



DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT



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JON J.P. FERNANDEZ
Superintendent of Education

September 28, 2018

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

Vice Speaker Therese M. Tenaja

OCT 02 2018

Time: 10:12 Am

Received by: JDB



Re: iLearn Academy Charter School: Fiscal Year 2018 September 2018 Allotment Request

Hafa Adai,

Upon review of the iLearn Academy Charter School (iLearn) Fiscal Year (FY) 2018 September 2018 Allotment Request by our Internal Audit Office (IAO) in collaboration with members of the iLearn, I am unable to submit my verification of accuracy as required by Public Law (P.L.) 34 - 42, Chapter II, Part I, in its entirety.

Our IAO was not able to validate the invoiced total as iLearn has exhausted their allotted appropriations for FY 2018. Please see the attached verification report. This validation is based on actual invoices submitted to the IAO on September 24, 2018.

On a moving forward basis, IAO will be tracking the local appropriations received by charter schools against cash received by GDOE. Per P.L. 34-42, Guam Academy Charter Schools were to receive local appropriations in proportion to the cash received by GDOE for FY 2018. This additional review will be included in IAO's validation reports to ensure that charter schools receive local funds as prescribed in law.

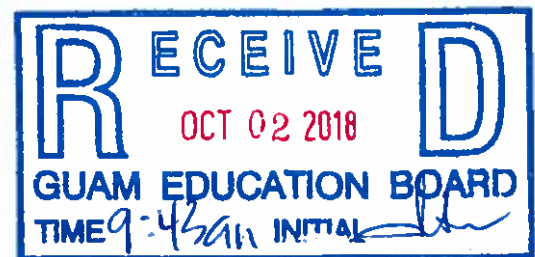
Please advise my office if you have any further questions or concerns regarding this matter.

Sincerely,

Jon J.P. Fernandez
Superintendent of Education

Attachment

Cc: Chairman and Members, Guam Education Board
Speaker, 34th Guam Legislature
iLearn Academy Charter School





JON J.P. FERNANDEZ
Superintendent of Education

**DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE**

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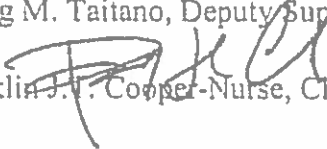
**FRANKLIN
COOPER-NURSE**
Chief Auditor

September 28, 2018

MEMORANDUM

TO: Jon J.P. Fernandez, Superintendent of Education

CC: Taling M. Taitano, Deputy Superintendent of Finance and Administrative Services

FROM:  Franklin J.V. Cooper-Nurse, Chief Auditor, Internal Audit Office

SUBJECT: September 2018 Review of iLearn Academy Charter School's Invoices

Hafa Adai,

The Guam Department of Education (GDOE) Internal Audit Office (IAO) has completed its review of iLearn Academy Charter School (iLearn)'s allotment request for September 2018. GDOE (IAO) is authorized by Public Law (PL) 34-42 to verify charter school invoices for accuracy and report its findings within 10 days.

On September 24, 2018, IAO received the Department of Administration (DOA)'s transmittal for iLearn's September 2018 Allotment Request of \$101,818.53. Although the submitted invoices are accurate and valid, iLearn has exhausted their allotted appropriations for Fiscal Year (FY) 2018. See Table 1 and Appendix 1 for details.

Table 1: September 2018 Allotment Request

| 14th Drawdown | [A] | [B] | [C] |
|--------------------|----------------------|----------------------|------------------|
| Object Class | iLearn's Drawdown | Submitted Invoices | IAO's Validation |
| Personnel Salaries | \$ 92,732.19 | \$ 92,732.19 | \$ - |
| Benefits | 9,086.34 | 9,086.34 | - |
| Total | \$ 101,818.53 | \$ 101,818.53 | \$ - |

PL 34-42 provides \$6,500 for each student up to 500 students or a total of \$3,250,000. However, due to revenue shortfalls from tax cuts, iLearn's FY 2018 appropriations were reduced by \$281,567¹ for a revised appropriation of \$2,968,433. For FY 2018, IAO validated \$2,968,433 of expenditures, leaving an unexpended balance of \$0. As of September 20, 2018, 500 students were enrolled in iLearn. See Tables 2, 3, and 4 for details.

¹ Bureau of Budget and Management Research (2018, January 24). *FY 2018 general fund appropriation reductions-tax cuts and jobs act of 2017*.

Further, iLearn received in excess of what should have been provided per the law. Per P.L. 34-42, Guam Academy Charter Schools were to receive local appropriations in proportion to the cash received by GDOE for FY 2018. As of August 23, 2018, GDOE has received 95% of its FY 2018 local appropriations to date. However, iLearn was provided 5% more than GDOE's cash receipt. Therefore, IAO does not advise the release of funds for this allotment request. See Table 5 and Appendix 2.

Table 2: FY 18 Validation Summary

| Month | iLearn's Draw down | Submitted Invoices | IAO's Validation |
|----------------------|------------------------|------------------------|------------------------|
| October | \$ 282,077.74 | \$ 282,077.74 | \$ 282,077.74 |
| November | 278,941.58 | 278,941.58 | 278,941.58 |
| December | 277,722.76 | 277,722.76 | 277,722.76 |
| January | 334,059.11 | 334,059.11 | 334,059.11 |
| February | 278,623.43 | 8,623.43 | 78,623.43 |
| March | 268,828.48 | 268,828.48 | 268,828.48 |
| April | 271,692.69 | 271,692.69 | 271,692.69 |
| May | 276,039.80 | 276,039.80 | 276,039.80 |
| June | 227,894.96 | 227,894.96 | 227,894.96 |
| June (Supp. #1) | 51,244.25 | 51,244.25 | 51,244.25 |
| July | 221,134.12 | 221,134.12 | 221,134.12 |
| July (Supp. #1) | 50,832.34 | 50,832.34 | 50,832.34 |
| August | 149,341.74 | 149,341.74 | 149,341.74 |
| September | 101,818.53 | 101,818.53 | - |
| Total (FY 18) | \$ 3,070,251.53 | \$ 3,070,251.53 | \$ 2,968,433.00 |

Table 3: FY 18 General Fund Appropriation Reduction

| Remaining Funds | |
|---|-----------------|
| P.L. 34-42 Funding Per Student (\$6,500 x 500 Students) | \$ 3,250,000.00 |
| Less: Appropriations Reduction (BBMR Circular 18-04) | (281,567.00) |
| Revised Budget | 2,968,433.00 |
| Less: IAO's Validation | (2,968,433.00) |
| Unexpended Balance | \$ - |

Table 4: FY 18 Enrollment Summary

| SY | Month | Grade Level | | | | | | Total |
|------------------|----------------|-------------|-----|----|----|----|----|-------|
| | | K | 1 | 2 | 3 | 4 | 5 | |
| 17-18 | October 2017 | 107 | 101 | 99 | 65 | 68 | 60 | 500 |
| 17-18 | November 2017 | 107 | 101 | 99 | 65 | 68 | 60 | 500 |
| 17-18 | December 2017 | 107 | 101 | 99 | 65 | 68 | 60 | 500 |
| 17-18 | January 2018 | 107 | 101 | 99 | 65 | 68 | 60 | 500 |
| 17-18 | February 2018 | 108 | 99 | 99 | 67 | 68 | 59 | 500 |
| 17-18 | March 2018 | 108 | 99 | 99 | 67 | 68 | 59 | 500 |
| 17-18 | April 2018 | 108 | 99 | 99 | 67 | 68 | 59 | 500 |
| 17-18 | May 2018 | 109 | 99 | 99 | 67 | 68 | 59 | 501 |
| 17-18 | June 2018 | 78 | 115 | 90 | 96 | 60 | 61 | 500 |
| 18-19 | August 2018 | 85 | 113 | 87 | 95 | 60 | 60 | 500 |
| 18-19 | September 2018 | 78 | 115 | 90 | 96 | 60 | 61 | 500 |
| SY 17-18 Average | | 100 | 103 | 97 | 72 | 66 | 60 | 500 |

Table 5: FY 18 Available Funds

| | iLearn |
|---|-------------------|
| P.L. 34-42 Appropriation | \$ 3,250,000.00 |
| Less: P.L. 34-87 (BBMR Circular 18-04) GF Reduction | \$ (281,567.00) |
| Subtotal | \$ 2,968,433.00 |
| Less: P.L. 34-42 (% of Cash Not Received by GDOE) | \$ (143,862.34) |
| Revised P.L. 34-42 Appropriation | \$ 2,824,570.66 |
| Less: IAO Validated Amounts | \$ (2,968,433.00) |
| Total Available to iLearn | \$ (143,862.34) |
| % of Funds Available | -5.1% |

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 ftcooper-nurse@gdoe.net.

Appendix 1: iLearn August 2018 Invoice Details

| Month | Type of Request | Object Code & Class | Ref | Vendor | Description | Invoice Number | Invoice Date | Invoice Amount | Validated Amount |
|--------------|-----------------|---------------------|-------|------------------------------|-----------------|----------------|--------------|-------------------|------------------|
| September | Monthly | 111 Personnel | N-2.1 | Sanford Technology Group LLC | PPE: 09/07/2018 | 202040-041 | 9/7/2018 | 48,208.07 | - |
| September | Monthly | 111 Personnel | N-2.2 | Sanford Technology Group LLC | PPE: 09/21/2018 | 202581-041 | 9/21/2018 | 44,524.12 | - |
| September | Monthly | 113 Benefits | N-3.1 | Sanford Technology Group LLC | PPE: 09/07/2018 | 202040-041 | 9/7/2018 | 4,593.17 | - |
| September | Monthly | 113 Benefits | N-3.2 | Sanford Technology Group LLC | PPE: 09/21/2018 | 202581-041 | 9/21/2018 | 4,931.17 | - |
| Total | | | | | | | | 101,116.53 | - |

Appendix 2: GDOE and BBMR FY 2018 Appropriation / Allotment Status as of August 23, 2018

**Guam Department of Education
 FY 2018 Appropriations and Allotments [2]
 As of August 23, 2018**

| Fund | Appropriation | GDOE Cash Received | Cash Received as % of Appropriations | % of Cash Not Received by GDOE |
|--------------------------------------|--------------------------|--------------------------|--------------------------------------|--------------------------------|
| General Fund (GF) [1] | \$ 187,273,035.00 | \$ 180,784,491.43 | 96.5% | 3.5% |
| TEFF Ops Fund | \$ 4,353,375.00 | \$ 4,353,375.00 | 100.0% | 0.0% |
| TEFF - 1st Generation | \$ 100,000.00 | \$ - | 0.0% | 100.0% |
| PLRF | \$ 996,946.00 | \$ 747,711.00 | 75.0% | 25.0% |
| Interscholastics / Health & Physical | \$ 891,754.00 | \$ 607,042.00 | 68.1% | 31.9% |
| Limited Gaming Fund | \$ 608,518.00 | \$ 456,389.00 | 75.0% | 25.0% |
| Subtotal | \$ 194,223,628.00 | \$ 186,949,008.43 | 96.3% | 3.7% |
| JFKHS Maintenance | \$ 1,568,000.00 | \$ 1,568,000.00 | 100.0% | 0.0% |
| Charter Schools | \$ 2,327,016.00 | \$ - | 0.0% | 100.0% |
| Grand Total | \$ 198,118,644.00 | \$ 188,517,008.43 | 95.2% | 4.8% |

**Bureau of Budget and Management Research
 FY 2018 Appropriation / Allotment Status Report [2]
 As of August 23, 2018**

| Fund | Appropriation | BBMR Circular 18-04 GF Reduction | PL 34-87 GF Reduction | Appropriation Less PL 34-87 Reduction |
|---|--------------------------|----------------------------------|---------------------------|---------------------------------------|
| GDOE | \$ 214,310,861.00 | \$ (18,610,365.00) | \$ (9,072,589.00) | \$ 205,238,272.00 |
| Chamoru Studies | \$ 401,207.00 | \$ (34,759.00) | \$ - | \$ 401,207.00 |
| Universal Pre-Kindergarten Pilot Prog. | \$ 1,054,596.00 | \$ (91,366.00) | \$ (1,054,596.00) | \$ - |
| Textbooks & Collateral Mat. FY 2017 | \$ 1,500,000.00 | \$ (129,954.00) | \$ - | \$ 1,500,000.00 |
| Textbooks & Collateral Mat. FY 2018 | \$ 1,500,000.00 | \$ (129,954.00) | \$ - | \$ 1,500,000.00 |
| Textbooks & Collateral Mat. FY 2018 (Advance) | \$ (1,500,000.00) | \$ 129,954.00 | \$ (1,500,000.00) | \$ (3,000,000.00) |
| Maintenance / Repair School Facilities | \$ 500,000.00 | \$ - | \$ - | \$ 500,000.00 |
| Grand Total | \$ 217,765,664.00 | \$ (18,866,444.00) | \$ (11,627,185.00) | \$ 187,273,035.00 |

[1] GDOE's report did not include the P.L. 34-87 GF Reduction (BBMR Circular 18-04). IAO included it, from BBMR's FY 2018 Appropriation/Allotment Status Report (as of August 23, 2018), for a more accurate presentation of GDOE's actual cash receipt.

[2] GDOE and BBMR's reports were obtained during the Education Financial Supervisory Commission's August 2018 meeting.