



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  
Email: jonfernandez@gdoe.net

JON J.P. FERNANDEZ  
Superintendent of Education

June 24, 2019

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

Speaker Tina Rose Muña Barnes

JUN 25 2019  
Time 11:42 (AM) (PM)  
Received By: [Signature]



Re: Guahan Academy Charter School: FY 2019 Bank Loan/Independent Evaluator Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2019 Bank Loan/Independent Evaluator 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 June 14, 2019.

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

Sincerely,

[Signature]  
Jon J.P. Fernandez  
Superintendent of Education

[Signature] 6-25-19

Attachment

Cc: Chairman and Members, Guam Education Board  
Speaker, 35th Guam Legislature  
Guahan Academy Charter School

6EB  
Red 6/25/19  
1:23pm



**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](mailto:iao@gdoe.net)



**FRANKLIN  
COOPER-NURSE**  
Chief Internal Auditor

June 24, 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:** 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 submitted invoices for a bank loan and an independent evaluator. 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 June 14, 2019, IAO received the Department of Administration (DOA)'s transmittal for GACS' bank loan documents and invoice for its independent evaluator totaling \$176,586.52. IAO did not validate GACS's submitted loan documents and invoice. See Table I and Appendix I.

The bank loan was previously submitted and not validated on April 4, 2018. GACS used proceeds from the loan to pay a vendor for construction supplies and materials. Per Title 17 of the Guam Code Annotated (GCA) §12116, "no capital improvement funds shall be awarded to a non-converted public school for the purpose of constructing, reconstructing or improving said school." Therefore, it appears government funds are being used to repay loan proceeds which was expended for construction supplies and materials contrary to existing statute.

Additionally, IAO did not validate the invoice for the independent evaluator due to the incorrect utilization of small purchase procedures to attain professional services. Per 5 GCA §5216, the services of professionals shall be procured in accordance with competitive selection procedures (Request for Proposal). IAO notes GACS 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 3: FY 2019 Remaining Funds**

Funding Per Student	\$	6,088.00
Current Enrollment		713
GACS Budget	\$	4,340,744.00
Less: IAO's Validations	\$	2,398,942.78
FY 2019 Remaining Funds	\$	1,941,801.22

**Table 4: FY 2019 Enrollment Summary**

Months	Grade Level													Total
	1	2	3	4	5	6	7	8	9	10	11	12	K	
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
<b>Average</b>	<b>57</b>	<b>58</b>	<b>75</b>	<b>75</b>	<b>74</b>	<b>61</b>	<b>73</b>	<b>75</b>	<b>19</b>	<b>35</b>	<b>26</b>	<b>28</b>	<b>57</b>	<b>713</b>

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 schools' 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](mailto:lmwilless@gdoe.net), and Franklin Cooper-Nurse at 300-1336 or [fjtcooper-nurse@gdoe.net](mailto:fjtcooper-nurse@gdoe.net).



LOURDES A. LEON GUERRERO, Governor (Maga'hága)  
JOSHUA F. TENORIO, Lt. Governor (Sigundo Maga'láhi)



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

DIVISION OF ACCOUNTS (Dibision Kuenta)

June 13, 2019

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

*Rec'd to IAO 6/14/19*  
*[Signature]*

RE: Guahan Academy Charter School – Bank of Guam Loan Agreement; Invoice of \$7,420.00 for Independent Evaluator, Dr. Velma A. Sablan

*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,*

*[Signature]*  
Edward M. Birn  
Director

Department of Education Office of the Superintendent	
Date: 6/13/19	Time: 4:55 PM
Rec'd By: <i>[Signature]</i>	Signature
Print Name	Signature

Attachments