



**JON J. P. FERNANDEZ**  
Superintendent of Education

## **DEPARTMENT OF EDUCATION PUBLIC INFORMATION OFFICER**

www.gdoe.net  
500 Mariner Avenue  
Barrigada, Guam 96913  
Telephone: (671) 300-1677 • Fax: (671) 472-5001  
Email: [ijbbaza@gdoe.net](mailto:ijbbaza@gdoe.net)



**ISA J. B. BAZA**  
Public Information Officer

**July 2, 2018**

### **FOR IMMEDIATE RELEASE**

#### **GDOE RECEIVES 5TH CONSECUTIVE CLEAN AUDIT FOR BOTH FINANCIAL STATEMENTS AND FEDERAL GRANT COMPLIANCE**

For the fifth year in a row, the Guam Department of Education (GDOE) has received a clean audit opinion on its financial statements and its compliance with federal program requirements for Fiscal Year (FY) 2017. This also marks the third consecutive year that the agency audit has shown no material weaknesses. The audit reports were completed by Deloitte and Touche, LLP, and were issued on June 29, 2018.

GDOE improved its financial performance and ended FY 2017 with a \$4.9 million surplus compared to deficit (losses) from FY 2014 to FY 2016. This demonstrates GDOE's continued efforts in improving its fiscal management despite the government's ongoing financial challenges.

"In the early 2000s, this agency was unauditible, and it led us into a federal high risk designation and eventually into special conditions being placed on our department by the United States Department of Education," GDOE Superintendent Jon Fernandez said. "Now, as we push to get off of high risk, we can point to our progress with five straight years of clean audits of our financial statements and our compliance with federal programs. This is great news for our department and a great sign of continued improvement."

"When we visit USEd officials this summer, this will help," Guam Education Board Chairman Mark Mendiola said. "We were told that we are going to need to sustain the progress we have made over the past few years, and these audit results underscore our commitment to doing just that."

Sustaining GDOE's audit performance is a critical component for addressing the department's "high risk" designation. Under the Superintendent's leadership, GDOE has achieved its best audit performance and consecutive clean opinions since FY 2013. The timely completion of clean audits is a benchmark, and provides support that GDOE has implemented corrective actions and successful internal controls to properly manage both local and federal funds in accordance with all prescribed laws, rules and regulations.

In May 2018, GDOE submitted a request for reconsideration in accordance with USEd's Federal Fiscal Year 2017 Special Conditions Letter, Section III, Subsection C. The request focuses on the accomplishments GDOE has made in its efforts to address all high risk deficiencies. GDOE

hopes that the significant progress achieved to date will be acknowledged in the upcoming special conditions letter due in July.

Although GDOE sustained its clean audit opinions, independent auditors identified three findings considered as significant deficiencies for internal controls over major federal programs relative to reporting, procurement, and level of effort. Specifically:

- Finding 2016-001 cites GDOE for recording child nutrition program expenditures in GDOE's General Fund instead of the Federal Grants Fund. Although GDOE agreed with the finding, current Standard Operating Procedures (SOPs) require timely reconciliations.
- Finding 2016-002 cites GDOE for utilizing Sole Source procurement; not maximizing competition for a Small Purchase procurement; and no written rationale on file for extending and utilizing an Indefinite Quantity Bid (IQB). GDOE disagreed with most of the finding as follows:
  - The sole source went through proper procurement procedures and was approved by the Attorney General and Office of the Governor.
  - For small purchases, the law does not set required timelines. The small purchase was conducted in the most efficient manner, while providing broad-based competition, and to address the urgent need for repair services of an underground drainage system.
  - The IQB was extended to secure the competitive pricing offered by the bid in time for summer school readiness projects.

GDOE will be developing an SOP and updating its current SOPs on the aforementioned procurement to address the findings.

- Finding 2016-003 cites GDOE for not having financial information from Government of Guam agencies to determine level of effort for early intervention services to children from birth to two years old. GDOE agreed with the repeat finding because SOP 300-004 IDEA Part C Level of Effort was implemented in February 2018 and FY 2017 documentation was completed in May 2018. For the current fiscal year, GDOE began coordinating with the relevant agencies to obtain documentation.

Although these findings resulted in questioned costs totaling \$32,260, GDOE addressed the findings and does not anticipate repeat findings for the next fiscal year.

**- END OF STATEMENT -**