

**Guam Public School System  
Textbook Management**

**Legislative Mandate  
October 1, 2003 through September 30, 2008**

**OPA Report No. 08-09  
October 2008**



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OFFICE OF THE PUBLIC AUDITOR  
**EXECUTIVE SUMMARY**  
**Guam Public School System Textbook Management**  
**Report No. 08-09, October 2008**

As required by law, the Office of the Public Auditor conducted an audit of the Guam Public School System's (GPSS) textbook management. Our objective was to determine if textbooks were ordered, distributed, and accounted for in accordance with Guam laws and adopted policies and procedures. We found that past and current GPSS Superintendents<sup>1</sup> did not establish district-wide standard operating procedures (SOP) for textbook management and accountability as required by Guam Education Policy Board (GEPB) Policy No. 601; that no reliable inventory exists to efficiently and effectively acquire, distribute, and account for textbooks; and that locally-funded textbooks are not managed as well as federally funded textbooks. The past and current Superintendents also failed to oversee and monitor the Division of Curriculum and Instruction (C&I) Associate Superintendent's management of textbooks. Monitoring textbook management is a continuous and necessary requirement for all the Superintendents and accountability should be constantly manifesting despite turnover.

P.L. 28-45, the Every Child is Entitled to an Adequate Education Act, mandated textbooks for all students. To this end, the GEPB required the Superintendent of Education to develop district-wide SOPs for textbook acquisition, management, and accountability. However, no such SOPs were ever developed by the six individuals who served as superintendent since 2004. Thus, textbook management and accountability remains inconsistent.

C&I is responsible for the accountability and inventory of locally funded textbooks, while GPSS Federal Programs, through the Reading First Center, is responsible for the federally-funded Direct Instruction (DI) textbooks. In addition, the GPSS District Action Plan identified C&I as ultimately responsible for textbook accountability. We found a significant difference in the management processes of the two divisions. The Reading First Administrator tracks DI textbook orders with the other GPSS divisions involved and has the orders pre-packaged for distribution. DI textbooks are inventoried quarterly in order to determine shortages and make appropriate transfers. In contrast, the C&I Associate Superintendent, who has been responsible for textbook accountability since 1998, does not track, monitor, or involve other GPSS divisions in the ordering and distribution process of locally-funded textbooks. Although C&I adopted a textbook ordering process calendar, it did not appoint a District Textbook Coordinator to oversee the management of all GPSS textbook activities to include timely ordering, payment, receipt, distribution, and inventory.

### **Inconsistent Textbook Management**

We visited Tamuning Elementary School, Jose Rios Middle School, Okkodo High School (OHS), and Simon Sanchez High School. In the absence of district-wide SOPs, the four schools developed their own textbook SOPs. With the exception of Tamuning Elementary School (under the DI program), officials from the other schools expressed the following concerns about C&I's inconsistent textbook management: processes:

- The schools stated they were not given enough time to determine textbook needs and submit orders.
- Textbooks were not ordered in time for the opening of the new OHS. To supply OHS with textbooks, the current high school textbook inventory, which was already short to begin with, was

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<sup>1</sup> Since 2004, there has been at least six different Superintendents at GPSS.

redistributed among the other high schools based on the numbers of students enrolled. This further exacerbated the existing textbooks shortage among all schools.

- No District Textbook Coordinator was appointed making the tracking and managing of GPSS textbooks difficult.

### **No District-Wide Textbook Inventory Listing**

In addition to developing their own SOPs, the four schools we assessed also conducted their inventories, at least annually; however, the C&I Associate Superintendent did not compile this information into a comprehensive district-wide textbook inventory. C&I also did not track or independently verify school inventories. A comprehensive textbook inventory will enable C&I to effectively and efficiently identify textbook needs, ensure timely orders, accurately distribute, and effectively account for textbooks.

Although GEPB Policy No. 601 requires all textbooks to be bar coded, GPSS's Property Control Officer was unaware of the requirement until it was brought to his attention by the Interim Chief Financial Officer in August 2008. A fixed asset bar code system has been in place since 2006. Due to manpower shortages, textbooks remain uncoded. The four schools we assessed assign their own numbers manually with a permanent marker.

### **Conclusions and Recommendations**

In comparison to the management and accountability of federally funded DI textbooks, C&I does not track or monitor locally funded textbooks and does not provide guidance for textbook management among schools. Despite these conditions, the four schools we assessed developed and adopted their own policies and procedures to manage and account for textbooks. These efforts, though not uniform, provided a degree of accountability which we applaud. The same practices and procedures that apply to federally funded textbooks should be applied to locally funded textbooks as well.

We recommend the Superintendent of Education (1) identify a District Textbook Coordinator to manage all textbook-related issues; (2) establish a district-wide Textbook Management Accountability SOP, incorporating DI practices; and (3) begin bar coding textbooks and conduct regular inventories.

In September 2008, the GPSS Internal Audit (IA) Division issued an Audit of Textbook & Lost Textbook Funds. The IA Division looked at textbook appropriations, de-appropriations, expenditures, and payments and concluded that GPSS failed to comply with various public laws.

### **External Impairment**

Our audit was initially delayed, because of the reluctance of GPSS personnel to communicate with us without clearance from the Chief Internal Auditor. This was eventually resolved, but we were unable to interview the former C&I Associate Superintendent. The OPA conducts its audits according to *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require audit organizations to be free of external impairments so that auditors can remain objective and exercise due professional care. Specifically, Section 3.10(c), "unreasonable restrictions on the time allowed to complete an audit or issue the report" is an external impairment. The mandate, P.L. 29-106, to conduct this textbook audit constrained OPA to an unreasonable timeframe of 60 days. Our freedom to make an independent and objective judgment on the audit scope was hampered by the time limit imposed. For example, this precluded our assessment of GPSS textbook costs and procurement.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



## OFFICE OF THE PUBLIC AUDITOR

# Introduction

This report presents the results of our performance audit of the Guam Public School System's (GPSS) textbooks management, as mandated by Public Law (P.L.) 29-106. The audit objective is to determine whether GPSS has a system designed to ensure that textbooks are ordered, distributed, and accounted for in accordance with Guam laws and adopted policies and procedures.

## External Impairment

Effective August 22, 2008, P.L. 29-106 Section 6, "The Public Auditor (OPA) shall conduct a thorough financial and management audit of textbook acquisition, use, processes, costs, and accountability at the Guam Public School System (GPSS). The audit report shall be submitted to *I Liheslaturan Guahan, I Maga'lahaen Guahan*, and the Guam Education Policy Board no later than sixty (60) days after the enactment of this law [or October 22, 2008], and shall include specific recommendations for reforms." Because of the limited time, our audit objective and scope were narrowed to meet the mandate.

The OPA conducts its audits in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Section 3.10 of these standards requires audit organizations to be free from external impairments to independence so auditors remain objective and exercise due professional care. However, this mandate places an unreasonable restriction on the time allowed for OPA to complete a comprehensive textbook audit. More importantly, it adversely affects OPA's ability to have complete freedom to make an independent and objective judgment. For instance, we were unable to assess the textbooks' costs and procurement because of the limited 60-day timeframe.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

## Background

GPSS is the largest government of Guam line agency with approximately 4,048 employees as of September 30, 2007. GPSS has 26 elementary schools, eight middle schools, five high schools, and an alternative school to serve over 30,000 students. The Guam Educational Policy Board (GEPB) develops and adopts policies for the school system and the Superintendent of Education is responsible for implementing them.<sup>2</sup>



Image 1: GPSS vision statement of providing support and preparing all students for life.

<sup>2</sup> Codified in 17 G.C.A. § 3102.

GPSS's Curriculum and Instruction Division (C&I) is primarily responsible for textbook accountability and inventory for textbooks purchased with local funds.<sup>3</sup> According to the GPSS Fixed Asset Management System standard operation procedures (SOPs), adopted in October 2006,<sup>4</sup> the Federal Programs, through the Reading First Center, is responsible for federally funded textbooks purchased for the Direct Instruction Program. Of the \$16.7 million<sup>5</sup> in textbook expenditures from FY 2004 through 2008, \$15.4 million was local funds and \$1.3 million was federal funds.

The GPSS textbook adoption process involves the textbook selection committee, composed of teachers in the particular subject area, and GEPB members. The process also involves an adoption calendar, which is recommended by the Superintendent, concurred by the Curriculum Committee Chairperson, and approved by GEPB. GPSS's Five-Year Textbook Adoption Calendar for elementary, middle, and high schools was approved in June 2005. The adoption calendar sets the textbook subjects to be ordered on a rotational basis not to exceed five years of continuous use. For example, for school year 2008-2009, new health textbooks are to be ordered one year prior to the beginning of the new school year (see Appendix 6).

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<sup>3</sup> Local funds are funds appropriated from the Guam Legislature.

<sup>4</sup> Amended in January 2007.

<sup>5</sup> Obtained from GPSS Audited Basic Financial Statements from FY2004-2007. The FY 2008 figure is unaudited.

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# Results of Audit

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In May 2005, P.L. 28-45, the Every Child is Entitled to an Adequate Education Act mandated textbooks for all students. To meet this requirement, GEPB implemented Policy No. 601, which required the Superintendent to develop district-wide SOPs for textbook management and accountability (i.e., scheduling of textbook adoption, procurement, distributing, inventory, and accountability to include lost/damaged textbooks). However, no such SOPs were ever developed. Despite the lack of SOPs, the four schools assessed have taken the initiative to develop and adopt their individual textbooks management policies and procedures.

The lack of oversight may be attributed to management instability. Since 2004, the Superintendent's role has been held by at least six different individuals. The past and current Superintendents failed to oversee and monitor the C&I Associate Superintendent's management of textbooks. However, monitoring textbook management was a constant and necessary requirement for all the Superintendents who did not develop the SOPs during their tenure. Accountability should be constantly manifesting despite turnover. Thus, textbook management and accountability remains inconsistent and reliant on institutional memory. C&I does not have a reliable inventory to efficiently and effectively acquire, distribute, or account for textbooks.

## Inconsistent Textbook Management

Although the textbook management processes for the federally-funded Direct Instruction (DI) are not established in a SOP, the Reading First Administrator, the accountable individual for DI textbooks, ensures that textbooks are ordered, distributed, and accounted for in accordance with Guam laws<sup>6</sup> and GEPB policies and procedures. However, the locally-funded textbooks are not similarly managed.



Image 2: Tamuning Elementary School DI Office textbook store room, which is managed by a DI Coordinator.

For the federally-funded textbooks, the Reading First Center requires a quarterly inventory of DI textbooks, in order to determine shortages and make appropriate transfers. The Reading First Administrator tracks textbook orders with the various GPSS divisions involved in the ordering process and aggressively follows up on DI textbook orders after requisitions are submitted.

The Reading First Administrator stressed that requisitions must be submitted by February, and no later than March, annually, for textbooks to arrive in time for the opening of schools. The Reading First Administrator arranged for the publisher to pre-package DI textbooks to mitigate staff shortages in the GPSS warehouse division. The Reading First Center requires DI textbook

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<sup>6</sup> Section 4(j) of P.L. 28-45 “Every Child is Entitled to an Adequate Public Education Act”



inventory every quarter in order to determine shortages and make appropriate transfers. These actions ensure that DI textbooks are promptly ordered, timely received by school opening, and shortages are minimized.

The GPSS District Action Plan identifies the C&I Associate Superintendent as ultimately responsible for textbook accountability. Although C&I adopted a textbook selection/ordering process calendar (Appendix 7) in October 2005, the former C&I Associate Superintendent, who has been responsible for textbook accountability since 1998, did not track and monitor the textbook process and other GPSS divisions responsible for various stages of the process. For example, the GPSS Procurement and Warehouse divisions, as well as the Property Management Officer, are identified in the textbook ordering process, but the former C&I Associate Superintendent did not involve them in textbook inventory management or did not follow through on the status of textbook purchase orders.

GPSS management planned to open the new Okkodo High School (OHS) by August 2008. According to the Textbook Selection/Ordering Process Calendar (Appendix 7), textbooks should have been ordered, received, and delivered in time for the opening. The C&I Associate Superintendent was responsible to ensure that the requisitions and purchased orders were prepared and processed in February 2008. OHS's officials informed us that textbooks were not ordered until August 2008, the same month as the new school's scheduled opening. As of the issuance of this report, the textbooks have yet to arrive and C&I has yet to inform OHS officials of the expected arrival date of the textbooks.

In May 2007, P.L. 29-02 allowed GPSS to extend its textbook adoption period from five to seven years. As of October 2008, the GPSS textbook adoption calendar and GEPB Policy No. 602 is set for a 5-year adoption period. According to the former C&I Associate Superintendent and Interim Deputy Superintendent of Curriculum & Instructional Improvement, textbooks were not ordered in the past two years because of the extended adoption period. However, GEPB Policy No. 602 and GPSS adoption calendar was not updated to reflect the change from the five-year to the seven-year adoption period. To be consistent with GPSS practice, we suggest that GEPB update Policy No. 602 and GPSS textbook adoption calendar from five-year to seven-year period.

In addition to adoptions of new textbooks, previously adopted textbooks are also re-ordered from the adopted textbook list to replace lost or damaged textbooks and to increase overall numbers. Generally, the re-ordering of textbooks should occur annually, based on increases in enrollment and lost or damaged textbooks. We found that school districts from the mainland United States (U.S.) order and re-order textbooks and consumable workbooks in the spring for the following school year, consistent with the GPSS calendar, but not consistent with GPSS practice. According to best practices, in secondary schools pre-enrollment data is required prior to submission of an annual order for textbooks and enrollment must be updated before preparing a supplemental order.<sup>7</sup>

GPSS should adhere to the same practices and procedures applicable to federally-funded textbooks to the acquisition of locally-funded textbooks. The existing DI textbook management process, complemented by best practices (Appendix 4), should be used to establish a district-

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<sup>7</sup> Dillon School District Textbook Procedures Manual.

wide SOP for textbook management and accountability, as required by GEPB policy. The SOPs should ensure that textbooks are ordered according to the calendar, received, bar coded, inventoried, distributed, and accounted for timely, efficiently, and effectively.

Well written, organized, and controlled SOPs can ease internal confusion and assist in maintaining control within the organization, particularly when there is frequent turnover. Relying on institutional memory does not assure continuity of practices when key people are frequently reassigned and staff turnover continues to occur at C&I.

In July 2008, the former C&I Associate Superintendent was reassigned as a high school teacher by the Superintendent. In July 2008, an Interim Deputy Superintendent of Curriculum & Instructional Improvement was appointed from within the ranks of C&I. However, the Interim Deputy Superintendent has limited knowledge of the textbook ordering process and this was further exacerbated by the lack of SOPs.

The Interim Deputy Superintendent who was appointed in July 2008 has limited knowledge of the GPSS textbook management process. To understand how textbooks were ordered, distributed, and accounted for, we attempted to contact the former C&I Associate Superintendent. Our calls were finally returned, but the former C&I Associate Superintendent was reluctant to speak with us until we received clearance from the GPSS Chief Internal Auditor. This externally-imposed limitation of restricting access to relevant personnel caused delays and limited the scope of our work.

This was eventually resolved through an email correspondence where the former C&I Associate Superintendent stated that textbooks were not ordered for the last two years because of the business office's denial of access to enter textbook requisitions into the financial management system. She also stated that the new school taskforce planned to redistribute textbooks for the new elementary, middle and high schools instead of purchasing new textbooks. Due to time constraints we were unable to conduct further questioning with the former C&I Associate Superintendent.

### **School Site Visits**

Our audit included site visits to four schools: Tamuning Elementary School, Jose Rios Middle School, Okkodo High School, and Simon Sanchez High School. In the absence of a district-wide SOP, all four schools took the initiative to develop and adopt their own SOPs for textbook management. Though the SOPs were not uniformed, they provided some form of accountability. Common among the schools' management activities included designating an individual as the school textbook coordinator and establishing a textbook accountability standard operating procedure. The schools conduct their own inventory, varying from monthly, quarterly, and yearly. Each school also notifies parents and students of their textbook responsibilities via a handbook. Other notable textbook management activities are as follows:

- Maintenance of a textbook master listing used to compare against monthly textbook inventories.
- Establishment of a payment plan for lost or damaged textbooks.

- Coordination with the school that a student has transferred to in order to collect payments for lost or damaged textbooks.

We acknowledge and commend these schools for their initiative in establishing written procedures. See Appendix 3 for details for each school textbook accountability processes.

To correct the textbook management and accountability deficiency in GPSS, we recommend the Superintendent of Education comply with GEPB Policy No. 601 to establish a district-wide Textbook Management and Accountability SOPs addressing issues like textbook adoption, procurement, distribution, inventory, and accountability to include lost/damaged textbooks. We researched best practice standards for creating SOPs for GPSS to consider in their SOPs (see Appendix 4). OPA will assist in providing guidance on the importance of textbooks SOPs and internal controls.

## **No District Textbook Coordinator**

The four schools that we visited have an individual who serves as a school textbook coordinator. Three of the four school textbook coordinators shared their concern that there was no District Textbook Coordinator within GPSS; no one within C&I to oversee textbook management. Information submitted by the school coordinators to the central office is not compiled, maintained, or communicated back to the schools, thus making the school coordinators' work of tracking and managing textbooks difficult.

In reviewing the textbook management procedures of various U.S. school districts, we found that District Textbook Coordinator positions were common. Such coordinators control and coordinate textbook activities throughout their respective districts. The coordinators are also responsible for the regular and timely collections of student enrollment numbers from district schools, in order to obtain the various textbooks needed. The District Textbook Coordinator's other responsibilities include:

- Maintaining the district's textbook inventory.
- Working with all school textbook coordinators on textbook inventories, shipments, distribution counts, errors, transfers, disposal, and all other matters relating to textbooks.
- Collecting all money from the schools for lost or damaged textbooks.
- Ensuring that a physical inventory of all currently adopted textbooks, teacher materials, and kits is conducted annually at each school.

Having an overall District Textbook Coordinator provides a central point of contact for information and guidance should textbook issues arise.

We recommend the Superintendent of Education assign a District Textbook Coordinator to oversee textbook management. See Appendix 5 for other duties of the overall District Textbook Coordinator from various U.S school districts. OPA will assist in providing guidance on the importance of having a District Textbook Coordinator and internal controls over textbooks.

## **Ineffective District-Wide Textbook Accountability System**

GPSS textbooks are not bar coded, as required by GEPB Policy No. 601, and not accounted for district-wide. Key to textbook accountability is a district-wide textbook inventory. This inventory would provide real time information about textbook overages or shortages in schools, out-dated textbooks for proper disposal, and collections and payments due from students for lost or damaged textbooks. Maintaining an accurate inventory is essential to an efficient purchasing and procurement process. The district-wide inventory is also a tool for internal textbook audits. District and school textbook coordinators can verify whether the number of textbooks in the district inventory records agrees with the numbers in the schools.

### **No District-Wide Inventory**

While the four schools we assessed conducted inventories, at least annually, the former C&I Associate Superintendent did not compile this data into a comprehensive district-wide textbook inventory and did not track or independently verify school inventories. As a result, the C&I Associate Superintendent is unable to effectively and efficiently identify textbook needs, ensure timely orders, accurately distribute, and effectively account for textbooks.

We recommend the Superintendent of Education compile a district-wide textbook inventory of all GPSS textbooks, including DI textbooks, to facilitate the efficient handling, circulation, cataloging, inventory, and management of textbooks, and ensure that the inventory is reconciled on a periodic basis with individual school inventories.

### **Redistribution of Existing Textbooks**

The lack of the comprehensive textbooks inventory has riddled the ordering process with inefficiencies and frustrations. With the exception of Tamuning Elementary School, which is under the DI program, the other three schools informed us that C&I did not give ample time to properly identify their textbooks needs. If C&I was aware of the inventory levels at all schools at any given time, the ordering and re-ordering processes would have been more efficient.

Because textbooks were not ordered for the new Okkodo High School, existing high school textbooks had to be redistributed, or proportionately distributed, among the island's public high schools based on student enrollment numbers. The redistribution of textbooks did not alleviate the shortage of textbooks because no new textbooks were brought in. Okkodo High School officials reported that they are unable to issue textbooks to each student and must resort to class sets, despite the redistribution of textbooks.

During our site visit, Okkodo High School's book storage room was empty except for several boxes of unopened and unused Health textbooks.



Image 3: Empty Book Room at Okkodo High School where several boxes of unopened Health textbooks were found.

### **No Textbook Bar Coding**

The GPSS Property Control Officer was not aware of the GEPB's Policy 601 requirement to bar code all GPSS textbooks for inventory management. The requirement was brought to his attention only in August 2008 by the Interim Chief Financial Officer.

In response to audit findings and GPSS' high-risk grantee status by the U.S. Department of Education, GPSS has had a fixed asset bar code system for inventory management since 2006. However, we found that textbooks have not been bar coded. Although the bar code system is available, a lack of manpower in the Property Management Division is a major setback. The Property Control Officer informed to us that only four staff are available to bar code the entire textbook inventory. We also found that even DI federally funded textbooks are not bar coded. The Reading First Center does not use a bar code system, but does compile DI textbooks in a district-wide inventory. Currently, both C&I and DI textbooks are manually managed.

The four schools we assessed manually assign their own numbers with permanent markers when textbooks are received. Bar coding textbooks would facilitate efficient handling, circulation, cataloging, inventory, and management of all GPSS textbooks. Thus, we support Board Policy No. 601 and recommend that all GPSS textbooks, including DI textbooks, be bar coded and compiled into a district-wide inventory. Since time limitations precluded our assessment and exploration of automating textbook management, we also recommend that C&I explore the possibilities and benefits of automating its textbook management system.

### **Subsequent Proposed Change in the DI Program**

It came to our attention that certain schools may be shifting from the DI program to another curriculum for school year 2009-2010. As this is likely, GPSS must now carefully plan and timely order textbooks to arrive in time for the first day of the new school year.

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# Conclusion

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Subject to the limitations on our audit objective and scope resulting from the legislatively mandated restriction on audit timing as discussed in the Introduction section of the report, we conclude the following:

Textbooks are the primary instructional tools teachers need to provide the education to which every child is entitled. Yet, management and accountability for locally funded textbooks in GPSS is virtually non-existent. To disregard textbook accountability is tantamount to failing to accomplish in the GPSS's vision of preparing students for life, promoting excellence, and providing support.

The failure of numerous Superintendents of Education, past and current, to develop and implement SOPs for textbook management and accountability, as required by GEPB policy, perpetuates the system's textbooks problems. The past and current Superintendents did not effectively monitor the C&I Associate Superintendent to ensure that GPSS textbook shortages were minimized, promptly ordered, and timely received.

Further, C&I and its Associate Superintendent did not ensure that textbooks were acquired according to their own Textbook Selection/Ordering Process Calendar. The Curriculum and Instruction Division Associate Superintendent did not oversee the textbook orders to ensure that all GPSS divisions and schools followed through on the timelines established by Curriculum and Instruction Division. On the other hand, federally funded DI textbooks, managed by the Reading First Center Administrator, were properly managed to ensure the textbooks were promptly ordered, received on time, and delivered in amounts sufficient to supply all DI students.

C&I did not provide the schools with guidance for textbook management such as, a district-wide inventory, a bar coding system, and a designated District Textbook Coordinator. Yet, despite the lack of guidance and the absence of a district-wide SOP, the four schools we visited took the initiative to develop and adopt their own textbook management policies and procedures. Their policies and procedures, though not uniform, provide limited accountability.

Federal requirements have been rigorous enough to keep checks and balances on the management of federally funded DI textbooks. In contrast, there does not appear to be any enforcement mechanism to appropriately manage locally funded textbooks. GPSS should consider adopting DI's practices, complemented by best practices, and procedures that apply to federally funded books in the management of locally funded books.

## **External Impairment**

P.L. 29-106 mandated the OPA to audit the GPSS textbook acquisition, use, processes, costs and accountability in 60 days. Quality audits performed with competence, integrity, objectivity, and independence must be conducted according to professional standards. However, this mandate put undue pressure on OPA to issue a comprehensive textbook audit in an unreasonable timeframe. Our freedom to make an independent and objective judgment on the audit scope was therefore hampered. For example, this precluded our assessment of GPSS textbook costs and procurement.

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# Recommendations

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## **We recommend the Superintendent of GPSS:**

1. Appoint a District Textbook Coordinator to be responsible for the management of all textbook-related issues and designate responsibilities to others to:
  - a. Comply with GEPB Policy No. 601 to establish a district-wide Textbook Management and Accountability SOPs, incorporating DI best practices, to address textbook adoption, procurement, distribution, inventory, and accountability to include lost/damaged textbooks. The SOPs should be communicated to all school administrators and relevant GPSS divisions.
  - b. Compile a district-wide textbook inventory of all GPSS textbooks, including DI textbooks, to facilitate the efficient handling, circulation, cataloging, inventory, and management of textbooks.
  - c. Begin bar coding GPSS textbooks with the existing bar code system and explore automation of textbook management.
  - d. Require that the district-wide textbook inventory be reconciled on a periodic basis with school inventories.
2. Periodically review and monitor the District Textbook Coordinator to ensure that he/she is fulfilling their responsibilities.

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# Management Response and OPA Reply

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A draft report was transmitted to GPSS on October 22, 2008, for their official response. We met with the GPSS Superintendent, Interim Deputy Superintendent of Curriculum and Instructional Improvement, Acting Chief Financial Officer, and Chief Internal Auditor on October 27, 2008, to discuss the preliminary findings.

On October 27, 2008, the Superintendent of GPSS submitted a response (Appendix 8) indicating concurrence with the findings and recommendations.

The legislation creating the Office of the Public Auditor requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the Guam Public School System to provide the target date and title of the official(s) responsible for implementing the recommendation.

We appreciate the cooperation shown by the Guam Public School System.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA, CGFM  
Public Auditor



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**Appendix 1:****Scope and Methodology**

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The audit scope included a review of the GPSS textbook laws, regulations, GEPB policies, prior audit findings, and other relevant documents for the 60-month period between fiscal years FY 2004 through 2008. Due to time limitations, we did not assess procurement procedures and textbook financial data (appropriations, allotments, expenditures, or lost textbook funds). We did not verify textbook inventories provided by GPSS schools.

The audit methodology included gaining an understanding of the policies, procedures, applicable laws and regulations pertaining to GPSS textbooks. To understand GPSS' textbook process, we interviewed the Interim Deputy Superintendent of Curriculum and Instructional Improvement, the GPSS Warehouse Supervisor, the Property Control Officer, the Reading First Administrator, and key textbook personnel from Tamuning Elementary School, Jose Rios Middle School, Simon Sanchez High School, and Okkodo High School. We compared best practices from other U.S. school districts with GPSS's current processes.

To understand how textbooks were ordered, distributed, and accounted for, we attempted to contact the former C&I Associate Superintendent. Our calls were finally returned, where she responded through an email correspondence. Due to time constraints we were unable to conduct further questioning with the former C&I Associate Superintendent. This externally-imposed limitation of restricting access to relevant personnel caused delays and limited the scope of our work.

Public Law 29-106 mandated the OPA to conduct a thorough financial and management audit of GPSS textbook acquisition, use, processes, costs, and accountability within 60 days of enactment. This time frame adversely affected the ability of the OPA to make an independent and objective judgment on the audit scope. For example, this precluded our assessment of GPSS textbook costs and procurement. Therefore, we limited our objective to reviewing the textbook GEPB policies, school practices, and acquisition, distribution, and accountability processes obtained through interviews.

Except for external impairments imposed on the OPA by legislation restricting the time allotted to issue this report in 60 days, our audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan our audit objective and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. Except for the limitations discussed above, we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

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**Appendix 2:****Prior Audit Coverage**

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**Government of Guam Financial Audits**

Based on the Guam Public School System's Audited Basic Financial Statements and Single Audit Reports, \$15.4 million was expended by the General Fund for textbooks from FY 2004 – 2008.

<b>Fiscal Year</b>	<b>General Fund Appropriation</b>	<b>General Fund Expenditure</b>	<b>Federal Fund Expenditure</b>	<b>Total Expenditure</b>
2004	\$ 3,500,000	\$ 3,342,028	\$ -	\$ 3,342,028
2005	\$ 5,200,000	\$ 6,819,958	\$ -	\$ 6,819,958
2006	\$ 3,500,000	\$ 3,345,910	\$ -	\$ 3,345,910
2007	\$ 1,500,000	\$ 583,466	\$1,338,123	\$ 1,921,589
2008 <sup>8</sup>	\$ 7,800,000	\$ 1,299,503	Not Provided	\$ 1,299,503
<b>TOTAL:</b>	<b>\$ 21,500,000</b>	<b>\$ 15,390,865</b>	<b>\$1,338,123</b>	<b>\$16,728,988</b>

Source: GPSS Audited Financial Statements

From FY 2004 – FY 2007, the independent auditors identified GPSS' lack of property management system as a finding. Specifically, GPSS' fixed assets listing is incomplete and a comprehensive inventory was not conducted.

- FY 2004: GPSS received a qualified opinion due to its inability to verify and ensure the physical presence and completeness of recorded capital assets and its incomplete presentation of fixed assets.
- FY 2005: GPSS received an unqualified opinion, but had a finding on equipment management in the Single Audit for fixed assets. GPSS disagreed in their response to this finding and stated that a Property Management System would be in place by February 2006 and a physical inventory of fixed assets would be completed by December 2005. Additionally, GPSS stated that a "WASP Bar Coding System" was procured to implement a pilot program for on-site inventory management.
- FY 2006: GPSS received an unqualified opinion, but again had a finding on equipment management in the Single Audit for fixed assets. GPSS responded that improvements had been made. Specifically, the Superintendent approved a revised Fixed Assets Management System SOP in October 2006.
- FY 2007: GPSS received an unqualified opinion, but once again had a finding on equipment management in the Single Audit for fixed assets. However, GPSS disagreed with the finding and stated that improvements were already initiated in the latter part of FY 2006.

**Guam Public School System Internal Audit**

The GPSS Internal Audit (IA) Division issued an Audit of Textbook & Lost Textbook Funds in September 2008. The IA Division looked at textbook appropriations, de-appropriations, expenditures, and payments and concluded that GPSS failed to comply with various public laws.

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<sup>8</sup> Unaudited figures.

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**Schools Textbook Accountability Processes**

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Due to the absence of standard operating procedures for textbooks, we interviewed key personnel involved with textbooks at Tamuning Elementary School, Jose Rios Middle School, Simon Sanchez High School, and Okkodo High School. Accountability processes for the four schools visited are detailed below.

**Tamuning Elementary School**

Tamuning Elementary School has been under the Direct Instruction (DI) program for the past five school years (2004-2008). According to the Principal, DI textbooks are not issued to students; they are kept in the classroom. At the beginning of the school year, parents and students are notified of their responsibilities regarding textbooks via a handbook. Parents acknowledge the responsibilities by signing a form. Letters are sent home and phone calls are made to parents whose children have lost or damaged textbooks. Tamuning Elementary School maintains a textbook master listing to compare monthly textbook inventories.

**Jose Rios Middle School**

The Principal of Jose Rios Middle School informed us that textbook management is delegated to an Assistant Principal and that the school has its own textbook SOPs. At the beginning of every school year, parents and students are notified of their textbook responsibilities via the student handbook. The parents sign an acknowledgment of having read the handbooks.

Textbooks are inventoried quarterly. When textbooks are delivered to Jose Rios Middle School, the Assistant Principal or a designee receives the textbooks, which are then manually numbered with a permanent marker and then distributed to teachers. Teachers are responsible for securing textbooks in their classroom because Jose Rios Middle School does not have a book room. When there are extra textbooks, a transfer of property is carried out and textbooks are provided to a requesting school. A listing of extra textbooks is available to school administrators, but is only maintained at the school level and not the central office.

The Principal shared that a lack of care and accountability with textbooks is a prevalent problem. When textbooks are lost the Assistant Principal tries to collect. However, when the student is promoted to high school, collection efforts stop. There is no system in place to communicate the names of students who lost their textbooks in middle school either to the central office or the receiving high school to pursue collection efforts.

**Simon Sanchez High School**

The designated textbook coordinator at Simon Sanchez High School is an Assistant Principal. Officials shared that their textbooks management SOPs are updated yearly to incorporate relevant changes.

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**Schools Textbook Accountability Processes**

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At the beginning of every school year, parents and students are notified of their responsibilities over textbooks via the student handbook. The parents sign an acknowledgment of having read the handbooks. Officials at Simon Sanchez High School said that when parents are unable to pay for lost or damaged textbooks, a payment plan is established for them. If a student with an outstanding balance transfers to another school, Simon Sanchez High School coordinates with the new school to assist in recovering lost textbook payments.

Textbooks at Simon Sanchez High School are issued to every department chairperson, who then distributes them to teachers. Each department (i.e., Math, Language Arts) has its own book room for storage. Upon receipt, teachers manually number the textbooks before distributing them to students. Teachers are required to conduct textbook inventories once a year, and, during their annual exit interviews, to report the number of textbooks in their possession and those lost or damaged.

Simon Sanchez High School officials said that there was a shortage of textbooks at all high schools at the beginning of school year 2008-2009. To address this issue, high school textbooks were proportionately redistributed. The proportionate method gives a school an equivalent number of textbooks between all high schools based on the percentage of the total number of each school's student population.

**Okkodo High School**

Okkodo High School is Guam's newest new public high school. It opened in school year 2008-2009 to alleviate overcrowding at John F. Kennedy (JFK) and Simon Sanchez (SSHS) high schools. A 12<sup>th</sup> Grade Administrator at Okkodo is responsible for textbook management and the school is equipped with a book room in which to store textbooks. In the absence of district-wide SOPs, Okkodo High School, like the other schools, formulated its own SOPs. Department chairpersons are asked to conduct quarterly inventories of the number and condition of the books issued to them and to submit these inventories to the school textbook administrator. The school also provides all of its students with a contract outlining their responsibility for the care of books issued to them.

Before the school year began, Okkodo High School developed a tally of subject courses based on the classes taught at JFK and SSHS. However, textbooks for Okkodo were ordered late, in August 2008, instead of the scheduled February timeframe. Because of the lack of textbooks at the school opening, the proportional method was used to redistribute textbooks among all the high schools. Okkodo officials are unable to issue textbooks to each student and instead must issue class sets due to textbook shortages.

During our site visit, Okkodo High School's book storage room was empty except for several boxes of unopened and unused Health textbooks.

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**Textbook Management & SOP Best Practices**

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We reviewed and selected textbook procedures and management best practices from various companies and some U.S. school districts, specifically from Dillon School District Two, South Carolina; Leander Independent School District, Leander Texas; Greene County School District, North Carolina; Lamar Consolidated Independent School District, Texas; Plano Independent School District, Plano Texas; and Hayes Software Systems Company. These best practices can enhance and improve GPSS' textbook management.

**Textbooks Acquisition**

- Based on data (enrollment changes in grades or class rosters), textbooks are ordered in mid-March for the start of the next school year. In June, a supplemental order may be placed to reflect students' class selections or population changes in the school district. Textbooks are provided to the schools based on this data.
- The district orders textbooks at a 103% ratio to student enrollment. This means that each school should have enough textbooks for all students with a few extras.

**Textbooks Distribution**

- The school textbook coordinator, principal, or their appointed designee, must be on-site to count, accept books, and sign for delivery. Any discrepancies should be noted on the delivery documents.
- Distribution of textbooks to teachers should be documented. This will help in maintaining an accurate school inventory. Teachers should sign off when they receive and return textbooks. All transactions should be recorded in the school and district textbook inventory system.

**Textbooks Accountability**

- Require standard procedures and document all textbook responsibilities and matters, i.e., ordering, distribution, issuance, inventory, transfers, etc. School textbooks, like all other public property, need to be accounted for and protected.
- Issue periodic reports to all administrators describing the status of the textbook inventory.
- Send contact letters to parents, post price lists, present dollar amounts to Parent-Teacher associations.
- Publish an annual current price list of textbooks within the district and schools.

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**Textbook Management & SOP Best Practices**

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- Keep textbooks in locked and secured book rooms when not in use. Limit access only to the school's principal and textbook coordinator.
- Include an assessment of textbook management as part of the annual administrative (principal's) evaluation.

**Textbooks Inventory**

- Conduct an annual physical inventory of all textbooks. Performing inventories is part of asset management. Inventories track the existence, location, quantity, and condition of property items and ensure accountability and accurate valuation.
- At the beginning of each school year, every teacher should complete an inventory of all textbooks assigned to him/her and update the inventory throughout the year as books are received, transferred, lost, damaged or destroyed.
- The initial inventory should be sent to the School Textbook Coordinator and copies should be retained by the teacher and principal.
- In turn, the District Textbook Coordinator should reconcile initial textbook inventories with the current inventory, which should be maintained throughout the school year as textbook transfers occur or books are lost, damaged or destroyed.
- A few weeks before the end of the school year the District Textbook Coordinator should send each school an inventory of textbooks they should have on hand.
- At the end of the school year teachers should collect all textbooks and reconcile the numbers with their inventory. Teachers should inspect each book for damage or abuse and collect payment from students if warranted.
- Copies of the reconciled inventory should be submitted to the principal and to the District Textbook Coordinator no later than one week after school is out. If teacher inventories do not reconcile with the district-wide inventory, the school should be invoiced for textbooks unaccounted.

**Lost Textbooks**

The lack of textbooks and the proper care of them by students is a systemic problem. Schools have implemented the policy that lost or damaged textbooks must be paid for by the student. Some even established a payment plan to help parents pay for lost textbooks.

Students need to understand that textbooks are public property on temporary loan to them; that they have a responsibility take care of this property; and that there are consequences for not meeting this responsibility.

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## Textbook Management & SOP Best Practices

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Since students often perceive the loss of privileges as more painful than paying for lost or damaged textbooks, we identified the following non-monetary penalties as best practices:

1. Revoking coveted privileges, such as:
  - Parking privileges;
  - Attendance at "extra" curricular activities or pep rallies; and
  - Lunch pass privileges.
2. Work off debt. Have students perform legitimate jobs, such as:
  - Remove gum from desks;
  - Sweep the halls;
  - Police the school grounds; and
  - Pick-up trash around school during lunch.

### Standard Operating Procedures Best Practices

We researched best practice standards for creating standard operating procedures for GPSS's reference. The establishment of procedures "eliminates the need for interpretation by employees and ensures that procedures are being followed as intended." They also help ensure consistency in business process execution.<sup>9</sup> SOPs can be utilized as a part of the training program, which in turn, minimizes potential miscommunication and promotes compliance with required activities.<sup>10</sup> At a minimum, SOPs should include purpose, scope, definitions, background, responsibilities, revision history, and the actual steps of the procedure. They are briefly described below:

- Purpose: Defines what the procedure is going to describe (i.e., a process) and the requirements being met by the particular procedure.
- Scope: Describes to whom or to what the procedures applies. The scope can be specific or general.
- Definitions: A glossary of terms used within the procedures.
- Background: An overview of why the procedure exists (i.e., regulatory).
- Responsibilities: Identifies who is responsible for carrying out the process, both directly and indirectly.
- Revision History: Allows for a review of earlier versions of a procedure and re-visitation of methods and programs previously employed.
- Steps of the Procedure: A description of how to execute the process in the same order that the tasks are performed. This section should give instructions for correctly completing the supporting forms and reference attachments.

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<sup>9</sup> <http://www.devicelink.com/grabber/php3?URL=http://www.devicelink.com/mddi/archive/...>

<sup>10</sup> <http://www.allbusiness.com/finance/business-insurance-risk-management/4091946-1.html>

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**Appendix 5:****District Textbook Coordinator Responsibilities**

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We reviewed textbook management procedures of various U.S. school districts and found that a District Textbook Coordinator is appointed to control and coordinate district-wide textbook activities. The District Textbook Coordinator's responsibilities include:

- Being held accountable for all state-adopted instructional materials.
- Coordinating an annual physical inventory of all currently adopted instructional materials. It is important to report overages as well as shortages. If one campus has an overage another campus may have a shortage.
- Maintaining all records of textbooks activity, including distribution to and transfer from all schools within the system and updating the district's textbook inventory.
- Being responsible for all orders and shipments of textbooks.
- Affixing specific number and property labels to each textbook.
- Coordinating the allocation, distribution, and delivery of all incoming textbooks to the appropriate schools.
- Handling all problems or questions about textbooks.



Appendix 6:

**GPSS 5-Year Textbook Adoption Calendar**

GUAM DEPARTMENT OF EDUCATION  
 Guam School Systems  
 Five (5) Year Textbook Adoption Calendar

SCHEDULED FOR SELECTION / ADOPTION	ELEMENTARY	MIDDLE	HIGH	PERIOD OF ADOPTION
SY 2005-2006	Social Studies	Social Studies	Social Studies	1993-1998
	Fine Arts	Fine Arts	Fine Arts	1993-1998
		Business Education	Business Education	1997-2002
SY 2006-2007	English Reading	Language Arts Reading	Language Arts Reading World Language Journalism Speech	2003-2008
SY 2007-2008	Science	Science	Science	2003-2008
SY 2008-2009	Health	Health Family & Consumer	Health Family & Consumer	2004-2009
SY 2009-2010	Math	Math	Math	2005-2010

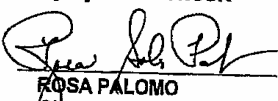
\* Denotes Music, Art, Dance, and Drama

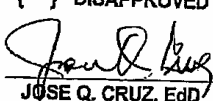
RECOMMEND APPROVAL

CONCUR  
 NON-CONCUR

APPROVED  
 DISAPPROVED

  
 JUAN P. FLORES  
 Superintendent of Education

  
 ROSA PALOMO  
 Chair, Curriculum Committee

  
 JOSE Q. CRUZ, EdD  
 Chairman, GEPB

5/6/05  
 (Date)

06/20/05  
 (Date)

6/22/05  
 (Date)

Appendix 7:

# GPSS Textbook Selection/Ordering Process Calendar

## TEXTBOOK SELECTION/ORDERING PROCESS CALENDAR

ACTIVITIES	RESPONSIBILITY	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1 Invitation to Bid Announcement	Procurement	o													
2 Identify Who, How, Where & When to Train	C&I	o	→	o											
3 Receive & Inventory Sample Materials	Warehouse	o	→	o											
4 Establish Textbook Evaluation Committee	C&I		o												
5 Enrollment Numbers from Schools	Schools			o											
7 Workshop on Textbook Evaluation/Assessment	C&I			o											
8 Joint Board Textbook & Curriculum Committee	C&I			o											
9 Evaluation Committee's Recommendation to the Superintendent	C&I				o										
10 Superintendent's Recommendation to GEPB	C&I					o									
11 GEPB Approves Adoption	GEPB					o									
12 Distribute Textbook Templates to Schools	C&I					o									
13 Display of Newly Adopted Textbooks	C&I					o									
14 Issue Notice of Award	Procurement					o									
15 Submit Requisitions for Orders & Reorders	Schools						o								
16 Process Requisitions for Orders	C&I						o								
17 Proformas	Procurement							o							
18 Purchase Orders	Procurement							o		o1					
19 Prepayments	Business Office							o		o1					
20 Process Requisitions for Reorders	C&I							o		o1					
21 Follow-up with Publishers	C&I								o						
22 Receive, Inventory, Deliver	Warehouse									o	→	o			
23 Process Emergency Reorders	C&I									o	→	o			
24 Evaluation of Textbook Process and Calendar	C&I													o	
o1 - Denotes for Reorders															o

(✓) RECOMMEND APPROVAL

(✓) CONCUR  
( ) NON-CONCUR

(✓) APPROVED  
( ) DISAPPROVED

*Juan P. Flores*  
10/12/05  
JUAN P. FLORES  
Superintendent of Education

*Rosa Salas Palomo*  
10/12/05  
ROSA SALAS PALOMO  
Chair, Special Education & Textbook Curriculum

*Jose Q. Cruz*  
11/12/05  
JOSE Q. CRUZ, EdD  
Chairman, GEPB

**Appendix 8:**  
**GPSS Management Response**



**GUAM PUBLIC SCHOOL SYSTEM  
OFFICE OF THE SUPERINTENDENT**

P.O. Box DE  
Hagåtña, Guam 96932  
Telephone: (671) 475-0457 / 300-1535  
Fax: (671) 472-5003  
Email: [nbshafer@gdoe.net](mailto:nbshafer@gdoe.net)  
[www.gdoe.net](http://www.gdoe.net)



**Nerissa Bretania-Shafer, Ph.D.**  
Superintendent of Education

October 27, 2008

**RECEIVED**  
OFFICE OF THE PUBLIC AUDITOR

DATE: 10/27/08

TIME: 3:20 PM

BY: PC

Ms. Doris Brooks  
Public Auditor  
Office of the Public Auditor  
Suite 401, Pacific News Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

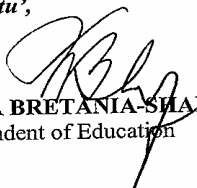
**Re: GPSS Response to Preliminary Draft Report of the Performance Audit on the  
Textbook Management**

Dear Ms. Brooks:

*Hafa Adai!* We had the opportunity to review your draft Report of the Performance Audit on the Guam Public School System Textbook Management dated October 22, 2008. After thoroughly reviewing and discussing this matter with the management team, I am reporting to you that we concur with your findings and recommendations.

I look forward to your final report and if you have any further questions, please contact Mr. Wilfred Aflague at 300-1574.

*Put Respetu',*

  
**NERISSA BRETANIA-SHAFFER, PH. D.**  
Superintendent of Education

cc: Interim Deputy Superintendent, Finance and Administrative Services

**Appendix 9:**

**Status of Audit Recommendations**

	<b>Audit Recommendation</b>	<b>Status</b>	<b>Action Required</b>
<b>1</b>	<p>Appoint a District Textbook Coordinator to be responsible for the management of all textbook-related issues and designate responsibilities to others to:</p> <ul style="list-style-type: none"> <li>a. Comply with GEPB Policy No. 601 to establish a district-wide Textbook Management and Accountability SOPs, incorporating DI best practices, to address textbook adoption, procurement, distribution, inventory, and accountability to include lost/damaged textbooks. The SOPs should be communicated to all school administrators and relevant GPSS divisions.</li> <li>b. Compile a district-wide textbook inventory of all GPSS textbooks, including DI textbooks, to facilitate the efficient handling, circulation, cataloging, inventory, and management of textbooks.</li> <li>c. Begin bar coding GPSS textbooks with the existing bar code system and explore automation of textbook management.</li> <li>d. Require that the district-wide textbook inventory be reconciled on a periodic basis with school inventories.</li> </ul>	<p>Management Concur. Additional Information Needed.</p>	<p>Please provide target date and title of the official(s) responsible for implementing the recommendation.</p>
<b>2</b>	<p>Periodically review and monitor the District Textbook Coordinator to ensure that he/she is fulfilling their responsibilities.</p>	<p>Management Concur. Additional Information Needed.</p>	<p>Please provide target date and title of the official(s) responsible for implementing the recommendation.</p>