

GUAM DEPARTMENT OF EDUCATION FINANCIAL SUPERVISORY COMMISSION (EFSC)

Building A Conference Room, GDOE Central Office Tiyan

May 16, 2019

MEETING MINUTES

AGENDA	DISCUSSION/TOPIC	ACTION/STATUS												
In Attendance	<table><tr><td>Vince Duenas, OPA</td><td>Vanessa Valencia, OFB</td></tr><tr><td>Bill Taitingfong, BBMR</td><td>Michelle Dulana, Guam Legislature</td></tr><tr><td>Grace Edrosa, DOA</td><td>Helen Legaspi, GDOE</td></tr><tr><td>Carol Hinkle Sanchez, Parent Representative</td><td>Joy Bulatao, GDOE</td></tr><tr><td>Taling Taitano, GDOE</td><td>Justin Castro, GDOE</td></tr><tr><td>Margaret Artero, GDOE</td><td>Becky Lujan, GDOE</td></tr></table>	Vince Duenas, OPA	Vanessa Valencia, OFB	Bill Taitingfong, BBMR	Michelle Dulana, Guam Legislature	Grace Edrosa, DOA	Helen Legaspi, GDOE	Carol Hinkle Sanchez, Parent Representative	Joy Bulatao, GDOE	Taling Taitano, GDOE	Justin Castro, GDOE	Margaret Artero, GDOE	Becky Lujan, GDOE	
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I. Call to Order	Meeting was called to order at 3:14pm at the Building A, 1 st Floor GDOE Conference Room, Tiyan.													
II Review and Approval Minutes a. April 18, 2019 b. March 28, 2019	Item 2 of the agenda, approval of the March 28, 2019 and April 18, 2019 minutes. BBMR moved to approve minutes subject to corrections. Motion was seconded by OPA and without objections, motion passed.													
III. Old Business a GDOE Cash Report FY2019	GDOE distributed FY19 Cash Update. As of May 16, 2019 GDOE total FY19 cash received GF Operations \$119,893,663 cash received, \$0 variance with DOA and Allotment vs Cash variance \$6,962,336; GF Chamorro Studies \$22,434.96 cash received, \$0 DOA variance, \$242,288.04 allotment vs cash variance; GF SSHS Procurement \$37,037.04 cash received, \$0 DOA Variance, \$712,962.96 Allotment vs Cash Variance; Textbook \$55,555.56 Cash received and \$0 variance with DOA, \$1,444,444.44 Allotment vs cash variance; TEFF \$6975,496.81 cash received, \$0 DOA variance, \$4,329,414.19 allotment vs cash variance; TEFF 1 st Gen Trust \$0 cash received, DOA and allotment vs cash variance.													

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b. Reconciliation of Cash Disbursements	<p>BBMR stated DOA would be arriving shortly and asked members to table the DOA Reconciliation of Cash Disbursement agenda item and without objection, members moved onto to next agenda item.</p>	
c. BBMR Appropriation/Allotment Status	<p>OFB moved to the BBMR Appropriation/Allotment Status Reports item III. BBMR distributed the BBMR Appropriation/Allotment Status Report FY2019 as of May 16, 2019: GF Operations appropriation \$188,360,473, total released \$126,855,999, YTD expended \$119,893,663, available \$6,962,336, unallotted balance \$61,504,744; Charter School appropriation Balance \$6,037,789, appropriation \$4,372,691 (\$1,817,316 Guahan, \$2,055,375 Tleam, \$500,000 Science is Fun), allotment release \$4,372,691, year to date expended \$4,954,821.22, available -\$582,130.22 awaiting de-appropriation.</p> <p>GF SSHS Procurement appropriation \$1M, YTD allotment release \$750K, YTD \$37,037.04 expenditure \$712,962.96 available, \$250K unallotted; Chamorro Studies appropriation \$401,207, YTD allotment release \$264,723, YTD expenditures \$22,434.96, available \$242,288.04, unallotted balance \$136,484; Textbooks appropriation \$1.5M, YTD allotment release \$1.5M, \$55,555.56 expenditures,</p>	

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	<p>\$1,444,444.44 available, and \$0 unallotted balance. Total GF appropriation is \$201,672,430; YTD allotment release \$133,743,413; YTD expenditures \$124,963,511.78; available \$8,779,901.22, unallotted balance is \$67,929,017.</p> <p>TEFF Operations appropriation \$13,697,608, YTD allotment \$11,304,911, YTD expenditures \$6,975,496.81, available \$4,329,414.19, unallotted balance \$2,392,697; TEFF – 1st Generation Fund appropriation \$100K, \$0 YTD release, expended, available and \$100K unallotted balance. PLRF appropriation \$978,236, YTD allotment \$570,636 released, YTD expenditures \$489,116; \$81,520 available and \$407,600 unallotted balance; HFF-Interscholastic Sports appropriation \$612K, YTD allotment release \$455,612, YTD expended \$455,612, available \$0 with \$156,388 unallotted balance; HFF- Health & Physical Activities appropriation \$279,754, YTD allotment \$162,064, YTD \$162,064 expended, \$0 available with \$117,690 unallotted balance. Limited Gaming appropriation \$524,913, YTD allotment \$393,685, YTD \$131,228 expenditures, available \$262,457 with \$131,228 unallotted balance. Grand Total appropriation \$217,864,941, YTD allotment release \$146,630,321, YTD expenditures \$133,177,028.59, available \$13,453,292.41, unallotted balance \$71,234,620.</p> <p>d. Accounts Payable Aging</p> <p>OFB moved onto Item 3d the Accounts Payables Aging reports: as of May 16, 2019 total AP Aging Balance of \$7,197,276.74 (\$6,986,054.53 Local, \$210,499.28 Federal); the variance \$722.93 is from the NAF Student Account, Vendor 99998); current outstanding \$300,821.85; 30 to 60 days \$2,227,344.96; 60 to 90 days \$1,151,482.79; and 90 days and over \$3,517,627.14. Batched invoices \$11,984,004.63, unbatched \$5,598,989.67 brings overall total AP Aging to \$24,780,271.04.</p> <p>BBMR asked what the previous month's AP was; GDOE responded \$10,586,076.57 and BBMR noted the amount has gone down. BBMR asked the status of the AP listing for Department of Public Works will continue to be listed; GDOE responded</p>
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IV. Financial Status Designation for FY19 Month Ended a. December 2018 b. January 2019 c. February 2019 d. March 2019	<p>they intend to write the expenditure off. At this point, DOA joined the meeting and confirmed they would provide their reconciliation of cash report in the next meeting.</p> <p>OFB moved on to Item IV. FY2019 Financial Status Designation for the months of December 2018, January and February 2019. BBMR reminded members they were unable to approve the FSD reports last month because there were certain calculations that needed to be re-checked.</p> <p>Parent representative noted (in the December FSD has C Watches for Contractual, Power, Water, and Telephone) and asked does this mean the financial conditions are getting better or worse: December FSD has Salaries A-Stable but it moves to C-Watch in the January FSD report and asked GDOE was that from payments for increments or hiring. GDOE refuted payments for increments, there is a freeze on payments for increments in FY2019 per the Budget Act. GDOE stated GDOE is moving money out of salary account to pay for utilities and other operational areas. OFB stated GDOE is provided a lump sum appropriation as well as transfer authority. BBMR stated transfers used to go thru BBMR but not anymore.</p> <p>Parent representative asked GDOE when you move money don't you think you shouldn't put it into a negative. GDOE responded they have a lump sum budget and it's the last line in the (FSD) report that indicates whether GDOE is A-Stable or not (that's the EFSC determinant). (Ultimately, GDOE under the Budget Act) can continue to move money up and down (between object categories).</p> <p>Parent Representative disagreed and stated GDOE cannot keep moving money. GDOE stated we are allowed to (under the Budget Act) and parent representative insisted GDOE is not allowed to do that without asking the EFSC who determines whether it is appropriate or not appropriate. For GDOE to put itself into a C-Watch (in Salaries) they are risking putting its employees at no pay. GDOE just jeopardized their employees' salary because it is paying other stuff.</p> <p>Parent representative stated she does not know how that is happening; she just reviewed the intent of this legislation (EFSC enabling legislation PL 30-164) and is</p>	
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just wondering how we went from an A to a C and how we feel that it is okay to put ourselves into a negative. B is already a warning, saying we've got to watch our expenditures that we shouldn't go below that. So when we do move things around, we generally leave cushions so we're protected. To her salaries and benefits should always be where the cushions is at because that's the most thing that is important your staff should be the thing that is most important. It seems that travel is at an A rating – that should be the least important. GDOE stated the (locally funded) travel is for local mileage (for student supervision by school attendance officers).

BBMR stated what happens every month is that EFSC reviews the FSD (which is based on GDOE financials provided to OFB), and whatever is reflected by the Codes, then EFSC provides the report to GEB and they're supposed to take action to resolve those Codes (Warnings and Watches).

Parent representative stated GDOE generally knows how much they spend per month for salary so (GDOE) should always have that amount kept there and then some. That's just how it is. (GDOE) can deduct the overtime because (GDOE) obviously know (GDOE) is not going to let anyone work overtime.

BBMR asked is there a reason in the February FSD – Salary is at A-Stable at \$51M lapse. GDOE stated it looks like the February FSD numbers are wrong – it doesn't make sense.

Parent representative stated, as a voting (EFSC) member she is going to request (in writing) certain things be provided by GDOE: all contracts and expenditures in excess of \$1 million dollars be provided by the department for the last 6 months; all budget documents, breakdowns of everything for this year be provided; all contracts; everything that is being requested in this – the full 13 (items enumerated in the enabling legislation PL 30-164) – for the past 6 months be produced for the next meeting so (EFSC members) can review it. This entire team is going to review it and that EFSC members be given copies before the next meeting. GDOE asked is that a motion.

Parent representative stated she is just going to request that and EFSC can decide at

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the next meeting. EFSC have a right to see it whether what we're going to do with it right after that, it's going to be up to the team. Parent representative stated she doesn't know what the EFSC has been doing for the past eight years but she thinks they come every month and EFSC looks at the same numbers. Other than the fact that it's up and down, up and down, up and down—it's just a bunch of numbers. And if you look at the legislative intent (PL 3-160) by Judy Won Pat it is very clear that EFSC are to ensure that the public school of Guam are afforded their educational entitlement without adverse delays due to financial (or) administrative negligence. BBMR apologized for interrupting and asked that copies of the GCA be passed out so members can be following the discussion.

Parent representative stated she was reading from a printout of the bill (PL 30-160) and will print it out for the next meeting because the legislative intent is not a part of the GCA. BBMR stated it is something members can take a look at and reminded members, most members present are designees. Parent representative is an actual member but others present report to their respective bosses; he reports to the Director of BBMR who is actually the chairman of EFSC. These are certain things that designees will have to bring up with them (their superiors who are actual members whom they are designated to represent).

Parent Representative but it is mandated by the law. So (BBMR Director) can get a hold of these things and EFSC can decide what to do with it at the next meeting. It is mandatory disclosures that are required for EFSC to review and EFSC have not done their job; EFSC is supposed to develop the 12-month plan but instead the department just developed it on its own. Parent representative stated she had previously asked did EFSC assist in the development of the budget and the 12-month plan, if EFSC reviewed any \$1M contracts or more for which she was told no.

BBMR pointed out that is incorrect, the EFSC actually (reviewed) went through the 12 Month Plan and approved the plan and unfortunately, parent representative was not a member at that time BBMR stated there was an approval of the 12-month plan. BBMR stated EFSC does not do any of that (approval of \$1M contracts). In the past

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	<p>and the membership has changed over the years and they could have taken action ... Parent representative interrupted and stated what they did in the past, she is not going to fault them or say what they did do; they just didn't do what they were supposed to do. Should she be called for a round table and questioned what the EFSC has been doing or not been doing she will respond in a manner that is basically to disclose the EFSC haven't don't anything; they've been counting numbers, exchanging numbers. BBMR disagreed and stated EFSC has been ensuring that GDOE gets their cash ... Parent Representative interrupted and stated EFSC aren't ensuring anything because of the negative numbers (in the FSD reports). EFSC is allowing GDOE to manage their account on their own without oversight and ensuring that they have the money; ensuring that it is being placed and slotted where it needs to be slotted.</p> <p>DOA asked since there were some inaccuracies on the report previously: who can verify if these reports are in fact correct and speculated the errors may be in some of the calculations. OFB stated what they have been doing before the meeting was submitting to GDOE and had asked for guidance. DOA recommended OFB have GDOE verify the reports once again. The first page of the report is a consolidation and if you look at some of the individual funds on other pages, some are A-Stable and if it could be found where the source of that C-Watch is – General Fund – and then hone in on that: where that (data) source is from because other funds are stable. Parent representative stated this is what it looks like: one month it is A-Stable and the next month it is C-Watch because they're just moving money around. Unfortunately, I wear two hats here. And I am hearing a lot more stuff with the other hat on, so it is not a – these corrective actions need to be corrected correctly. And we are not the check book balancer. We fix problems and ensure that when they spend, they spend it properly. We're not just here letting them move money around just to survive. They need to survive period. And float. Not a sink and then throw money so they can float just so they can live to the next paycheck.</p> <p>BBMR stated that is what the EFSC is doing; making sure that they're getting their cash allotment –their power stays on their water stays on. Parent representative not of</p>	
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course, we want it to stay on forever and without having to worry. Is it possible – it's not impossible – stop hiring 50 billion people that you don't need?

OFB asked if members could approve some of the reports. OFB stated while they will go back and look at the salary calculations in the February report and asked whether the December and January reports could be approved. BBMR asked whether OFB did sit down with GDOE and OFB affirmed they had and had made some corrections.

BBMR asked whether the EFSC can get an explanation on the shortfall in salaries. Parent representative stated she would like an explanation on everything; what GDOE spend their money on; what schools does GDOE focus its textbooks on; where GDOE prioritize(s) its budget. BBMR asked in reading the statute, (at what point does EFSC reviews priorities) is it from when the GDOE budget is prepared or after GDOE's budget is (passed) approved. Parent representative stated it is before and after – it applies to everything. BBMR stated that's a lot of duties and responsibilities and challenged if the intent of the whole commission is to have more power than the CEB, more power than the Guam Legislature, more power than BBMR. Parent representative stated the EFSC is a liaison to the Guam Legislature; EFSC will eventually report to the Legislature. It's a check and balance. BBMR stated back (when PL 30-160 was enacted) then, it was because GDOE wasn't getting their cash, because GDOE's power was turned off because they didn't get their cash. Parent representative disagreed and stated if you read the intent, it was because of a lot of negligence and mismanagement of funds. BBMR stated that's kind of (harsh); that's a big thing to say that is was negligence and mismanagement. BBMR stated there is a lot of duties and responsibilities and the past commission may have picked and choose what they should do and what they should not do and they decided to go with the (current format). Parent representative they did not choose anything; thing is we're not even doing anything right now. BBMR we are doing the FSD report, the watches, the designations. OFB asked if now we're doing these (the FSD reports) maybe we could also have another section to keep track of all

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the contracts.

Parent representative stated for us to even understand this (the FSD report), we need to understand where the money is at and what the money was spent on and how it even got to that. BBMR stated the money is already spent there (you can see it in the reports), you're talking about going detailed, I don't think that is where the intent was meant. Parent representative asked but how would you even understand any of this if you don't even understand where it went. BBMR stated that's where we're getting the explanations from GDOE. GDOE stated and it is explained after the FSD reports are transmitted, it's explained through the memos. Parent representative disagreed, saying it is supposed to be explained prior to it. We're supposed to sit here 'view GDOE's financial reports for conformity.' Prior to these expenditures even being made, we're supposed to look at it and make decisions, especially where it is over a certain amount, to determine if there's even money. BBMR disagreed and don't think its prior, it's after.

Parent representative recommended members go back and review the enabling legislation with their directors, or she could just speak to the senator and we can just call a round table now and she can explain to us what she expects of this commission. Parent representative stated she does not want to be chopped down and stepped all over for not doing a duty and eventually, held in contempt or be a part of a team that is not going to report properly. We work for the government of Guam. We are a part of what needs to hold the government accountable. I'm from a different agency. And if you were on a commission that holds my agency accountable – hold me accountable – I'll do my job. I would expect the same with every other agency out there. I am not asking for anything more or less other than, if there is nothing to hide than show me it. Show me the numbers. What is wrong with showing me what you did.

GDOE stated the numbers are provided to the EFSC. Parent representative interjected there is no breakdown. GDOE stated OFB has the data dump. It was decided, when the commission was put together, that they (OFB) the Legislature got

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all the information, and this is the report that they came up with. GDOE asked if Parent representative wants GDOE to provide the data dump or include her in the transmittal. Parent representative stated she does not know what these data are – from the past 3 meetings she's seen only the same thing; the same numbers over and over again. She has seen negative numbers which is a big no-no which tells her that EFSC's supposed to be attacking that right now because their job is to make sure we're not in the negative number. Because if we are in a negative number then that means that we're spending something that we're not supposed to be spending. Parent representative stated she would just like to follow what EFSC is supposed to do.

BBMR stated we've gone through this Commission meetings for (a number of) years. The public auditor herself has sat down here, BJ Cruz has sat down here, as well as the Director of DOA. They've gone through and sat through the commission meetings and they didn't relay their concerns like the way you have here. Parent representative stated I don't think they've read the law and they might want to read it and consult with their attorneys which happens to be my office (AG Office). Maybe they can get a better insight from my office as to what the law requires, and I assure you they will look at it a little bit differently.

BBMR stated parent representative is a member and she can go ahead and draft her memo. Parent representative stated she is making her request; she will draft a letter if that is what it is going to require; she will make her written request to the chair. BBMR stated all members will have to agree as a commission. Parent representative stated ok she will draft her letter and will request, pursuant to the enumerated duties she will be requesting that all items can be produced at least for the past 6 months – OFB asked whether parent representative planned to do this before next meeting and parent representative affirmed. Parent representative stated she would like to figure out if the EFSC members are uncertain and unclear as to what they feel the commission is supposed to do.

BBMR stated if it was as important a commission then it would have been sat down by designee members' superiors themselves; I don't know if they see it (the

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commission) as what you see it as. Parent representative stated the fines assessed members for non-attendance indicates how important the EFSC tasks are and there is a reason why because there needs to be a check and balance within this agency that has no check and balance, they are on their own.

BBMR stated for his designation, he would recommend the BBMR director sits here, the public auditor sits here and be the ones in attendance at this meeting. Parent representative it's up to them, for her, the designees are okay. It's just a matter of understanding what must happen – we've gotten too used to just throwing numbers out on the table. BBMR stated well that's the things that senators do in their oversights. Parent representative disagreed that's the things that we create when there is money given and we (the EFSC) prioritizes where the money goes.

OFB asked whether parent representative will prepare the letter. Parent representative affirmed and asked, how should the letter be addressed. BBMR opined it would be addressed to GDOE and the members would vote on its transmittal.

BBMR restated they have a concern about the February FSD report regarding the projected lapse in salaries. BBMR moved to approve the FSD reports for December 2018 and January 2019 and to table the February and March 2019 reports. OPA seconded the motion.

Parent representative asked were these (December and January) reports the ones with discrepancies and were the discrepancies fixed. OFB affirmed. BBMR stated there is really something off in the numbers for the February 2019 report (the \$51M lapse in salary needs to be rechecked). That number cannot be correct unless there was an allotment – a big one released in February. GDOE stated no, that was not the case. BBMR referred members to view the personnel projections on the back page on the February FSD report and stated the number should tie to the consolidated first page. BBMR noted the numbers do not tie; the projected lapse is incorrect and is instead reflecting expenditures to date. BBMR requested OFB to take a look at that calculation and re-validate the February 2019 report for next meeting.

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	<p>After a short discussion, members agreed the February FSD report needs to be corrected and validated because it will carry into the March FSD report and that both reports should be tabled for next meeting.</p> <p>OPA restated and seconded the motion (by BBMR) to approve December 2018 and January 2019 FSD reports and table the February and March 2019 reports pending corrections. With no objections, motion passed.</p>	
<p>V. New Business</p>	<p>Next item New Business. DOA suggested OFB bring the approved 12-Month Operations for next meeting since it's been discussed. BBMR reminded OFB that it was revised and to be sure to bring the approved revised 12-month plan.</p>	
<p>a. Next Meeting Date and Time</p>	<p>Next item next meeting. Members agreed OFB tentatively schedule for 3pm, Thursday June 20, 2019 for the EFSC June 2019 meeting and reserve the conference room in GDOE Building A in Tiyan. OPA motioned to adjourn the meeting. BBMR seconded the motion and without objection, meeting was adjourned at 4:15pm.</p>	
<p>VI. Adjournment</p>		