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OPA: 'Clean opinion' in iLearn Academy audit

Kevin Kerrigan | The Guam Daily Post Feb 3, 2018 Updated 15 hrs ago



COMPUTER SCIENCE: Students participate in the global Hour of Code, a self-guided computer coding and programming tutorial on Dec. 13, 2017, at the iLearn Academy Charter School. Photo courtesy of iLearn Academy Charter School

"This allows (iLearn Academy Charter School) to focus on providing educational services to students."

- Burger, Comer & Magliari audit report

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iLearn Academy Charter School FY 2017 Financial Highlights

February 1, 2018

The iLearn Academy Charter School (IACS) is a non-profit, public benefit organization. Fiscal Year (FY) 2017 was the first year the Office of Public Accountability (OPA) has overseen IACS's financial audit. IACS has been audited since the charter school was established in 2015, but not in conformance with OPA's requirements.

IACS closed FY 2017 with a cumulative net position of \$7,072. Independent auditors Burger, Comer, & Magliari, LLC rendered an unmodified (clean) opinion on IACS' financial statements. This was the first year that independent auditors completed IACS's Report on Internal Control over Financial Reporting and Compliance. IACS is subject to Government of Guam Procurement Law and Regulations.

Student Enrollment and Achievements

IACS student enrollment increased from 485 in School Year (SY) 2016 – 2017 to 500 in SY 2017 – 2018. Based on the overall ACT Aspire assessment, students in Grades 3, 4, and 5 were "Ready" in English and "Close" in Math. In terms of Reading, students in Grade 3 were "In Need" and Grades 4 and 5 were "Close".

Pursuant to Title 17 of the Guam Code Annotated (GCA) §12107(u), IACS shall initiate the process for accreditation within the first 120 days of opening and attain accreditation within 5 years of opening. IACS had begun its application process in November 2016 and turned in its application for accreditation in June 2017, but is pending a site visit from the Western Association of Schools and Colleges.

Revenues and Expenditures

In FY 2017, IACS reported \$3.4 million (M) in revenues, an \$865 thousand (K) increase from the prior year of \$2.5M. Of the total revenue, \$3.2M or 97% was from Government of Guam (GovGuam) appropriations, \$64K was from grant revenue, \$26K was from extended learning, and \$24K was from miscellaneous sources. IACS received \$5,500 per student in FY 2016, which increased to \$6,500 per student in FY 2017 pursuant to Public Law 33-185.

IACS's operating expenditures increased by \$919K from \$2.4M in FY 2016 to \$3.4M in FY 2017. Contractual services comprised 63% of the total expenditures and increased by \$549K or 35%, going from \$1.6M in FY 2016 to \$2.1M in FY 2017. This increase was due primarily to the (1) monthly rate increase on the A+ agreement for additional classrooms, (2) increase of the extended-learning program, and (3) hiring of a third party academic evaluator.

IACS has an A+ agreement where they pay a monthly lease to a vendor and this academic partner provides a fully furnished school facility, utilities, services, and supplies. This allows IACS to focus

The iLearn Academy Charter School received a "clean" opinion on its fiscal year 2017 financial statement, following an audit by independent auditors from Burger, Comer & Magliari.

According to the audit results released yesterday by the Office of Public Accountability, the charter school has an "A+" agreement with a landlord that provides a fully furnished school facility, utilities, services and supplies.

"This allows IACS to focus on providing educational services to students," states the audit report.

The report notes that "certain members of IACS are also officers or board members of the A+ agreement contractor," which is not named in the report.

Revenues and expenditures

The auditors did not identify any material weaknesses, or significant deficiencies, in the charter school's report on internal control over financial reporting and compliance.

The management letter, however, identified two repeat comments:

- a lack of segregation of duties, wherein almost all accounting duties are performed by the business office manager; and
- accounting policies and procedures are not fully documented.

The charter school reported \$3.4 million in revenues in fiscal 2017. That was an \$865,000 increase from the prior year. Ninety-seven percent of the revenue was provided by the government of Guam.

The school received a \$6,500-per-student allotment from GovGuam in fiscal 2017 following a change in law, compared to \$5,500 per student the prior year.

Salaries and wages made up 33 percent of the total expenditures. That was an increase of \$366,000 or 49 percent. That was due to the hiring of additional teachers to accommodate the needs of the growing student population.

The charter school closed the fiscal year with a cumulative net position of \$7,072.



Student achievement and enrollment

The results of the ACT Aspire assessment tests showed that the charter school's students in third- fourth- and fifth-grades were "ready" in English and "close" in math.

However, in reading, students in third grade were "in need" and fourth- and fifth-graders were "close" to meeting certain benchmarks.

Student enrollment increased from 485 to 500 during the 2017-2018 school year.

Accreditation

The charter school is in the process of getting accredited. The school began the application process in June 2017 and a site visit is pending from the Western Association of Schools and Colleges.