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Acting Superintendent of Education

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**FRANKLIN
COOPER-NURSE**
Chief Internal Auditor

November 10, 2016

MEMORANDUM

TO: Joseph Leon M. Sanchez, Acting Superintendent of Education

CC: Taling Taitano, Deputy Superintendent, Finance & Administrative Services
Marcus Pido, Inventory Management Officer, Supply Management Office
Erika Cruz, Acting Deputy Superintendent, Educational Support & Community Learning
Sophia Duenas, Principal, Tiyan High School
Carla Benita Masnayon, Principal, Simon Sanchez High School
Jim Reyes, Principal, Southern High School

FROM: Franklin Cooper-Nurse, Chief Internal Auditor

SUBJECT: Tiyan High School Wrestling Mats

The Internal Audit Office (IAO) received requests for guidance on the transfer of Tiyan High School (THS)'s wrestling mats to Simon Sanchez High School (SSHS) and Southern High School (SHS). Prior to transferring the mats to other schools, THS desired compensation to purchase other equipment not initially provided by Core Tech. This guidance will present an option to satisfy all parties within rules and regulations.

Background

In 2014, the Government of Guam entered an agreement with Core Tech International Corporation. The Amended and Restated Lease Agreement stated that all collateral equipment is the Guam Department of Education's property; and \$4.5 million (M) of collateral equipment was provided to THS. Attached to the agreement was a list of THS's Collateral Equipment, which included four wrestling mats for \$17 thousand (K) each or a total of \$70K.

On December 22, 2015, Deputy Superintendent Taling Taitano informed Inventory Management Officer Marcus Pido of requests to transfer THS's excess wrestling mats to other schools. Per Deputy Superintendent Taitano, the initial discussion was for SHS to pay THS for the mats using its Non-Appropriated Funds (NAF). Mr. Pido was concerned of the intent to purchase and provided guidance for the mats to be recorded by the Property Management Office (PMO), for THS to initiate the transfer through a transfer document, and PMO to approve prior to the transfer. Deputy Taitano agreed that THS should not be selling the mats and IAO was copied in the correspondence.

On September 30, 2016, SHS Athletic Director Marvin Linder requested for GDOE to provide transportation for the delivery of one wrestling mat. Per Mr. Linder, the mat was needed by the school's wrestling team and the transfer was approved last year.

On October 28, 2016, THS Principal Sophie Duenas e-mailed Mr. Pido. The e-mail stated:

1. Mr. Pido acted on the basis of former Superintendent Fernandez's letter to the Governor;
2. SHS offered \$9K for the mat as the school could not afford to purchase a mat from an off-island vendor;
3. A verbal agreement was made that the transfer would not occur without the purchase of the equipment, which was communicated to Deputy Superintendent Taitano and former Superintendent Fernandez; and
4. THS lacked equipment and desired to be compensated to purchase equipment not initially ordered by Core Tech.

Mr. Pido replied that PMO will be on standby to assist when the transfer occurs. Ms. Duenas stated that she communicated the matter to IAO per Deputy Superintendent Taitano's advice. Chief Auditor Franklin Cooper-Nurse e-mailed Ms. Duenas to confirm whether the transfer of collateral equipment was contingent upon the receipt of cash, which constituted a sale, and sought confirmation for the funding source for the purchase.

On November 1, 2016, SSHS Assistant Principal Rebecca Duenas e-mailed Acting Superintendent Joseph Sanchez a request for approval to purchase mats for \$5K from THS.

On November 7, 2016, SSHS Principal Masnayon followed up with Acting Superintendent Sanchez. Acting Superintendent Sanchez e-mailed SSHS Principal Masnayon indicating that Money Committee minutes and Trust and Agency Fund Voucher Request were not attached to SSHS's previous e-mail and IAO was to provide a disposition on the matter.

IAO Recommendations

Per the Amended and Restated Lease Agreement, THS's wrestling mats are collateral equipment, are paid for and are the responsibility of the Government of Guam, and are personal property of GDOE. GDOE's Standard Operating Procedures (SOP) 200-019 for Fixed Asset Management for Schools and Divisions apply to the management of all GDOE fixed assets. Section XIV of the SOP lists procedures for the transfer of property between schools, which includes the completion of forms and approval of the PMO.

The SOP also provides the THS Principal the authority to transfer the asset to other schools, but not the authority to sell collateral equipment owned by GDOE. An option for all parties to be satisfied is for SSHS and SHS to donate an amount to THS. The transfer of the wrestling mats should not be contingent upon the donation or receipt of cash. However, SSHS, SHS, and THS may discuss the amount to be donated. The donation has to be aligned with the purpose of the funding source.

If NAF is to be used to fund the donation, Board Policy 715 states that *"Disbursements shall be made by check only for the purpose for which the fund was established, or other purposes which the student organizations raising the fundraising determine."* Trust and Agency Funds are generally used to pay for costs associated with school improvement and donations, which is

fundraised specifically for an activity sponsored by GDOE (i.e. GDOE 5K and Relay for Life). Hence, we recommend for SSHS and SHS to use their Student Activity Fund (SAF) and comply with the disbursement procedures in their respective NAF SOPs and GEB Board Policy 715.

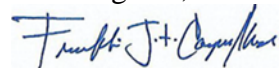
Specifically, the following procedures and documentation should be followed:

1. SSHS or SHS's Wrestling Club members vote to donate money to the THS Sports Club, which will be documented through the Wrestling Club's meeting minutes. The minutes must be approved by its members.
2. The minutes will be submitted with a voucher form to the Money Committee and Principal for approval.
3. If the amount is \$5,000 or more, SSHS or SHS will submit a request for the Acting Superintendent to approve the disbursement with the approved minutes and voucher form as attachments.

The documents utilized in this process will be part of each school's NAF files and provide the appropriate support for the transaction.

I hope this guidance will assist you in providing a resolution on this matter. Should you have questions or concerns, please contact Joy Bulatao at 300-3695 or jybulatao@gdoe.net or myself at 300-1336 or fjtcooper-nurse@gdoe.net.

Best Regards,



Franklin Cooper-Nurse
Chief Internal Auditor