



Executive Summary
Guam Department of Education Accountability of Textbooks
OPA Report No. 26-03, March 2026

WHY WE DID THIS AUDIT

The GDOE FFY 2024 Specific Conditions require the OPA and the IAO to conduct periodic audits to ensure oversight and accountability of GDOE management of U.S. Department of Education funds. In line with the Specific Conditions, the OPA and the IAO engaged in a collaborative audit of GDOE's accountability over textbooks.

This investigative audit was conducted in response to various media reports and stakeholder concerns relative to dumping new textbooks into the landfill and noncompliance to Guam Law, which delineates the process in which textbooks should be disposed.

RECOMMENDATIONS

Key recommendations are for GDOE to:

1. Enforce required legal review and approval for all applicable contracts and sole source procurements.
2. Strengthen procurement documentation, tracking, and federal grant compliance controls.

The Guam Office of Public Accountability (OPA), in collaboration with the Guam Department of Education (GDOE)'s Internal Audit Office (IAO), conducted an investigative audit of GDOE's accountability of textbooks. The audit assessed compliance with Guam procurement laws, federal grant requirements, Board policies, and internal standard operating procedures governing textbook procurement, inventory management, disposal, and reporting.

The audit identified significant deficiencies to include noncompliance to procurement law, deficiencies in contract approval, excessive and misaligned textbook purchases, lack of inventory controls, improper disposal practices, errors in statutory reporting, and noncompliance to governance over textbook adoption. These deficiencies collectively resulted in \$29 million (M) in questioned costs due to noncompliance with Guam procurement law, financial mismanagement, and waste of government resources, reducing accountability over public funds and effective use of federally funded instructional materials.

Noncompliance to Procurement Laws

GDOE did not consistently comply with Title 5 of the Guam Code Annotated (GCA), applicable federal regulations (2 CFR Part 200), and internal procurement procedures. Deficiencies included:

- Missing executed contracts approved by the Attorney General (AG) and the Governor for purchase orders exceeding \$500 thousand, totaling approximately \$16.3M.
- Lack of documented AG involvement during all phases of solicitation for procurements exceeding statutory thresholds for one purchase order totaling \$1.5M.
- Nineteen sole source procurements totaling approximately \$1.7M executed without required written determinations and supporting market research documentation.
- Missing procurement files for 34 of 67 purchase orders tested, totaling approximately \$23.9M in federally funded expenditures.

3. Align textbook purchases with verified enrollment data and enforce cross-leveling prior to ordering.
4. Ensure proper survey, approval, and documentation prior to disposal of surplus materials.
5. Fully implement a standardized barcode inventory system with periodic physical counts.
6. Improve timely and complete reporting and reinforce Board approval of instructional materials.

Excessive Textbook Purchases and Inventory Weaknesses

Textbook orders substantially exceeded documented enrollment needs, resulting in approximately \$7M in excess inventory. English textbooks across all grade levels exceeded projected needs by 152%, and high school math textbooks exceeded needs by 87%.

Although GDOE was provided \$7.5M in local appropriations for textbooks between fiscal years (FY) 2020 and 2024, GDOE has not utilized this appropriation since 2021. Instead, GDOE relied heavily on federal grants to fund textbook purchases during this period. As a result, there was no local level of effort funding textbooks, putting GDOE at risk for supplanting.

Audit results indicate that federal relief funds were extensively used to purchase textbooks without consistent alignment to verified enrollment data or documented instructional need. This pattern is consistent with a prior OPA finding regarding GDOE’s purchase of laptops using the same funding source. Collectively, these circumstances suggest that textbook expenditures were influenced by funding availability rather than demonstrated need.

Improper Disposal Practices

Public Law 21-86 prescribes the procedures for reporting surplus textbooks to the General Services Agency (GSA) and, if the GSA is nonresponsive or declines to accept the books, offering them to other eligible parties, including public and private school students, the Guam Public Library, the Department of Youth Affairs, the outer islands, or public schools in the Philippines. Textbooks were disposed of without proper survey documentation or the required approvals, including materials discarded in a landfill in preparation for school public health inspections. Documentation supporting the receipt, storage, and disposition of these materials was incomplete.

Inventory Management and Asset Control Deficiencies

GDOE lacked a comprehensive implementation plan to utilize scanners, provide training, and develop districtwide standard operating procedures. Although the designated inventory system exists, it remains largely unused. These weaknesses prevent reliable tracking of textbooks at an itemized level and increase the risk of loss, waste, and misappropriation. This is a deficiency noted by OPA since 2008, which GDOE has failed to implement corrective actions, resulting in repeated deficiencies.

Reporting and Governance Noncompliance

The FYs 2020 to 2024 Appropriation Acts, which included textbook appropriations, required GDOE to prepare quarterly reports for textbooks and instructional materials for submission to the Guam Legislature and the Governor. Standard Operating Procedure (SOP) 400-001 also required quarterly reports on lost and damaged materials to be submitted to the same parties. The required quarterly reports on instructional materials were missing, late, or incomplete. Additionally,

textbooks that were not approved by the Guam Education Board were purchased and assigned without the required Board approval.

Conclusion

Overall, the audit concludes that weaknesses in planning, procurement, documentation, oversight, and compliance controls resulted in significant financial exposure and inefficient use of federal and local funds. Identified questioned costs include approximately \$23.9M related to missing contracts, records, and required AG review, \$1.7M in unsupported sole-source procurements, and an additional \$7M in excess textbook inventory. Due to overlapping findings, the total questioned costs, net of duplication, amount to approximately \$29M.

Strengthening internal controls, enforcing statutory compliance, aligning purchases with documented enrollment needs, implementing a functional inventory management system, and improving governance oversight are necessary to restore accountability, ensure compliance with federal and local requirements, and safeguard public resources. We made audit recommendations to address the identified deficiencies. GDOE must prepare a corrective action plan to implement the audit recommendations, document its implementation progress, and endeavor to complete implementation no later than the beginning of the next fiscal year.


Benjamin J.F. Cruz
Public Auditor


Franklin J.T. Cooper-Nurse
Chief Auditor