERRERO, *Governor (Maga'hàga)*
JOSHUA F. TENORIO, *Lt. Governor (Sigundo Maga'làhi)*

EDWARD M. BIRN
Director (Direktot)
EDITH C. PANGELINAN
Deputy Director (Sigundo Direktot)

DIVISION OF ACCOUNTS (*Dibision Kuenta*)

June 13, 2019

Rec'd to IAO 6/14/19

Mr. Jon J.P. Fernandez
Superintendent
Guam Department of Education
500 Mariner Avenue
Barrigada, Guam 96913-1608

RE: Guahan Academy Charter School – Bank of Guam Loan Agreement; Invoice of $7,420.00 for Independent Evaluator, Dr. Velma A. Sablan

Buenas yan Hafa Adai:

Pursuant to Public Law 34-116, Chapter II, Section 2, we are submitting Guahan Academy Charter School's partial allotment request for the month of June for Fiscal Year 2019. Herewith is the invoice and supporting documentation. GDOE is requested to verify the invoice and its supporting documentation for accuracy and to report its findings in the ten days of this letter.

Should you have any further questions or concerns, please contact, Mary Grace Edrosa at 475-1283

Si Yu'os Maase!

Department of Education
Office of the Superintendent
Date: 6/13/19 Time: 4:55
Rec'd By: Print Name Signature 6/13/19

Sensaramente,

for Edward M. Birn
Director

Attachments