



DEPARTMENT OF EDUCATION  
OFFICE OF THE SUPERINTENDENT



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JON J.P. FERNANDEZ  
Superintendent of Education

Vice Speaker Therese M. Terlaje

October 10, 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 #5) Allotment Request

Hafa Adai,

Upon review of the Guahan Academy Charter School Fiscal Year 2018 September 2018 (Partial #5) Allotment Request by our Internal Audit Office in collaboration with members of the Guahan Academy Charter School Incorporated, I am able 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 \$91,185.46 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 4, 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

Attachment

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

RECEIVED  
OCT 12 2018  
GUAM EDUCATION BOARD  
TIME *[Signature]* INITIAL *[Signature]*

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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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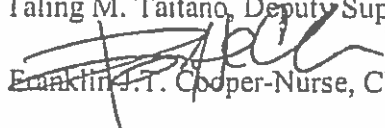
**FRANKLIN  
COOPER-NURSE**  
Chief Internal Auditor

October 10, 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 fifth 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 4, 2018, IAO received the Department of Administration's transmittal for GACS's September 2018 Partial #5 Allotment Request of \$91,185.46. IAO was able to validate \$91,185.46 of GACS's submitted invoices. See Table 1 and Appendix 1.

**Table 1: September 2018 Allotment Request Invoices (Partial #5)**

Object Class	GACS Drawdown	Submitted Invoices	IAO's Validation	Difference
Personnel	\$ 81,978.06	\$ 81,978.06	\$ 81,978.06	\$ -
Personnel Benefits	\$ 8,932.53	\$ 8,932.53	\$ 8,932.53	\$ -
Contractual	\$ 274.87	\$ 274.87	\$ 274.87	\$ -
<b>TOTAL</b>	<b>\$ 91,185.46</b>	<b>\$ 91,185.46</b>	<b>\$ 91,185.46</b>	<b>\$ -</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 were reduced by \$416,719<sup>1</sup> for a revised appropriation of \$4,393,281. For FY 2018, IAO

<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*

October 10, 2018

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validated \$4,050,637.43 of expenditures, leaving a balance of \$342,643.57 of unexpended funds. As of September 30, 2018, 713 students were enrolled in GACS. 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, due to the deficit, DOA informed IAO 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 September 27, 2018, GDOE has received 98% of its FY 2018 local appropriations. To date, GACS was provided 92% of their allotted appropriations. See Table 4 and Appendix 2.

Table 2: FY 2018 Validation Summary

Month	A		B		C		(B-C) = D
	GACS Breakdown	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	\$ 4,124.93	\$ -	\$ 4,124.98			
April 2018 (Special #6)	\$ 8,000.00	\$ 8,000.00	\$ -	\$ 8,000.00			
April 2018 (Partial #3)	\$ 14,909.14	\$ 14,041.40	\$ 13,240.90	\$ 868.24			
May 2018 (Partial #1)	\$ 105,617.14	\$ 105,617.14	\$ 105,617.14	\$ -			
April 2018 (Special #8)	\$ 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	\$ 156,538.94	\$ 1,864.25			
May 2018 (Partial #3)	\$ 17,700.37	\$ 17,700.37	\$ 17,700.37	\$ -			
May 2018 (Partial #5)	\$ 103,438.65	\$ 103,438.65	\$ 103,438.65	\$ -			
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)	\$ 184,436.82	\$ 184,437.12	\$ 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)	\$ 102,830.84	\$ 102,830.84	\$ 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			
September 2018 (Partial #5)	\$ 91,185.46	\$ 91,185.46	\$ 91,185.46	\$ -			
<b>Total (FY 2018)</b>	<b>\$ 5,789,204.17</b>	<b>\$ 5,787,785.28</b>	<b>\$ 4,050,637.43</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	893
Jun-18	75	90	91	87	72	87	79	49	41	30	27	32	59	61	880
Jul-18	50	59	74	77	77	65	74	76	27	37	27	26	43	-	711
Aug-18	50	59	74	77	77	65	74	76	27	37	27	26	43	-	711
Sep-18	57	58	75	75	74	61	73	75	19	35	26	28	57	-	713
<b>Average</b>	<b>71</b>	<b>85</b>	<b>89</b>	<b>87</b>	<b>74</b>	<b>82</b>	<b>80</b>	<b>58</b>	<b>37</b>	<b>32</b>	<b>28</b>	<b>31</b>	<b>60</b>	<b>52</b>	<b>863</b>

**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)	\$	(85,179.51)
<b>Revised Appropriation</b>	<b>\$</b>	<b>4,308,101.49</b>
Less: IAO Validated Amounts	\$	(4,050,637.43)
Less: FY 2017 requests drawn from FY 2018 appropriations	\$	(16,275.70)
<b>Total Available to GACS</b>	<b>\$</b>	<b>241,188.36</b>
<b>% of Funds Available</b>		<b>5.62%</b>

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 [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	Invoices #	Invoice Date	Invoice Amount	Validated	Validated Amount
111 Personnel Benefits	AX-2.1	Sanford Technology Group	203047-30H	10/3/2018	\$ 81,978.06	✓	\$ 81,978.06
						Subtotal	\$ 81,978.06
114 Personnel Benefits	AX-3.1	Sanford Technology Group	203047-30H	10/3/2018	\$ 5,105.41	✓	\$ 5,105.41
240 Supplies and Materials	AX-3.2	Sanford Technology Group	203047-30H	10/3/2018	\$ 1,194.00	✓	\$ 1,194.00
240 Supplies and Materials	AX-3.3	Sanford Technology Group	203047-30H	10/3/2018	\$ 2,633.12	✓	\$ 2,633.12
						Subtotal	\$ 8,932.53
230 Contractual	AX-4.1	Sanford Technology Group	PCF 082818	8/28/2018	\$ 274.87	✓	\$ 274.87
						Subtotal	\$ 274.87
						<b>Total</b>	<b>\$ 91,185.46</b>

**Appendix 2: GDOE and BBMR FY 2018 Appropriation / Allotment Status as of September 27, 2018**

Guam Department of Education  
 FY 2018 Appropriations and Allotments  
 As of September 27, 2018

Fund	Appropriation	GDOE Cash Received	Cash Received as % of Appropriations	% of Cash Not Received by GDOE
General Fund (GF) [1]	\$ 206,139,479.00	\$ 202,129,691.50	98.1%	1.9%
TEFF Ops Fund	\$ 4,353,375.00	\$ 4,353,375.00	100.0%	0.0%
TEFF - 1st Generation	\$ 100,000.00	\$ 100,000.00	100.0%	0.0%
PLRF	\$ 996,946.00	\$ 996,946.00	100.0%	0.0%
Interscholastics / Health & Physical	\$ 891,754.00	\$ 891,754.00	100.0%	0.0%
Limited Gaming Fund	\$ 608,518.00	\$ 456,389.00	75.0%	25.0%
<b>Subtotal</b>	<b>\$ 213,090,072.00</b>	<b>\$ 208,928,155.50</b>	<b>98.0%</b>	<b>2.0%</b>
JFKHS Maintenance	\$ 1,568,000.00	\$ 1,568,000.00	100.0%	0.0%
<b>Grand Total</b>	<b>\$ 214,658,072.00</b>	<b>\$ 210,496,155.50</b>	<b>98.1%</b>	<b>1.9%</b>

Bureau of Budget and Management Research  
 FY 2018 Appropriation / Allotment Status Report  
 As of September 27, 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
<b>Grand Total</b>	<b>\$ 217,766,664.00</b>	<b>\$ (18,866,444.00)</b>	<b>\$ (11,627,185.00)</b>	<b>\$ 206,139,479.00</b>

[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 September 2018 meeting.