



DEPARTMENT OF EDUCATION  
OFFICE OF THE SUPERINTENDENT



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JON J.P. FERNANDEZ  
Superintendent of Education

Vice Speaker Therese M. Terlaje

October 9, 2018

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

OCT 11 2018

Time: 1:39 pm  
Received by: [Signature]

Re: Guahan Academy Charter School: FY 2018 September 2018 (Partial #4) Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2018 September 2018 (Partial #4) Allotment Requests 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 34-42, Chapter II, Section 3 in its entirety.

Our Internal Audit Office was able to validate \$1,871.67 of the invoiced total. Please see the attached verification report. This validation is based on actual invoices submitted to our Internal Audit Office on October 2, 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,

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

RECEIVED  
OCT 12 2018  
GUAM EDUCATION BOARD  
TIME [Signature] INITIAL J.P.

Attachment

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

RECEIVED  
OCT 11 2018 12:53  
DEPT OF ADMINISTRATION  
DIRECTOR'S OFFICE



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

**DEPARTMENT OF  
EDUCATION  
INTERNAL AUDIT OFFICE**

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**FRANKLIN  
COOPER-NURSE**  
Chief Internal Auditor

October 8, 2018

**MEMORANDUM**

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

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

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

**SUBJECT:** September 2018 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 fourth partial allotment request for September 2018. GDOE (IAO) is authorized by Public Law (P.L.) 34-42 to verify charter school invoices for accuracy and report its findings within 10 days.

On October 2, 2018, IAO received the Department of Administration's transmittal for GACS's September 2018 Partial #4 Allotment Request of \$14,816.67. IAO was able to validate \$1,871.67 of GACS's submitted invoices. IAO was not able to validate \$12,945 of submitted invoices for food services due to an incomplete procurement record and areas of concern relative to source selection and compliance to Guam Procurement Law and regulations (e.g. Title 5 of the Guam Code Annotated §5211(b) and Title 2 of the Guam Administrative Rules and Regulations, Division 4 §3109(f)(2)). See Table 1 and Appendix 1.

**Table 1: September 2018 Allotment Request Invoices (Partial #4)**

<b>Object Class</b>	<b>GACS Drawdown</b>	<b>Submitted Invoices</b>	<b>IAO's Validation</b>	<b>Difference</b>
Contractual	\$ 12,945.00	\$ 12,945.00	\$ -	\$ 12,945.00
Supplies & Materials	\$ 1,149.76	\$ 1,149.76	\$ 1,149.76	\$ -
Miscellaneous	\$ 721.91	\$ 721.91	\$ 721.91	\$ -
<b>TOTAL</b>	<b>\$ 14,816.67</b>	<b>\$ 14,816.67</b>	<b>\$ 1,871.67</b>	<b>\$ 12,945.00</b>

P.L. 34-42 provides \$6,500 for each student up to 740 students or a total of \$4,810,000. However, due to revenue shortfalls from tax cuts, GACS's Fiscal Year (FY) 2018 appropriations

October 8, 2018

Page 2 of 6

were reduced by \$416,719<sup>1</sup> for a revised appropriation of \$4,393,281. For FY 2018, IAO validated \$3,959,451.97 of expenditures, leaving a balance of \$433,829.03 of unexpended funds. Based on enrollment reports provided by GACS, 711 students were enrolled as of September 28, 2018. See Tables 2 and 3.

Based on recent communications with DOA, GACS's FY 2017 allotment requests, submitted during FY 2018, were drawn from GACS's FY 2018 appropriations. At the end of FY 2017, GACS's had remaining funds of \$50,586. However, IAO was informed that the FY 2017 lapse funds did not roll-over into FY 2018. Therefore, GACS's FY 2018 appropriations are further reduced by \$16,275.70, the amount validated for FY 2017 expenses during FY 2018.

Per P.L. 34-42, Guam Academy Charter Schools are 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, GACS was provided 90% of their allotted appropriations. See Table 4 and Appendix 2.

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

Table 2: FY 2018 Validation Summary

	A		B		C		(B-C) = D	
Month	GACS Drawdown		Submitted Invoices		IAO's Validation		Difference	
Oct 2017 (Partial)	\$	223,949.48	\$	223,949.48	\$	223,949.48	\$	-
Oct 2017 (Partial #2)	\$	181,025.77	\$	181,025.77	\$	116,189.14	\$	64,836.63
Nov 2017 (Partial)	\$	109,713.81	\$	109,713.78	\$	109,713.78	\$	-
Nov 2017 (Partial #2)	\$	110,662.47	\$	110,662.47	\$	110,662.47	\$	-
Dec 2017 (Partial)	\$	125,065.99	\$	125,065.99	\$	125,065.99	\$	-
Dec 2017 (Partial #2)	\$	113,142.58	\$	113,142.58	\$	105,782.74	\$	7,359.84
Dec 2017 (Partial #3)	\$	468,515.60	\$	468,515.60	\$	-	\$	468,515.60
Dec 2017 (Partial #4)	\$	179,258.25	\$	179,258.25	\$	179,258.25	\$	-
Jan 2018 (Partial #1)	\$	146,654.61	\$	146,654.61	\$	122,064.36	\$	24,590.25
Dec 2017 (Final)	\$	182,255.86	\$	182,255.56	\$	178,264.76	\$	3,990.80
Jan 2018 (Partial #2)	\$	350,000.00	\$	350,000.00	\$	-	\$	350,000.00
Jan 2018 (Partial #3)	\$	107,998.48	\$	107,998.48	\$	107,998.48	\$	-
Jan 2018 (Partial #4)	\$	206,542.11	\$	206,288.83	\$	206,079.23	\$	209.60
Feb 2018 (Partial #1)	\$	124,744.17	\$	124,744.17	\$	124,744.17	\$	-
Feb 2018 (Partial #2)	\$	243,880.82	\$	243,880.82	\$	243,880.82	\$	-
Mar 2018 (Partial #1)	\$	188,314.19	\$	188,314.19	\$	180,914.19	\$	7,400.00
Mar 2018 (Partial #2)	\$	142,191.57	\$	142,191.57	\$	142,191.57	\$	-
Mar 2018 (Special #2)	\$	170,484.19	\$	170,484.19	\$	-	\$	170,484.19
April 2018 (Partial #1)	\$	204,677.70	\$	204,677.70	\$	204,677.70	\$	-
April 2018 (No. 3)	\$	104,800.00	\$	104,800.00	\$	-	\$	104,800.00
April 2018 (Special #4)	\$	50,173.75	\$	50,173.75	\$	-	\$	50,173.75
April 2018 (Partial #2)	\$	125,858.12	\$	125,857.92	\$	125,342.16	\$	515.76
April 2018 (Special #5)	\$	4,124.98	\$	4,124.98	\$	-	\$	4,124.98
April 2018 (Special #6)	\$	8,000.00	\$	8,000.00	\$	-	\$	8,000.00
April 2018 (Partial #3)	\$	14,809.14	\$	14,041.40	\$	13,240.50	\$	800.50
May 2018 (Partial #1)	\$	105,617.14	\$	105,617.14	\$	105,617.14	\$	-
April 2018 (Special #3)	\$	13,026.00	\$	13,026.00	\$	-	\$	13,026.00
May 2018 (Special #10)	\$	48,000.00	\$	48,000.00	\$	-	\$	48,000.00
May 2018 (Partial #2)	\$	158,403.19	\$	158,003.19	\$	156,638.94	\$	1,364.25
May 2018 (Partial #3)	\$	17,700.37	\$	17,700.37	\$	17,700.37	\$	-
May 2018 (Partial #5)	\$	103,488.65	\$	103,488.65	\$	103,488.65	\$	-
May 2018 (Partial #6)	\$	92,457.50	\$	92,457.50	\$	-	\$	92,457.50
June 2018 (Partial #1)	\$	14,342.50	\$	14,342.50	\$	-	\$	14,342.50
June 2018 (Partial #2)	\$	184,486.82	\$	184,487.12	\$	168,673.37	\$	15,813.75
June 2018 (Partial #3)	\$	96,418.68	\$	96,418.68	\$	95,622.52	\$	796.16
June 2018 (Partial #4)	\$	150,000.00	\$	150,000.00	\$	-	\$	150,000.00
July 2018 (Partial #2)	\$	142,777.52	\$	142,777.52	\$	142,777.52	\$	-
July 2018 (Partial #1)	\$	14,000.00	\$	14,000.00	\$	-	\$	14,000.00
July 2018 (Partial #3)	\$	27,226.83	\$	27,226.83	\$	16,189.58	\$	11,037.25
July 2018 (Partial #4)	\$	33,222.58	\$	33,222.58	\$	15,023.60	\$	18,198.98
July 2018 (Partial #5)	\$	19,201.89	\$	19,201.89	\$	-	\$	19,201.89
July 2018 (Partial #6)	\$	89,723.41	\$	89,723.41	\$	89,723.41	\$	-
August 2018 (Partial #1)	\$	102,880.84	\$	102,880.84	\$	99,604.70	\$	3,276.14
August 2018 (Partial #2)	\$	57,076.74	\$	57,076.74	\$	42,076.74	\$	15,000.00
August 2018 (Partial #3)	\$	87,849.03	\$	87,849.03	\$	87,253.27	\$	595.76
September 2018 (Partial #1)	\$	92,800.81	\$	92,800.81	\$	92,800.81	\$	-
September 2018 (Partial #2)	\$	104,700.40	\$	104,730.40	\$	104,369.49	\$	360.91
September 2018 (Partial #3)	\$	40,957.50	\$	40,957.50	\$	-	\$	40,957.50
September 2018 (Partial #4)	\$	14,816.67	\$	14,789.03	\$	1,871.67	\$	12,917.36
<b>Total (FY 2018)</b>	<b>\$</b>	<b>5,698,018.71</b>	<b>\$</b>	<b>5,696,599.82</b>	<b>\$</b>	<b>3,959,451.97</b>	<b>\$</b>	<b>1,737,147.85</b>

**Table 3: FY 2018 GACS Enrollment**

Months	Grade Level														Total
	1	2	3	4	5	6	7	8	9	10	11	12	K	PK	
Oct-17	82	97	99	94	77	91	87	56	42	33	31	34	69	65	957
Nov-17	81	96	97	94	75	91	85	56	42	33	30	34	67	65	946
Dec-17	81	96	96	93	75	90	84	55	41	31	30	35	67	64	938
Jan-18	77	95	95	92	74	89	84	54	41	31	29	31	67	64	923
Feb-18	76	93	93	90	72	88	81	52	41	30	28	32	66	64	906
Mar-18	76	92	93	88	72	87	79	52	41	30	28	32	62	63	895
Apr-18	76	91	92	88	72	87	79	51	41	30	28	32	60	63	890
May-18	76	90	92	88	72	87	79	49	41	30	27	32	59	61	883
Jun-18	75	90	91	87	72	87	79	49	41	30	27	32	59	61	880
Jul-18	50	58	74	77	77	65	74	76	27	37	27	26	43	-	711
Aug-18	50	58	74	77	77	65	74	76	27	37	27	26	43	-	711
Sep-18	57	58	74	75	74	61	73	74	19	35	26	28	57	-	711
Average	71	85	89	87	74	82	80	58	37	32	28	31	60	52	863

**Table 4: FY 2018 Funds Available**

P.L. 34-42 Appropriation	\$	4,810,000.00
Less: P.L. 34-87 (BBMR Circular 18-04) GF Reduction	\$	(416,719.00)
<b>Subtotal</b>	<b>\$</b>	<b>4,393,281.00</b>
Less: P.L. 34-42 (% of Cash Not Received by GDOE)	\$	(212,916.27)
<b>Revised Appropriation</b>	<b>\$</b>	<b>4,180,364.73</b>
Less: IAO Validated Amounts	\$	(3,959,451.97)
Less: FY 2017 requests drawn from FY 2018 appropriations	\$	(16,275.70)
<b>Total Available to GACS</b>	<b>\$</b>	<b>204,637.06</b>
<b>% of Funds Available</b>		<b>4.9%</b>

Should you have any questions or concerns, please contact Leana Willess at 300-3697 or [lnwilless@gdoe.net](mailto:lnwilless@gdoe.net), and Franklin Cooper-Nurse at 300-1336 or [fitcooper-nurse@gdoe.net](mailto:fitcooper-nurse@gdoe.net).

**Appendix 1: GACS September 2018 (Partial #4) Allotment Request Invoice**

Object Code and Class	Reference	Vendor	Invoice #	Invoice Date	Invoice Amount	Validated	Validated Amount
230 Contractual	AW-2.1	New Fresh Bread Bakeshop	GACS-0016	9/28/2018	\$ 12,945.00		\$ -
						Subtotal	\$ -
240 Supplies and Materials	AW-3.1	Pacific Guam	019112	9/25/2018	\$ 320.00	✓	\$ 320.00
240 Supplies and Materials	AW-3.2	ST Corporation	CG74682-IN	9/26/2018	\$ 535.76	✓	\$ 535.76
240 Supplies and Materials	AW-3.3	Cosmos Distributing Co., Ltd.	7214813-IN	9/26/2018	\$ 294.00	✓	\$ 294.00
						Subtotal	\$ 1,149.76
290 Miscellaneous	AW-4.1	Petty Cash Fund	PCF 082818	8/28/2018	\$ 324.75	✓	\$ 324.75
290 Miscellaneous	AW-4.2	Petty Cash Fund	PCF 090418	9/4/2018	\$ 397.16	✓	\$ 397.16
						Subtotal	\$ 721.91
						<b>Total</b>	<b>\$ 1,871.67</b>

**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	\$ 217,766,664.00	\$ (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.