DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT

www.gdoe.net
501 Mariner Avenue
Barrigada, Guam 96913
Telephone: (671) 300-1547/1536•Fax: (671)472-5001
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JON J.P. FERNANDEZ
Superintendent of Education

35GL-19-0731

Speaker Tina Rose Muña Barnes

JUL 09 2019

Time 3:13 ( )AM ( )PM

Received By: [illegible]

July 5, 2019

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

Re: Guahan Academy Charter School: FY 2019 Legal Counsel Special Litigation Services Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2019 Legal Counsel Special Litigation Services 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 July 1, 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

2019 JUL -9 PM 3:50

0731

JON J.P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE

501 Mariner Avenue, Barrigada, Guam 96913
Telephone: (671) 300-1336
Fax: (671) 472-5001
Email: iao@gdoe.net

FRANKLIN
COOPER-NURSE
Chief Internal Auditor

July 5, 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: June 2019 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 Legal Counsel Special Litigation Services allotment request. 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 July 1, 2019, IAO received the Department of Administration (DOA)'s transmittal for GACS's Legal Counsel Special Litigation Services Allotment Request of $40,000. IAO did not validate the request. See Table 1 and Appendix 1.

Statements for legal services were previously submitted for validation on December 12, 2018 and May 3, 2019. IAO did not validate the submitted statements for legal services due to an incomplete procurement record to support the expenditure as required by Title 5 of the Guam Code Annotated (GCA) §5249.

Additionally, the letter of intent to award the selected vendor was issued a day before two evaluations were completed. Per title 2 of the Guam Administrative Rules and Regulations §3114(i), "After conclusion of validation of qualifications, evaluation, and discussions (...), the head of the agency conducting the procurement or a designee of such officer shall select no fewer than three acceptable offerors deemed to be the best qualified to provide the required services."

IAO also notes that GACS's letter to DOA states the 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 1: Legal Counsel Allotment Request Invoices

Object Class	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
Contractual	$ 40,000.00	$ 40,000.00	$ -	$ 40,000.00
TOTAL	$ 40,000.00	$ 40,000.00	$ -	$ 40,000.00

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 June 25, 2019. Based on the per pupil cost, GACS's current FY 2019 budget is $4,340,744. For FY 2019, IAO validated $2,496,253.38 of expenditures, leaving an unexpended balance of $1,844,490.62 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	$ -
November (Partial #1)	$ 122,579.95	$ 122,579.95	$ 121,892.91	$ 687.04
November (Partial #2)	$ 123,322.92	$ 123,322.92	$ 106,610.75	$ 16,712.17
December (#1)	$ 157,511.85	$ 157,511.85	$ 145,091.85	$ 12,420.00
December (#2)	$ 91,858.27	$ 91,858.27	$ 91,858.27	$ -
December (#3)	$ 45,882.00	$ 45,882.00	$ 45,325.96	$ 556.04
January (#1)	$ 79,029.35	$ 79,029.35	$ 79,029.35	$ -
January (#2)	$ 31,697.12	$ 31,697.12	$ 31,331.24	$ 365.88
January (#3)	$ 92,251.22	$ 92,251.22	$ 92,251.22	$ -
January (#4)	$ 26,569.71	$ 26,569.71	$ 26,569.71	$ -
February (#1)	$ 90,370.59	$ 90,370.59	$ 90,370.59	$ -
February (#2)	$ 24,162.75	$ 24,162.75	$ 24,162.75	$ -
February (#3)	$ 36,791.83	$ 36,791.83	$ 36,415.40	$ 376.43
February (#4)	$ 93,429.61	$ 93,429.61	$ 93,429.61	$ -
February (#5)	$ 108,255.15	$ 108,255.15	$ 108,255.15	$ -
March (#1)	$ 37,896.13	$ 37,896.13	$ 36,846.13	$ 1,050.00
March (#2)	$ 92,960.18	$ 92,960.18	$ 92,960.18	$ -
March (#3)	$ 35,792.49	$ 36,002.49	$ 35,302.98	$ 699.51
March (#4)	$ 93,414.05	$ 93,414.05	$ 93,414.05	$ -
April (#1)	$ 90,812.96	$ 90,812.96	$ 90,812.96	$ -
April (#2)	$ 36,198.37	$ 36,198.37	$ 35,674.62	$ 523.75
April (#3)	$ 94,573.27	$ 94,573.27	$ 94,573.27	$ -
April (#4)	$ 37,415.58	$ 37,415.58	$ 37,415.58	$ -
April (#5)	$ 88,557.81	$ 88,557.81	$ 88,557.81	$ -
May (#1)	$ 29,260.02	$ 29,260.02	$ 17,260.02	$ 12,000.00
May (#2)	$ 92,537.25	$ 92,537.25	$ 92,537.25	$ -
May (#3)	$ 44,832.89	$ 44,832.89	$ 44,407.24	$ 425.65
May (#4)	$ 90,998.73	$ 90,998.73	$ 90,998.73	$ -
May (#5)	$ 27,613.77	$ 27,613.77	$ 27,613.77	$ -
June (#1)	$ 86,202.99	$ 86,202.99	$ 86,202.99	$ -
June (#2)	$ 14,482.29	$ 14,482.29	$ 14,482.29	$ -
BOG/Dr Sablan	$ 176,586.52	$ 176,586.52	$ -	$ 176,586.52
June (#3)	$ 12,131.41	$ 12,131.41	$ 11,603.67	$ 527.74
June (#4)	$ 26,000.00	$ 26,000.00	$ -	$ 26,000.00
June (#5)	$ 85,706.93	$ 85,706.93	$ 85,706.93	$ -
Legal Counsel	$ 40,000.00	$ 40,000.00	$ -	$ 40,000.00
Total (FY 2019)	**$2,785,833.07**	**$2,786,043.07**	**$2,496,253.38**	**$289,789.69**

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	$	2,496,253.38
FY 2019 Remaining Funds	$	1,844,490.62

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 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.

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 Legal Counsel Special Litigation Allotment Request Invoices

Object Code and Class	Reference	Vendor	Invoice #	Invoice Date	Invoice Amount	Validated	Validated Amount
230 Contractual	AL-2.1	Law Office of Jacqueline Taitano Terlaje, PC	Statement No. 1025	5/28/2019	$ 40,000.00		$ -
						Total	$ -

DEPARTMENT OF ADMINISTRATION
DIPATTAMENTON ATMENEHESTRASION

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

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

DIVISION OF ACCOUNTS (*Dibision Kuenta*)

June 28, 2019

Fwd to IAO.
7/1/19

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

Department of Education
Office of the Superintendent
Date: 7/1/19 Time: 9:07:09
Rec'd By: Mary Edrosa
Print Name Signature

RE: Guahan Academy Charter School –Legal Counsel Special Litigation Services Invoice

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!

Sensaramente,

Edward M. Birn
Director

Attachments

Post Office Box 884, Hagåtña, Guam 96932 • Telephone (*Telifon*): (671) 475-1217 • Fax (*Faks*): (671) 472-8483

GUAHAN ACADEMY CHARTER SCHOOL

THE OFFICE OF THE
CHIEF FINANCE OFFICER

Wilfred Aflague
wallague@guahanacademy.org
P.O. Box CS, Hagåtña, Guam 96932
Telephone: (671) 734-1066
www.guahanacademy.org

June 04, 2019

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

RECEIVED
7:36
JUN 05 2019
DEPT OF ADMINISTRATION
DIRECTOR'S OFFICE

Hafa Adai Director Birn,

Pursuant to the Litigation- Special Legal Services Section of the **Ratified** Legal Services Agreement between Guahan Academy Charter School and the Law Office of Jacqueline Taitano Terlaje, P.C., under SECTION ONE; SCOPE OF SERVICES, we are submitting a statement from our Legal Counsel outlining her hourly rate, total hours to be expended on Special Litigation Matters and the total anticipated amount of charges to be incurred/expended by GACS by the end of Fiscal Year 2019.

There is an ongoing Cruz vs. Cruz case in the Superior Court of Guam and other litigation matters that include six (6) vendor payables.

We sincerely appreciate your review and approval of this request. If you may have any questions, please do not hesitate to call on us.

Respectfully

Wilfred G. Aflague

Attachments
cc: Ms. Grace Edrosa, DOA accounting
Executive Director
Board of Trustees