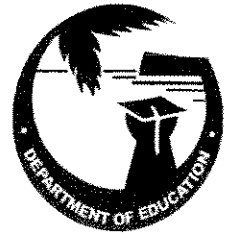




**DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT**



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JON J. P. FERNANDEZ
Superintendent of Education

January 29, 2014

Benita A. Manglona
Director
Department of Administration
P.O. Box 884
Hagatña, Guam 96932

32-14-1224
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date: 1-30-14
Time: 12:32 PM
Received by: [Signature]

Re: Guahan Academy Charter School Invoice: GACS FY 2014-01-2014

Dear Director Manglona,

Upon review of the Guahan Academy Charter School Invoice: GACS FY 2014-01-2014 by our Internal Audit Division in collaboration with members of the Guahan Academy Charter School, I am submitting my verification of accuracy as required by Public Law 32-068, Chapter II, Section 3.

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

Sincerely,

Jon J.P. Fernandez
Superintendent of Education

Cc: Guam Education Board
~~22nd Guam Legislature~~
Guahan Academy Charter School

2014 JAN 30 PM 2:23
[Signature]

Department of Education

Internal Audit Office

Audit Review – Guahan Academy Charter School Invoice Validation

For the period of January 2014

Purpose: To document the current status of IAO's Invoice Validation for Guahan Academy Charter school for the month of January 2014.

Source: Annabelle Santos, Office Manager of Guahan Academy Charter School

Doris Bainco, Accounting Staff of Guahan Academy Charter School

Al Erguiza, Acting Chief Auditor for Department of Education

Carmela Vi, Internal Auditor for Department of Education

Results: As required by Section 6.3 of the Invoice Validation Standard Operating Procedures, IAO's second review focused on January's expenditures. The results were as follows;

As per letter dated 1/15/14, it stated that there were a total of \$ 246,696.00 for the January invoice expenditures. The classification of accounts provided by the charter school listed were;

1. Personnel salaries and Benefits	\$ 168,622.00
2. Contractual	59,158.00
3. Supplies & Materials	5,834.00
4. Workmen's Comp	282.00
5. Power	9,000.00
6. Water	800.00
7. Telephone	<u>3000.00</u>
December Invoice Total	\$ 246,696.00

IAO randomly selected and reviewed the following categories which were 1) Personnel salaries and Benefits, 2) Both Contractual and Supplies and Materials Procurement Practices. The reason for these selected categories is because they amounted to \$ 233,614.00 or 95% of the entire January's expenses.

In the previous review of the Personnel and Benefit category, our analysis included the tracing and testing of all highly paid employees (administrative staff and teacher's salaries) from their start of submission of the approved personnel applications to their charter training programs which consisted of sign-in sheets through to their regular time sheets. In this review IAO randomly selected all average paid teachers only for reasonable assurance. The end results were consistent in that, all employees were all accounted for. Furthermore, the teachers and the list of students were traceable and identifiable to each grades pertaining to all grade levels.

In the Contractual Category with Supplies and Materials, IAO's primary focus was whether Guahan Charter School complied with Government of Guam Procurement regulations. During our review, the charter school submitted their policy and procedures for procuring supplies and materials and other services. Included in this procedure is the threshold amount of \$500 henceforth shall be reviewed and approved by the Board of Trustees of Guahan Academy Charter School. Furthermore in this policy, it clearly articulated the steps of procurement practices such as a) selection of three vendor selection, b) request for proposal with terms and conditions and c) final review and approval by the Board of Trustees.

In the Supplies and Materials expenditures, IAO did not see any inappropriate misuse of funds because all purchases were school supplies and its end benefits the students. All original invoices were available for review. As mentioned earlier in regards to competitive procurement practices, standard operating procedures has been implemented for fair and competitive purchases.

Conclusions: After reviewing the internal controls, IAO approved the validation of Guahan Charter school January expenditures. IAO's justification for their expenditures was the transparency of their operations and tremendous improvement in their establishment of standard operating procedures for procurement practice. In all, Guahan Charter school office manager and financial staff was open minded and concurred with our recommendations. GAC Office manager stated "Changes will be made" and IAO did validate the changes and its internal controls.