



GUAM DEPARTMENT OF EDUCATION ACCOUNTABILITY OF TEXTBOOKS

Investigative Audit

October 1, 2019 to September 30, 2025

OPA Report No. 26-03

March 2026





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Executive Summary
Guam Department of Education Accountability of Textbooks
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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



Introduction

The Guam Department of Education (GDOE)'s Federal Fiscal Year (FFY) 2024 Specific Conditions require the Guam Office of Public Accountability (OPA) and the GDOE Internal Audit Office (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, in collaboration with the IAO, conducted an investigative audit of GDOE's accountability of textbooks. This 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.

The objectives of this investigative audit were to determine whether textbooks were properly:

1. Procured in accordance with applicable laws, regulations, board policies, standard operating procedures, and grant agreements; and
2. Managed, safeguarded, distributed, and disposed.

The scope of this investigative audit was from October 1, 2019, to September 30, 2025 (fiscal years (FYs) 2020 to 2025). Refer to [Appendix 1](#) for the Objectives, Scope, and Methodology.

Scope Limitation

During the course of the audit, GDOE officials did not timely provide the requested documentation necessary to support textbook purchases and inventories. In addition, prior to FY 2024, GDOE federal grants were processed through a separate financial information system managed by a Third-Party Fiduciary Agent (TPFA). After the TPFA was removed at the beginning of FY 2024, GDOE personnel reconfigured the TPFA financial system, which resulted in the removal of all supporting attachments and related electronic documentation for purchases previously processed in that system.

As a result, auditors were required to reconstruct transactions using remaining system data and other secondary sources and were unable to obtain sufficient, appropriate audit evidence for certain textbook procurement transactions. These circumstances constitute a scope limitation that restricted the nature and extent of audit procedures that could be performed with respect to those transactions. Auditors performed alternative procedures where practicable and documented the limitations, as well as their effect on specific findings, within the body of this report.

Background

GDOE is a semi-autonomous agency within the Government of Guam (GovGuam) and is primarily funded through the GovGuam General Fund (GF). GDOE operates as a single, unified school district. As of the 2024-2025 school year (SY), the district enrolled a total of 23,413 students across grades Kindergarten through Grade 12. This student body is distributed across 26 elementary schools, eight middle schools, six high schools, and one alternative school, bringing the total number of schools to 41. In addition, GDOE oversees various educational programs, including Head Start, Pre-Kindergarten (Pre-K), Gifted and Talented Education (GATE), and Pre-K classes at selected elementary schools. In 2025, GDOE closed two elementary schools: Chief Brodie Memorial Elementary School and LBJ Elementary School, reducing the total number of schools in the district to 39 for SY 2025-2026.

Figure 1: GDOE Central Office, Tiyan, Guam



The GDOE is governed by policies established by the Guam Education Board (GEB, Board), composed of elected and appointed board members. The GEB establishes the criteria for the selection/adoption of textbooks. Only Board adopted textbooks may be assigned to students for instructional use.

The Division of Curriculum & Instruction (C&I) oversees the process of adopting and procuring textbooks and instructional materials that best support the goals, objectives, and the achievement of standards, and to provide for effective instruction for students in the public school system and the various private and charter schools on island. The District Textbook Coordinator manages these functions, in addition to reporting on the textbooks, e-readers, and collateral classroom instructional materials.

The Office of Supply Management (SMO) is responsible for procuring the supplies, equipment, textbooks, contractual services, and capital improvement projects for the schools and divisions within GDOE. The Supply Management Administrator and personnel serve as intermediaries between the end user and prospective bidders/offerors/vendors.

The GDOE Central Warehouse facilitates the movement of equipment/fixed assets between the vendor and the GDOE end-user. All receiving, shipping, and delivery operations are to be conducted by warehouse personnel.

The Property Management Office (PMO) is responsible for overall inventory management including: tagging of new and existing fixed assets; facilitating the disposal of surplus assets; conducting the annual inventory inspection; and providing training and guidance to schools/divisions regarding the management of fixed assets.

Textbook Appropriations

From FYs 2020 to 2024, the Guam Legislature provided a line-item appropriation of \$1.5 million (M) annually for textbooks and instructional materials, totaling \$7.5M over the five-year period. No line-item appropriation for textbooks and instructional materials was provided to GDOE for FY 2025. See Table 1.

Table 1: GDOE Textbook Appropriations for FYs 2020 to 2025

Fiscal Year	Public Law	Appropriation
2020	35-36	\$ 1,500,000
2021	35-99	1,500,000
2022	36-54	1,500,000
2023	36-107	1,500,000
2024	37-42	1,500,000
2025	37-125	-
		<u>\$ 7,500,000</u>

Textbook Expenditures

GDOE expended approximately \$33.5M in textbooks and instructional materials from FY 2020 through FY 2025. GDOE used both federal funds and local appropriations to procure instructional textbooks from FY 2020 to FY 2025, totaling \$33.5M. Of this total, \$31.5M were funded with federal appropriations and \$2M were funded with local appropriations.

From FY 2020 through FY 2023, GDOE used the Consolidated Grant to support textbook purchases; however, local funds were not utilized in FY 2022 and FY 2023. The Consolidated Grant includes a supplement-not-supplant requirement. Although local appropriations were available within the textbook budget at the time of purchase, these funds were not fully expended before costs were charged to federal grants. As a result, federal funds were used despite the availability of designated local appropriations. See Table 2.

Table 2: Textbook Expenditures by Funding¹

Funding Source	2020	2021	2022	2023	2024	2025	Total
Education Stabilization Fund I & II	\$ 32,573	\$ 2,488,644	\$ 10,008,599	\$ 9,552,886	\$ 165,576	\$ -	\$ 22,248,278
American Rescue Plan	-	-	-	-	152,682	8,226,945	8,379,627
Consolidated Grant	130,980	439,500	91,530	7,365	48	486	669,909
Other Federal Grants	12,174	76,486	12,566	42,489	47,854	13,866	205,435
Total Federal Funds Expended	175,727	3,004,630	10,112,695	9,602,740	366,160	8,241,297	31,503,249
Local Funds Expended	1,026,841	1,005,524	(8,500)	-	(205)	10,305	2,033,965
Total Funds Expended	\$ 1,202,568	\$ 4,010,154	\$ 10,104,195	\$ 9,602,740	\$ 365,955	\$ 8,251,602	\$ 33,537,214

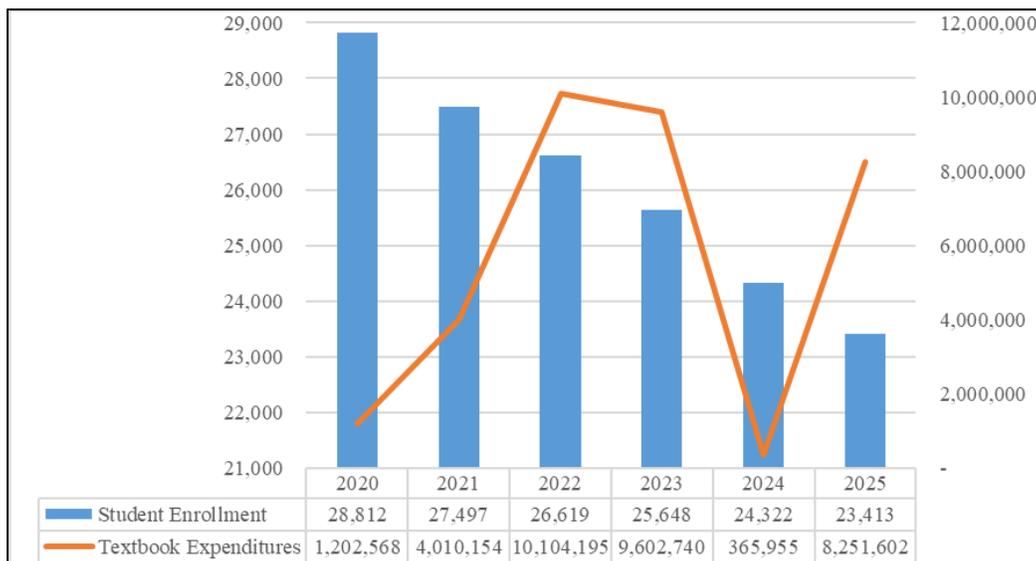
¹ \$10,305 of FY 2025 expenditures was charged to local supplemental appropriations instead of the American Rescue Plan grant through a change order to PO 20242092 that increased the purchase order cost.

While COVID-19 relief grants did not include a supplement-not-supplant requirement, federal cost principles under Title 2 of the Code of Federal Regulations (CFR) Part 200 require that expenditures be necessary, reasonable, allocable, and adequately documented. Although textbook purchases are generally allowable under Elementary Secondary School Emergency Relief guidelines, GDOE had local funds specifically appropriated for textbooks that could have covered these instructional material costs. Best practice in such circumstances is to expend designated local appropriations in conjunction with federal grant funds to supplement those expenditures for additional needs related to COVID-19 response or recovery. Absent the American Rescue Plan (ARP) and Education Stabilization Fund (ESF) provisions, GDOE would be at risk of noncompliance to supplanting restrictions without using its local funding to support textbook purchases.

Student Enrollment

From School Year (SY) 2019-2020 to SY 2024-2025, GDOE’s student enrollment decreased by 5,399 or 19%. Conversely, textbook expenditures increased significantly during the same period. In FY 2025 alone, expenditures increased by \$7M, representing a 586% increase compared to FY 2020. Textbooks and instructional materials were purchased in substantial amounts from FY 2021 through FY 2025, with the exception of FY 2024. See Figure 2.

Figure 2: Student Enrollment and Textbook Expenditures



In summary, the data indicate that while student enrollment declined by 19% during the review period, expenditures for textbooks and instructional materials increased substantially, particularly in FY 2025. The concentration of purchases between FY 2021 and FY 2025, combined with the significant reliance on federal funding, underscores the need to assess the relationship between enrollment trends, procurement practices, and funding utilization during this period.

Results of Audit

The OPA, in collaboration with GDOE 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, and errors in statutory reporting. These deficiencies collectively resulted in \$29M 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 Guam Procurement Law and Federal Regulations

GDOE did not comply with applicable local and federal procurement requirements. Specifically, GDOE failed to maintain complete procurement records as required by Title 5 of the Guam Code Annotated (GCA) §5249 and 2 CFR §200.318(i); did not obtain required review and approval of contracts by the Attorney General (AG) and the Governor in accordance with 5 GCA §5150 and GDOE Standard Operating Procedure (SOP) 200-027; and awarded sole source procurements without required written determinations and supporting documentation as required by 5 GCA. These deficiencies limited GDOE’s ability to demonstrate compliance with procurement laws and increased the risk of contract invalidity and noncompliance with grant requirements.

Lack of Contractual Agreement

In accordance with 5 GCA §5150, the AG or designee shall act as a legal advisor during all phases of solicitation or procurement process for solicitations estimated to result in an award of \$500 thousand (K) or more. GDOE SOP 200-027, titled “Invitation for Bid,” aligns with these laws and requires that contracts be reviewed internally and routed for signatures through the AG and the Governor’s Office.

As of this report date, four purchase orders over \$500K, totaling \$16.3M were missing executed contracts that were signed by the AG and the Governor. See Table 3.

Table 3: Purchase Orders Over \$500K Missing Contracts

PO Number	Funding Source	Value of Missing Contracts	
20213308	Education Stabilization Fund I & II	\$	8,114,541
20212014	Education Stabilization Fund I & II		3,412,404
20212030	Education Stabilization Fund I		3,875,922
20210484	Education Stabilization Fund I		906,329
		\$	16,309,196

Additionally, one purchase order exceeding \$500K did not have evidence of the notification to the AG or the AG’s involvement during all phases of the solicitation process. Although AG Form 012 was in the file, it was not signed. See Table 4.

Table 4: Purchase Order Missing Notice to AG

Purchase Order	Funding Source	Value of Bid Missing Notice to AG
20242095	American Rescue Plan	\$ 1,499,135

GDOE did not consistently adhere to established statutory requirements and internal procedures for contract review and approval. Specifically, procurement staff did not ensure that contracts were routed through the AG and the Governor’s Office prior to execution, nor was there adequate documentation to demonstrate the AG’s involvement in all phases of the solicitation process for procurements exceeding \$500K. This condition is attributed to insufficient oversight, lack of standardized tracking controls, and inadequate monitoring of compliance with legal review requirements.

GDOE executed purchase orders and contracts without obtaining the required legal review and approvals, resulting in noncompliance with Guam law and internal policies. By failing to secure the required approvals, GDOE exposes itself to potential legal challenges, invalid or unenforceable contracts, financial liability, and reduced transparency and accountability in the procurement process. We questioned approximately \$17.8M due to missing contracts and the lack of AG review.

This issue repeats findings identified in OPA Report 24-05, where GDOE did not provide evidence that the Office of the Attorney General (OAG) participated throughout the procurement process and failed to execute a contract with its vendor for the procurement of laptops, resulting in questioned costs totaling \$23.1M.

GDOE should strengthen internal controls over the procurement process by ensuring all contracts are routed to and approved by the AG and the Governor in accordance with applicable laws and SOP 200-027. Management should implement a standardized tracking and documentation system to verify AG involvement throughout all phases of solicitations exceeding \$500K. Additionally, periodic supervisory reviews and staff training should be conducted to reinforce compliance with statutory and procedural requirements.

Lack of Sole Source Documentation

5 GCA §5214 permits contracts to be awarded through sole source without competition when the Chief Procurement Officer, the head of the agency, or designee determines in writing that there is only one source for the required supply service or construction. Further, prior to the award, the Chief Procurement Officer, the head of a purchasing agency, or a designee of either officer above the level of the Procurement Officer, must prepare a package to market and present to prospective vendors or service providers, which shall be based on the determination of need and market research, and contain a purchase description, evaluation factors, delivery or performance schedule, inspection and acceptance requirements, the contract terms and conditions, and any warranty, bond, or other security requirement of the sole source contract.

Additionally, prior to making any determinations, the purchasing agency shall prepare a written report, which shall detail the minimum needs, findings from market research, and a conclusion that will support the recommendation that there is no other source that will satisfy the minimum needs of the government.

Out of 19 purchase orders totaling approximately \$1.7M in sole source procurement, all were missing written determinations indicating that there is only one source for the required supplies and the written report required by law. See Table 5.

Table 5: Missing Sole Source Determinations

Sample Number	Purchase Order	Funding Source	Value of missing sole source determinations	
	20210579	Local	\$	459,725
	20200459	Local		383,679
	20200753	Local		171,425
	20210300	Local		169,148
	20202077	Local		168,027
	20210634	Local		66,310
	20200745	Local		64,475
	20210635	Local		58,975
	20200605	Local		33,005
	20200376	Local		26,334
	20210368	Local		19,719
	20200747	Local		15,683
	20210629	Local		14,332
	20210599	Local		8,497
	20200385	Local		7,662
	20210630	Local		7,177
	20210550	Local		5,357
	20200742	Local		4,578
	20200386	Local		810
			\$	1,684,918

GDOE did not consistently comply with statutory requirements governing sole source procurements. Procurement staff did not prepare or retain the required written determinations and supporting documentation before awarding contracts. Inadequate internal controls, insufficient supervisory review, and the absence of standardized procedures prevented staff from meeting documentation requirements prior to approving sole-source purchase orders.

As a result, GDOE executed 19 sole source procurements totaling approximately \$1.7M without adequate justification or supporting documentation, in violation of 5 GCA. By failing to prepare the required determinations and market research documentation, GDOE reduced transparency, limited accountability, and increased the risk that it did not conduct procurements in the most economical or competitive manner practicable.

GDOE should strengthen controls over sole source procurements by requiring completion and approval of written determinations and supporting reports prior to award, in accordance with 5 GCA. Management should implement standardized templates and a pre-award checklist to ensure all statutory requirements are satisfied. Additionally, supervisory review and periodic training should be conducted to reinforce compliance with sole source procurement requirements.

Missing Procurement Records

In accordance with 5 GCA §5249, each procurement officer shall maintain a complete record of each procurement. The record shall include, at a minimum:

- (a) the date, time, subject matter and names of participants at any meeting including government employees that is in any way related to a particular procurement;
- (b) a log of all communications between government employees and any member of the public, potential bidder, vendor or manufacturer which is in any way related to the procurement;
- (c) sound recordings of all pre-bid conferences; negotiations arising from a request for proposals and discussions with vendors concerning small purchase procurement;
- (d) brochures and submittals of potential vendors, manufacturers or contractors, and all drafts, signed and dated by the draftsman, and other papers or materials used in the development of specifications; and
- (e) the requesting agency’s determination of need.

Federal regulations further require recipients of federal grant funds to maintain complete and accurate procurement records. Specifically, 2 CFR §200.318(i) requires non-federal entities to maintain records sufficient to detail the history of procurement transaction, including the rationale for the procurement method, contract type selection or rejection, and the basis for the contract price.

We tested a total of 67 purchase orders with an aggregate value of \$27.2M. We noted that out of 67 purchase orders, 34 aggregating \$23.9M are missing procurement files. The funding source for the missing files are all related to the ESF, ARP, and Consolidated Grant. See Table 6.

Table 6: Missing Procurement Records by Funding Source

Grant	Missing Records	Total Amounts
Education Stabilization Fund	18 \$	17,225,533.82
American Rescue Plan	12 \$	6,596,086.90
Consolidated Grant	4 \$	55,109.00
	34 \$	23,876,729.72

Upon inquiry, the Supply Management Office indicated that the missing records were associated with purchase orders processed through the TPFAs financial management system. Although all procurement actions were conducted through the GDOE Procurement Office, GDOE did not retain complete procurement documentation for transactions processed through the TPFAs system; as a result, required procurement records supporting federally funded expenditures were not adequately maintained in GDOE’s procurement files.

We recommend that GDOE strengthen procedures and internal controls over procurement record retention to ensure complete procurement documentation is maintained for all federally funded purchases. This should include ensuring that procurement files are fully retained within GDOE’s procurement office and periodic reviews to verify compliance with federal and local retention requirements.

Over Purchase of Textbooks

In accordance with SOP 400-001, before any orders are processed, schools will participate in textbook cross-leveling districtwide. Under this process, schools with excess textbooks are to transfer surplus books to schools with shortages. Textbook orders are expected to be based on actual student enrollment data, with best practices recommending a 5–10% buffer to account for unexpected students or classes.

The audit team reviewed eight purchase orders associated with textbooks identified as excess at the schools visited. Quantities ordered were compared to average student enrollment over the previous five years, with a 10% overage applied in accordance with best practices. The review identified significant over-ordering across multiple subject areas and grade levels. See Table 7 for the details of purchase orders tested.

Table 7: Purchase Orders with Identified Excess

Purchase Order	Vendor	Type of Books	Amount	Student Edition	Teachers	Consumables & Others	Shipping
2021 Purchase Orders							
20213308	Houghton Mifflin Harcourt	K-5 Reading Books	8,114,540	4,965,644	1,097,867	178,443	1,872,586
20212030	Savvas Learning Co. LLC	Secondary Level English Books	3,875,922	3,875,922	-	-	-
20212014	Mcgraw-Hill Education	Secondary Level Math Books	3,412,403	3,062,673	349,730	-	-
20211591	Houghton Mifflin Harcourt	K-5 Reading Books	1,850,309	950,720	391,480	81,115	426,994
20210484	Mcgraw-Hill Education	Secondary Level Math Books	906,329	788,112	-	-	118,217
20200459	Houghton Mifflin Harcourt	K-5 Reading Books	383,678	274,710	26,724	32,199	50,045
20211624	Mcgraw-Hill Education	Secondary Level Math Books	123,707	107,571	-	-	16,136
			18,666,888	14,025,352	1,865,801	291,757	2,483,978
2024 Purchase Orders							
20242093	Savvas Learning Co. LLC	Social Studies and Science	6,234,212	5,176,274	198,255	104,683	755,000
		Total	24,901,100	19,201,626	2,064,056	396,440	3,238,978

Reading/English textbooks exceeded enrollment needs by 282% at the elementary level, 3% at the middle school level, and 87% at the high school level. Across all grade levels, English textbooks were procured at 152% above enrollment needs, resulting in an estimated \$5.5M in questioned costs. This is consistent with the audit team’s observations at the schools visited. Elementary and high schools had the greatest excess of reading and English textbooks, many of which were stored in boxes across multiple classrooms. See Table 8 for analysis and [Appendices 4 - 12](#) for photographic evidence.

Table 8: English Textbooks Ordered

	A	B = A * 10%	C	D = C-(A+B)	E = D/(A+B)	F	G = D * F
Grade	5-Year Average Enrollment	10% Overage	English Textbooks Ordered	Excess Over Enrollment + 10%	Excess Rate	Weighted Average Unit Cost	Questioned Cost of Excess
<u>P.O.'s 20213308, 20211591 and 20200459</u>							
Kinder	1,493	149	7,038	5,396	329%	\$ 160.10	\$ 863,900
1st	1,791	179	7,512	5,542	281%	195.14	1,081,466
2nd	1,874	187	7,704	5,643	274%	120.28	678,740
3rd	1,910	191	7,603	5,502	262%	121.77	669,979
4th	1,918	191	7,434	5,325	252%	86.04	458,163
5th	1,940	194	8,562	6,428	301%	92.63	595,426
Total	10,926	1,091	45,853	33,836	282%		\$ 4,347,674
<u>P.O. 20212030</u>							
6th	1,869	186	2,175	120	6%	\$ 134.17	\$ 16,100
7th	1,905	190	2,163	68	3%	134.17	9,124
8th	1,932	193	2,134	9	0%	134.17	1,208
Total	5,706	569	6,472	197	3%		\$ 26,432
<u>P.O. 20212030</u>							
9th	2,609	260	4,682	1,813	63%	\$ 140.22	\$ 254,219
10th	2,352	235	4,502	1,915	74%	140.22	268,521
11th	2,126	212	4,322	1,984	85%	140.22	278,196
12th	1,667	166	4,502	2,669	146%	140.22	374,247
Total	8,754	873	18,008	8,381	87%		\$ 1,175,183
Total	25,386	2,533	70,333	42,414	152%		\$ 5,549,289

High school math textbooks exceeded enrollment needs by 87%, resulting in questioned costs totaling \$1.1M. This finding is consistent with auditor observations at the high schools, where large quantities of math textbooks were found in storage. See Table 9 for analysis and [Appendices 7-9](#) for photographic evidence.

Table 9: High School Math Textbooks Ordered

	A	B = A * 10%	C	D = C-(A+B)	E = D/(A+B)	F	G = D * F
Grade	5-Year Average Enrollment	10% Overage	Subject	Math Textbooks Ordered	Excess Over Enrollment + 10%	Weighted Average Unit Cost	Questioned Cost of Excess
<u>P.O. 20212014 & 20211624</u>							
			Pre-Algebra	2,304			
9th	2,609	260	Algebra 1	6,841			
10th	2,352	235	Geometry	3,807			
11th	2,126	212	Algebra 2	3,268			
12th	1,667	166	Trigonometry	1,790			
Total	8,754	873		18,010	8,383	87%	\$ 136.47 \$ 1,144,028

Middle school social studies textbooks exceeded enrollment needs by 17%, resulting in questioned costs of \$154K. This finding was also consistent with audit observations of excess

social studies textbooks at the middle schools visited. See Table 10 for analysis and [Appendix 10](#) for photographic evidence.

Table 10: Middle School Social Studies Textbooks Ordered

	A	B = A * 10%	C	D = C-(A+B)	E = D/(A+B)	F	G = D * F
Grade	2-Year Average Enrollment	10% Overage	Social Studies Textbooks Ordered	Excess Over Enrollment + 10%	Excess Rate	Weighted Average Unit Cost	Questioned Cost of Excess
P.O. 20242093							
6th	1,686	169	2,094	239	13%	\$ 163.00	\$ 39,022
7th	1,691	169	2,135	275	15%	163.00	44,809
8th	1,729	173	2,334	432	23%	163.00	70,432
Total	5,106	511	6,563	946	17%		\$ 154,263

Middle school math textbooks exceeded enrollment needs by 4%, resulting in questioned costs of \$23K. See Table 11 for analysis and [Appendices 11 - 12](#) for photographic evidence.

Table 11: Middle School Math Textbooks Ordered

	A	B = A * 10%	C	D = C-(A+B)	E = D/(A+B)	F	G = D * F
	5-Year Average Enrollment	10% Overage	Math Textbooks	Excess Over Enrollment + 10%	Excess Rate	Weighted Average Unit Cost	Questioned Cost of Excess
P.O.'s 20211624							
6th	1,869	186	2,187	132	6%	\$ 97.47	\$ 12,866
7th	1,905	190	2,162	67	3%	97.47	6,530
8th	1,932	193	2,160	35	2%	97.47	3,411
Total	5,706	569	6,509	234	4%		\$ 22,807

Textbook purchases were not consistently based on enrollment data, and the districtwide textbook cross-leveling process was not effectively utilized prior to placing orders. Additionally, controls to validate order quantities against enrollment trends were insufficient.

Excess textbook purchases created surplus inventory, increasing storage requirements and the risk of waste, loss, or obsolescence, and resulted in total questioned costs of \$7M. These purchases also may have diverted district funds, limiting resources available for other instructional needs.

GDOE should strengthen controls over textbook ordering by requiring documented evidence of cross-leveling prior to order approval and validating requested quantities against current and historical enrollment data. Management should also establish periodic inventory reviews and monitoring procedures to ensure compliance with SOP 400-001 and adherence to best practices for textbook procurement.

Stock Piling Textbooks at Schools and Central Warehouse

Federal grant regulations require that federally funded property and supplies be managed in a manner that ensures efficient use and prevents unnecessary accumulation. Specifically, 2 CFR

§200.303 requires non-federal entities to establish and maintain effective internal controls to ensure compliance with federal statutes and to safeguard assets. Additionally, 2 CFR §200.314 requires that supplies purchased with federal funds be used for their authorized purpose and that the non-federal entity compensate the federal awarding agency for any unused supplies with a total aggregate value exceeding \$10K. SOP 400-001 further requires agencies to maintain accurate inventory records and to procure instructional materials based on documented need.

The audit identified excessive quantities of textbooks stored at school sites and central warehouses, of which excess textbooks identified were purchased primarily with federal grant funds. Textbooks were observed to be new, unused, and stored in quantities exceeding current enrollment and instructional needs. In several instances, procurement records did not demonstrate that purchases were based on updated student counts, curriculum requirements, or redistribution of existing inventory prior to acquiring additional textbooks.

Figure 3 shows multiple pallets of textbooks stored at Tiyan High School (THS) that are marked “New & Excess Textbooks”. Figure 4 shows one of three pallets of textbooks stored in the GDOE Central Warehouse marked “Over Shipped Duplicate”. However, the Warehouse Supervisor indicated that he does not think that the pallets were duplicate orders, but rather excess textbooks. Figure 5 shows excess CHamoru studies textbooks stored in the GDOE Central Warehouse.

Figure 3: THS



Figure 4: GDOE Central Warehouse



Figure 5: GDOE Central Warehouse



Although GDOE redistributed textbooks among schools and warehouse locations, procurement decisions were not adequately aligned with actual instructional and enrollment needs. Textbook quantities ordered exceeded requirements based on student counts and curriculum demand, resulting in excess inventory despite redistribution efforts.

Based on records from GDOE Warehouse staff, a total of 2,071 excess social studies textbooks totaling \$155K were stored in the GDOE Central Warehouse. Combined with the excess textbooks discussed above, we estimated that GDOE has approximately 54,048 in excess textbooks valued at \$7M.

Figure 6: List of Excess Textbooks Stored in GDOE Central Warehouse

For Ref: PO# 20242095 - Bess Press

palomo	CENTRAL RECEIVING \ STUDENT ATLAS OF GUAM	564	Neal Santos 1/21/2025	88985 \$	50.00 \$	28,200.00
palomo	CENTRAL RECEIVING \ PACIFIC NEIGHBORS 2ND EDITION	327	Neal Santos 1/21/2025	88985 \$	85.00 \$	27,795.00
palomo	CENTRAL RECEIVING \ TROPICAL PACIFIC ISLAND ENVIRONMENT	158	Neal Santos 1/21/2025	88985 \$	156.00 \$	24,648.00
palomo	CENTRAL RECEIVING \ A HISTORY OF GUAM	283	Neal Santos 1/21/2025	88985 \$	85.00 \$	24,055.00
palomo	CENTRAL RECEIVING \ GUAM A NATURAL HISTORY	75	Neal Santos 1/21/2025	88985 \$	85.00 \$	6,375.00
palomo	CENTRAL RECEIVING \ ANCIENT CHAMORRO SOCIETY (Hardcover)	330	Neal Santos 1/21/2025	88985 \$	80.00 \$	26,400.00
palomo	CENTRAL RECEIVING \ ANCIENT CHAMORRO SOCIETY ACTIVITY BOOK	174	Neal Santos 1/21/2025	88985 \$	24.04 \$	4,182.96
palomo	CENTRAL RECEIVING \ PACIFIC NATIONS & TERRITORIES	160	Neal Santos 1/21/2025	88985 \$	85.00 \$	13,600.00

Neal P. Santos
counted → 6/10/2025

By ordering quantities that exceed actual needs, GDOE holds excess textbooks in schools and warehouses, tying up federal grant funds and creating a risk of waste, damage, or obsolescence. This practice violates federal requirements, including the obligation under 2 CFR §200.314 to compensate the federal awarding agency for unused supplies valued over \$10K.

GDOE should strengthen procurement planning and inventory management for textbooks by establishing a formal needs assessment process that considers current enrollment, curriculum requirements, and existing inventory before placing orders. Management should implement controls to prevent over-ordering, including approval thresholds based on verified needs, centralized tracking of inventory across schools and warehouses, and periodic reconciliation to ensure purchases are justified. This will help optimize the use of local and federal funds, reduce excess inventory, and ensure compliance with applicable federal and local requirements.

Improper Disposal

P.L. 21-86 requires all surplus materials, including textbooks, to be reported to the General Services Agency (GSA) for proper surveying prior to disposal. GSA is responsible for determining the appropriate method of disposition—such as sale, transfer, donation, or recycling. If GSA does not act on the notice for disposition, school principals are authorized to dispose out of adoption textbooks to any of the following parties or agencies: (1) public school students, (2) the Guam Public Library, (3) other public schools and Guam private schools, (4) the Department of Youth Affairs, (5) the Federated States of Micronesia, the Republic of Belau, the Republic of the Marshall Islands, and the Commonwealth of the Northern Marianas; (6) public schools in the Republic of the Philippines; and (7) Guam non-profit corporations.

Similarly, GDOE SOP 200-015 outlines the internal processes for managing surplus and fixed assets. It requires tagging, surveying, GSA coordination, and the maintenance of disposal records. Our observations during the survey period indicate this is not done consistently across the school district.

Further, under 2 CFR §200.313, recipients of federal awards are required to manage, track, and dispose of federally funded property in a way that maintains accountability and safeguards federal interests.

The audit team identified inconsistent compliance with required textbook disposal procedures across the school district. Disposal records and survey documentation were not consistently maintained, and complete textbook inventory records were not available. As a result, the audit team was unable to fully assess whether disposed textbooks were accurately accounted for or disposed of in accordance with GDOE SOP 200-015 and P.L. 21-86.

In addition, a specific instance was identified at Southern High School (SHS) in which large volumes of textbooks were removed from classrooms by the Governor’s Office School Opening Readiness Team (SORT) and transported directly to the landfill in order to prepare school site for public health inspections. The textbooks were disposed of without the required survey or GSA disposition approval. The related survey documentation recorded only aggregate quantities of disposed textbooks without identifying specific titles. Further, the disposal documentation was prepared and approved after the disposals had already occurred. See Figure 7.

Figure 7: Improper Textbook Disposal at SHS



Disposal procedures were not consistently understood or enforced at the school level. Additionally, staff involved in school readiness activities were not provided clear guidance regarding compliance with established surplus and disposal requirements. Recordkeeping controls over textbook inventories and disposals were insufficient.

GDOE failed to follow required disposal procedures, undermining accountability over instructional materials. Incomplete and inaccurate inventory and disposal records prevent management from effectively monitoring asset disposition and verifying compliance with applicable requirements. As a result, additional improper or unauthorized textbook disposals could occur without detection.

GDOE should reinforce compliance with textbook disposal requirements by providing clear guidance and training to school administrators and staff, including personnel involved in emergency or disaster response activities. Management should ensure that all surplus textbooks are surveyed and approved prior to disposal, that disposal records clearly identify disposed materials, and that inventory records are maintained and periodically reviewed. Additionally, controls should be strengthened to ensure disposal documentation is prepared and approved before disposals occur.

Disposal of Textbooks at the GDOE Piti Warehouse

During an inspection of GDOE's Piti Warehouse, the audit team observed textbooks stored in an unsafe and hazardous environment. The warehouse was in derelict condition, with missing sections of walls and ceiling and standing water on the floor. Although the textbooks were palletized, they were disorganized, increasing the risk of physical damage, contamination, and injury to staff.

Facilities and Maintenance personnel reported that there is no documentation identifying when or why the textbooks were delivered to the warehouse, nor have they received instructions regarding their intended use or disposal. Based on the condition of the materials, the lack of inventory records, and the apparent lack of plans for these textbooks, it appears that the dilapidated warehouse has effectively been staged as a dumping ground for surplus materials. See Figure 8.

Figure 8: Disposed Textbooks at Piti Warehouse



The noncompliance resulted from GDOE's failure to follow statutory disposal requirements and from inadequate internal controls over reporting, tracking, and disposing of surplus textbooks.

The unsafe storage environment highlights weaknesses in GDOE's procedures for receiving, tracking, and storing textbooks. Without proper documentation, oversight, and safe storage practices, there is an increased risk of inventory loss, damage to educational resources, and potential harm to personnel.

As a result, GDOE is not in compliance with P.L. 21-86 and is exposed to risks including improper disposal of public property, loss or misuse of educational materials, unsafe working conditions for personnel, and reduced accountability over surplus assets.

GDOE should ensure compliance with P.L. 21-86 by requiring that all surplus textbooks be formally reported to GSA for surveying prior to disposal. Additionally, GDOE should implement procedures to document disposal decisions, track materials designated for disposal, and ensure that textbooks awaiting disposition are stored in safe and secure conditions.

Inconsistent Textbook Inventory Management and Barcode System

Board Policy 601 requires the development and implementation of a bar code system for inventory management of all instructional materials and non-consumable items provided to public schools.

Responsibility for implementation is assigned to the Deputy Superintendent of Curriculum and Instruction, the Property Control Officer, and the Financial, Student, and Administrative Information System Administrator, with the Superintendent responsible for ensuring adequate resources are available.

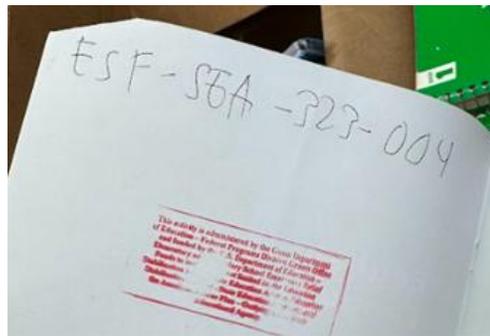
SOP 400-001 requires schools to assign textbook property numbers or bar codes to all textbooks prior to issuance to classrooms and states that textbooks shall not be used until properly tagged. Federally funded textbooks must also be marked with the applicable grant program. SOP 400-001 further requires that, until full implementation of a bar code system, all textbooks be assigned a property number.

Through discussions with school staff, we learned that the BookSmart system was designated by the C&I Division as the official textbook management system. However, GDOE has not consistently implemented a standardized barcode and inventory system for tracking textbooks across schools. Sampled schools showed varying practices, ranging from no tagging or awareness of the system, to manual tracking with school-created identification numbers, to partial use of the barcode system. See Figures 9 and 10 for examples of the barcode and school-created codes at Agueda L. Johnston Middle School (AIJMS) and M.U. Lujan Elementary School (MULES).

Figure 9: Textbook Barcode at AIJMS



Figure 10: Handwritten Textbook ID at MULES



Furthermore, only one school uses an automated system. This inconsistency limits accountability, and increases risk of loss or misplacement of textbooks. This also limits GDOE's ability to fully account and maintain records for all textbooks in the district. See Table 12 for detailed conditions at sampled schools.

Table 12: Sampled Schools Textbook Management

Sample School	Condition	Tracking Method	Scanner Provided
Finegayan Elementary School	Textbooks not tagged upon delivery; labeled only when placed in classrooms. Uses school-created identification numbers.	Excel	No (stolen)
D.L. Perez Elementary School M.U. Lujan Elementary School	Schools are unaware of barcode system. Use school-created identification numbers.	Excel	No
L.P. Untalan Middle School V.S.A. Benavente Middle School George Washington High School Southern High School	Uses school-created identification numbers rather than barcode numbers.	Excel	No
Tiyan High School	Uses barcodes but manually enters unique identifiers into BookSmart	BookSmart	No
Agueda I. Johnston Middle School	Uses library database (Booktracks) and scanners to track textbooks; not integrated with BookSmart.	Library database	Yes

This issue reflects a recurring concern previously identified in OPA Report 08-09, issued in 2008, which found that GDOE did not have barcodes for textbooks and recommended that GDOE barcode all textbooks and explore automation of textbook management. Despite the prior recommendation, full implementation of a standardized barcode system has not been achieved.

The root cause of these deficiencies includes the lack of scanners, absence of standardized written procedures, insufficient staff training and the failure to consistently implement the barcode and BookSmart system throughout the district. In some cases, staff were unaware of the barcode system and relied on alternative tracking methods, leading to inconsistent practices.

As a result, the inconsistent implementation of the barcode system increases the risk of misplacement, loss, or theft of textbooks. Schools with incomplete or no tagging systems cannot reliably track textbooks in storage or classrooms, reducing accountability and oversight. Manual or delayed tracking further reduces operational efficiency and increases the likelihood of errors in inventory reporting.

We recommend management establish and enforce a standardized textbook inventory process by providing scanners, system access, written procedures, and training to all schools. Textbooks should be tagged upon receipt, and compliance should be periodically monitored.

Textbook Instructional Materials and Lost & Damaged Textbooks Quarterly Reports

In accordance with the requirements in the Appropriation Acts for FYs 2020 to 2024 and SOP 400-001, the Division of C&I is required to prepare, maintain, and timely submit quarterly reports to the Legislature and the Governor for both Textbook Instructional Materials and Lost and

Damaged Textbooks. These reports must be complete, accurate, and supported by appropriate documentation.

During the audit, 24 quarterly reports covering a period of six fiscal years were selected for review, of which, six reports for each report type were missing from C&I’s archives and therefore could not be verified for completeness or accuracy. As a result, we limited our assessment to the remaining 18 reports available for review. See Table 13.

Table 13: List of Missing Quarterly Reports

Fiscal Year	Quarter
2019	3rd
2019	4th
2023	3rd
2023	2nd
2024	3rd
2024	4th

Of the 18 reports reviewed, five were submitted after the required submission date. Reports were required to be submitted on the first day of each quarter; however, late submissions ranged from three to 25 days after the due date. See Table 14.

Table 14: Number of Days Reports Were Submitted Late

Fiscal Year	Quarter	Required Report Date	Actual Report Date	Days Late
2022	3rd	1-Jul-22	11-Jul-22	10
2022	4th	1-Oct-22	4-Oct-22	3
2023	1st	1-Jan-23	6-Jan-23	5
2023	2nd	1-Apr-23	26-Apr-23	25
2024	1st	1-Jan-24	24-Jan-24	23

In addition, seven Textbook Instructional Materials Quarterly Reports were found to be incomplete. Exceptions included missing purchase orders for the applicable reporting quarter, omission of required copyright dates for textbooks procured, and the absence of Board-approved adopted textbook listings. These reports also lacked distribution listings detailing the allocation of textbooks to individual schools and the names of assigned teachers, as required by statute. See Table 15.

Table 15: Textbook Instructional Materials Reports with Missing Information

Fiscal Year	Quarter	Missing Approved Listing	Missing Distribution Listing	Missing Copyright Dates	Missing Purchase Order
2020	1st	X	X		X
2021	1st	X	X		X
2022	3rd	X	X	X	
2022	4th	X	X	X	
2023	1st	X	X	X	
2023	2nd	X	X	X	
2024	1st	X	X	X	

C&I did not have adequate procedures to ensure timely preparation, completeness, and retention of required quarterly reports and supporting documentation. Additionally, a formal review process to verify compliance with statutory and procedural requirements prior to submission was not consistently performed.

As a result, the Governor and other stakeholders may not have received complete, accurate, and timely information necessary for oversight and decision-making related to textbook procurement, distribution, and asset accountability. Incomplete and missing records places GDOE in noncompliance with reporting requirements in law and established procedures.

We recommend that the Division of C&I strengthen internal controls over the preparation, submission, and retention of quarterly reports related to Textbook Instructional Materials and Lost and Damaged Textbooks. C&I should ensure that all applicable statutory and procedural requirements are reviewed and fully understood by responsible personnel. Procedures should be established to ensure that quarterly reports are complete, accurate, and submitted by the required deadlines, including a formal supervisory review prior to submission. In addition, C&I should maintain complete supporting documentation and organized records for each reporting period to promote transparency, ensure compliance, and facilitate future audits. Periodic monitoring should be implemented to verify ongoing compliance and to ensure corrective actions are effective and sustained.

Purchase of Textbooks Not Adopted by the GEB

Board Policy 601 prohibits the assignment of out-of-adoption textbooks to students for instructional purposes, permitting such materials to be used only as supplemental resources. In addition, SOP 400-001 requires the Board to review and approve or disapprove the acquisition of textbooks and instructional materials. Although SOP 400-001 allows the acquisition of textbooks and instructional materials using federal funds without restriction to Board-adopted textbooks, it does not waive the requirement for Board review and approval when those materials are used for instructional purposes.

In 2019, the GEB adopted K–12 mathematics, science, and social studies textbooks; however, the Board-adopted textbook listing did not include English language arts textbooks.

During the audit, it was determined that GDOE purchased and assigned instructional textbooks not included on the Board-adopted textbook list, including English language arts textbooks, using both local and federal funds. However, GDOE did not obtain Board review and approval prior to purchasing and assigning English language arts instructional textbooks.

As a result, GDOE did not comply with Board Policy 601 and SOP 400-001. The use of non-Board-adopted instructional textbooks limits the Board's oversight of curriculum materials and increases the risk that instructional resources may not align with approved standards or policy requirements.

We recommend that GDOE ensure all instructional textbooks assigned to students are reviewed and approved by the GEB prior to acquisition and use. GDOE should also coordinate with the Board to update and maintain a comprehensive Board-adopted textbook listing that includes all instructional subject areas, including English language arts, to ensure compliance with applicable policies and procedures.

Conclusion and Recommendations

GDOE did not consistently comply with applicable Guam procurement laws, federal grant regulations, GEB policies, and internal standard operating procedures. The audit identified significant deficiencies in textbook procurement, inventory management, and governance, which collectively increase the risk of questioned costs, inefficient use of public and federal funds, and reduced accountability over instructional materials.

Key findings include:

- **Procurement Deficiencies:** Missing executed contracts, unsupported sole-source procurements, and lack of required Attorney General review resulted in approximately \$27.1M in questioned costs. Procurement decisions were not consistently aligned with statutory requirements, Board policies, or federal grant regulations.
- **Excessive Textbook Purchases:** Textbooks were purchased in quantities significantly exceeding student enrollment, with English textbooks procured at 152% above needs and high school math textbooks exceeding needs by 87%. Approximately 54,048 textbooks, valued at \$7M, were found in excess at schools and central warehouses. These purchases were heavily funded by federal COVID-19 relief grants, despite GDOE receiving \$7.5M in local appropriations for textbooks between FY 2020 and FY 2024, which have not been utilized since 2021. Purchases were not consistently supported by enrollment data or redistribution of existing inventory.
- **Improper Disposal Practices:** Textbooks were disposed of without proper survey documentation or required approvals, creating potential noncompliance with federal property management regulations.
- **Inventory Management Deficiencies:** A standardized barcode system required under Board Policy 601 and SOP 400-001 has not been fully implemented, limiting GDOE's ability to track textbooks at an itemized level. This issue reflects a **repeated finding** from **OPA Report 08-09 (2008)**, which recommended barcoding all textbooks and exploring automation of textbook management. Schools rely on inconsistent manual tracking methods, increasing the risk of loss, theft, or misappropriation.
- **Governance and Reporting Noncompliance:** Required quarterly reports on instructional materials were missing, late, or incomplete, and textbooks not approved by the GEB were purchased and assigned without Board review.

Collectively, the deficiencies identified create a chain reaction of mismanaged funds and lost opportunities. Excessive purchasing—driven in part by weak procurement planning and misaligned grant priorities—resulted in large quantities of textbooks sitting undistributed in classrooms, storage areas, and warehouses. These stockpiled materials were exposed to risks of obsolescence, weather-related deterioration, and physical damage; in one instance, auditors observed termite-infested textbooks that were already compromised. The accumulation of surplus inventory not only tied up valuable local and federal resources but also contributed to waste, unsafe storage conditions, and diminished instructional value. Without stronger controls and disciplined planning, these systemic weaknesses will continue to erode financial stewardship, operational efficiency, and the effective use of educational resources.

To address the deficiencies, we recommend that the GDOE Superintendent:

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.
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.

The Status of Audit Recommendations is presented in [Appendix 14](#).

Classification of Monetary Amounts

Finding	Questioned Cost	Potential Savings	Unrealized Revenues	Other Financial Impact	Total Financial Impact
Evidence of Noncompliance					
Lack of Contractual Agreements	\$ -	\$ -	\$ -	\$ -	\$ -
No evidence of notification to the AG for procurements above \$500K	1,499,135	-	-	-	\$ 1,499,135
Lack of Sole Source Documentation	1,684,918	-	-	-	\$ 1,684,918
Missing procurement records	23,876,730	-	-	-	\$23,876,730
Improper disposal of textbooks	-	-	-	-	-
Untimely and Incomplete Reports to the Guam Legislature and Governor	-	-	-	-	-
Purchase of textbooks not adopted by the Guam Education Board	-	-	-	-	-
Inconsistent textbook inventory management at school level	-	-	-	-	-
Excess Textbook Purchases					
Over purchase of textbooks	-	-	-	-	-
Stockpiling textbooks at schools and warehouse	1,974,016	-	-	-	1,974,016
Total	\$29,034,799	\$ -	\$ -	\$ -	\$29,034,799

Management Response and OPA Reply

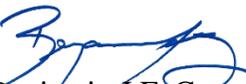
We provided a draft report to GDOE for their official management response on February 24, 2026. We held an exit conference with GDOE officials to discuss the reported findings and recommendations on March 12, 2026. GDOE management provided their response on March 18, 2026.

Based on their responses, GDOE generally agreed with our findings. See [Appendix 13](#) for the management response.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, document the progress in implementing the recommendations, and endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting GDOE for a status of the recommendations.

We greatly appreciate the cooperation and assistance given to us by the Superintendent and GDOE staff during this audit. This investigative audit was a collaboration with the GDOE Internal Audit Office as a requirement of the Federal Fiscal Year 2024 Specific Conditions. Periodic audits are to be conducted to ensure oversight and accountability of GDOE management of U.S. Department of Education funds.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

GUAM DEPARTMENT OF EDUCATION



Franklin J.T. Cooper-Nurse
Chief Auditor

Objectives

The objectives of our investigative audit were to determine whether textbooks were properly:

1. Procured in accordance with applicable laws, regulations, board policies, standard operating procedures, and grant agreements; and
2. Managed, safeguarded, distributed, and disposed.

Scope

The scope of our investigative audit was from October 1, 2019 to September 30, 2025 (fiscal years 2020 to 2025).

Scope Limitation

During the course of the audit, GDOE officials did not timely provide requested documentation necessary to support textbook purchases and inventories. In addition, prior to FY 2024, GDOE federal grants were processed through a separate financial information system managed by a TPFA. After the TPFA was removed at the beginning of FY 2024, GDOE personnel reconfigured the TPFA financial system, which resulted in the removal of all supporting attachments and related electronic documentation for purchases previously processed in that system.

As a result, auditors were required to reconstruct transactions using remaining system data and other secondary sources and were unable to obtain sufficient, appropriate audit evidence for certain textbook procurement transactions. These circumstances constitute a scope limitation that restricted the nature and extent of audit procedures that could be performed with respect to those transactions. Auditors performed alternative procedures where practicable and documented the limitations, as well as their effect on specific findings, within the body of this report.

Methodology

We performed the following steps in conducting this investigative audit:

1. A review of all applicable laws, regulations, policies, and procedures.
2. Site visits to inspect textbook storage rooms at the following locations:
 - D.L. Perez Elementary School
 - Finegayan Elementary School
 - M.U. Lujan Elementary School
 - L.P. Untalan Middle School
 - F.B. Leon Guerrero Middle School
 - Agueda I. Johnston Middle School
 - V.S.A. Benavente Middle School
 - George Washington High School
 - Tiyán High School
 - Southern High School

- GDOE Central Office Warehouse
 - GDOE Piti Warehouse
3. Interviews with key personnel:
 - Property Management Office
 - Warehouse and Receiving Office
 - School level staff
 4. Analysis, tracing, and gathering of supporting documentation for sampled transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2:
Prior Audit Coverage

OPA Report No. 08-09, Guam Public School System Textbook Management, Issued October 2008

The Guam Public School System (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 barcode 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 Direct Instruction (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.

OPA Report No. 25-05, Guam Department of Education Laptop Inventory, Issued March 2024

There were no other records provided to document the Legal Counsel or OAG's participation on the succeeding procurement activities consummating in the agreement/contract execution, review and signing. To preserve the integrity of the procurement process, for procurements valued above \$500K, OAG involvement in the entire process must be strictly adhered to.

Despite several written requests for a copy of an agreement/contract signed by the GDOE officials and Vendor A, none was provided. We subsequently learned that no agreement/contract was ever executed. GDOE IAO only provided the Vendor, Receiving and Warehouse copies of POs signed by the TPFA representatives. POs were neither acknowledged, received, nor signed by Vendor A to signify acceptance of any terms and conditions stipulated therein. The laptops valued at approximately \$23.1M purchased under IFB-IQB No. 2019-2020 were not covered with a Firm Fixed Price Agreement, required in the IFB, thus, the procurement was neither approved by the AG nor the Office of the Governor, we questioned the cost of these laptops aggregating \$23.1M, which significantly violated the IFB specification/requirement of a Firm Fixed Price Agreement.

Applicable Laws, Rules, and Regulations

5 GCA §5150 Duties of the Attorney General.

The Attorney General, the Deputy Attorney General or such Assistant Attorneys General, or such Special Assistant Attorneys General as the Attorney General may designate, shall serve as legal counsel and provide necessary legal services to the Policy Office and the General Services Agency. Whenever the Chief Procurement Officer, the Director of Public Works, or the head of any executive branch agency, autonomous agency, instrumentality or public corporation of the government of Guam conducts any solicitation or procurement which is estimated to result in an award of Five Hundred Thousand Dollars (\$500,000) or more, the Attorney General or his designees, including one (1) or more Special Assistant Attorneys General who may be so designated or appointed by the Attorney General and subject to any reasonable requirements or conditions determined by the Attorney General, shall act as legal advisor during all phases of the solicitation or procurement process. The Attorney General, or his designee, including one (1) or more Special Assistant Attorneys General shall, in addition, when he approves contracts, determine not only the correctness of their form, but their legality. In making such a determination of legality, he may require any or all agencies involved in the contract to supply him with evidence that the required procedures precedent to executing the contract were carried out. He or his designees may prescribe the forms and format required to be followed by the agencies in aiding him in his determination of form and legality.

5 GCA §5214 Sole Source Procurement.

(a) A contract may be awarded for a supply, service, or construction item without competition when, prior to commencing negotiations:

(1) the Chief Procurement Officer, the Director of Public Works, the head of a purchasing agency, or a designee of either officer above the level of the Procurement Officer, determines in writing that there is only one (1) source for the required supply, service, or construction item; and

(2) the Chief Procurement Officer, the Director of Public Works, the head of a purchasing agency, or a designee of either officer above the level of the Procurement Officer, prepares a package to market and present to prospective vendors or service providers, which shall be based on the determination of need and market research, and contain a purchase description, evaluation factors, delivery or performance schedule, inspection and acceptance requirements, the contract terms and conditions, and any warranty, bond, or other security requirement of the sole source contract.

(b) A sole source contract shall not exceed a term greater than one (1) year, with four (4) successive annual options to renew. Any option to renew a contract under this Section shall not exceed a term greater than one (1) year. An option to renew may be exercised only by the government when, at the time to be exercised, the Chief Procurement Officer, the Director of Public Works, the head of a purchasing agency, or a designee of either officer above the level of the Procurement Officer, determines in writing that there is only one (1) source for the required supply, service, or construction item.

(c) Prior to and as a condition of making any determination in writing required under Subsections (a)(1) or (b) of this Section, the purchasing agency shall prepare a written report for the person making such determination, which shall include a detailed analysis of the minimum needs of the government upon which the contract is based, findings from thorough market research, and a conclusion that will certify accurate and complete necessary data to support their recommendation that there is no other source that will satisfy the minimum needs of the government. The report must be signed by the person or persons conducting the market research and analysis, and shall be made part of the procurement record.

(d) A sole source contract shall not be awarded or executed unless and until the Chief Procurement Officer, the Director of Public Works, the head of a purchasing agency, or a designee of either officer above the level of the Procurement Officer, has determined in writing that the contract price is fair and reasonable and consistent with applicable regulations. Such determination shall include relevant cost and price information from the sole source and comparable or substitute supplies, services, or construction items.

(e) The purchasing agency shall publish a notice in a newspaper of general circulation on Guam, and on its website, within fourteen (14) calendar days of awarding any contract under this Section, in excess of Fifty Thousand Dollars (\$50,000). The notice shall include the names of the purchasing agency and awardee(s), the contract award amount, term, and the nature of the contract.

5 GCA §5249 Record of Procurement Actions.

Each procurement officer shall maintain a complete record of each procurement. The record shall include the following:

- (a) the date, time, subject matter and names of participants at any meeting including government employees that is in any way related to a particular procurement;
- (b) a log of all communications between government employees and any member of the public, potential bidder, vendor or manufacturer which is in any way related to the procurement;
- (c) sound recordings of all pre-bid conferences; negotiations arising from a request for proposals and discussions with vendors concerning small purchase procurement;
- (d) brochures and submittals of potential vendors, manufacturers or contractors, and all drafts, signed and dated by the draftsman, and other papers or materials used in the development of specifications; and
- (e) the requesting agency's determination of need.

2 CFR §200.318(i) Procurement Records.

The recipient or subrecipient must maintain records sufficient to detail the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.

2 CFR §200.303 Internal Controls.

The recipient and subrecipient must:

- (a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

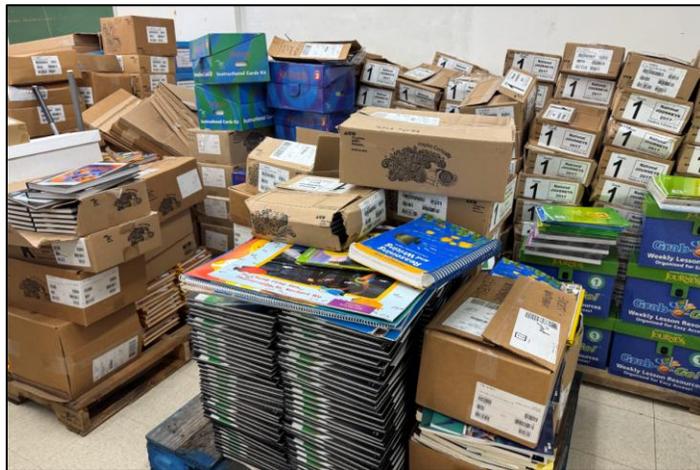
2 CFR §200.314 Supplies.

- (a) Title to supplies acquired under the Federal award will vest upon acquisition in the recipient or subrecipient. When there is a residual inventory of unused supplies exceeding \$10,000 in aggregate value at the end of the period of performance, and the supplies are not needed for any other Federal award, the recipient or subrecipient may retain or sell the unused supplies. Unused supplies means supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies. The Federal agency or pass-through entity is entitled to compensation in an amount calculated by multiplying the percentage of the Federal agency's or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. If the supplies are sold, the Federal agency or pass-through entity may permit the recipient or subrecipient to retain, from the Federal share, \$1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies.

Appendix 5:
Excess Textbooks at Finegayan Elementary School



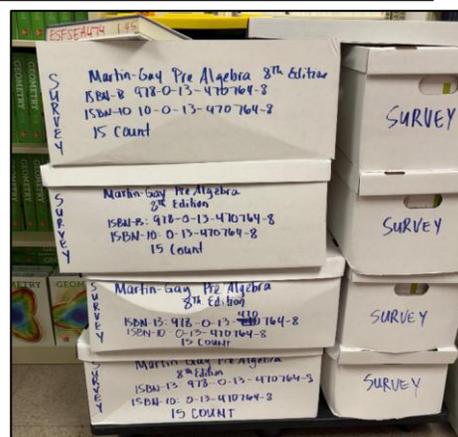
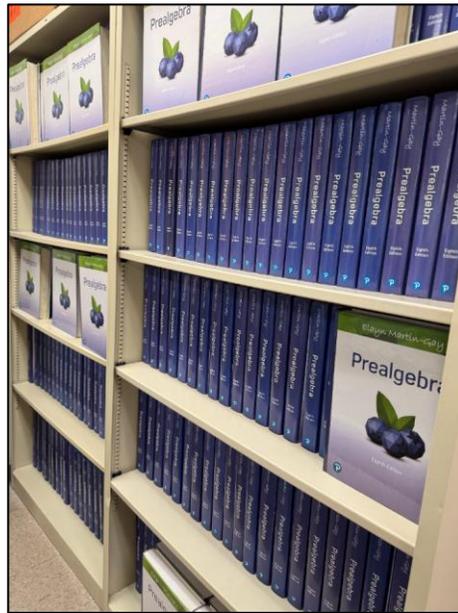
Appendix 6:
Excess Textbooks at M.U. Lujan Elementary School



Appendix 7:
Excess Textbooks at Tiyan High School



Appendix 8: Excess Textbooks at Southern High School



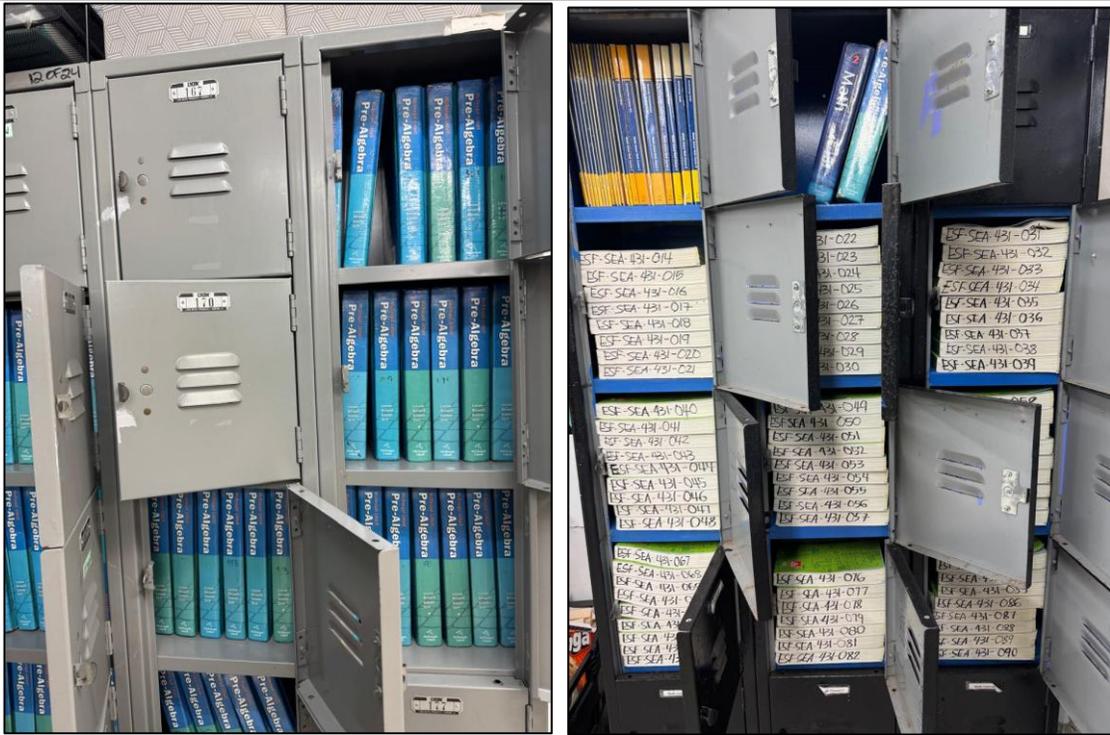
Appendix 9: Excess Textbooks at George Washington High School



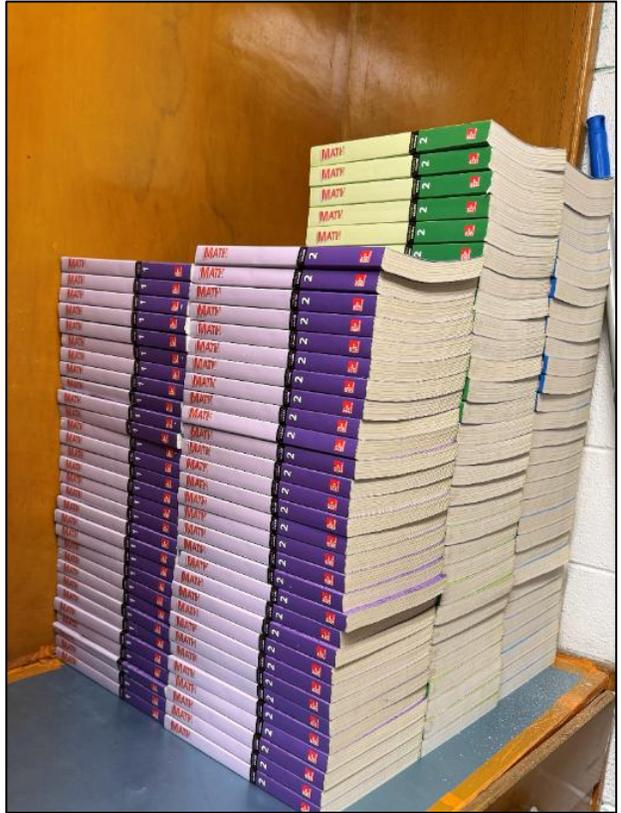
**Appendix 10:
Excess Textbooks at L.P. Untalan Middle School**



**Appendix 11:
Excess Textbooks at V.S.A. Benavente Middle School**



**Appendix 12:
Excess Textbooks at Agueda I. Johnston Middle School**





**DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT**

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JUDITH T. WON PAT, Ed.D.
Acting Superintendent of Education

March 18, 2026

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Hafa Adai Public Auditor Cruz,

The Guam Department of Education (GDOE) acknowledges and appreciates the work of the Guam Office of Public Accountability (OPA) and GDOE's Internal Audit Office (IAO) in conducting this audit of the Department's accountability for textbooks. GDOE agrees with the audit findings and recognizes the concerns raised regarding procurement compliance, contract approval processes, inventory management, disposal procedures, reporting requirements, and governance over textbook adoption.

It's important to note that I assumed office in January and the audit period and the majority of the conditions identified occurred under prior leadership and administrative teams. While the current administration was not responsible for the actions that gave rise to many of the findings, the Department accepts the results of the audit and recognizes its responsibility to correct the deficiencies identified and strengthen internal controls moving forward.

During the course of the audit, the Department also understands that the auditors experienced significant delays in obtaining requested documentation. In several instances, documentation was not provided in a timely manner and, in some cases, records requested by the auditors were incomplete or unavailable. The current administration acknowledges that these delays affected the audit process and is committed to improving responsiveness, record retention practices, and coordination with oversight entities to ensure that future audits can be conducted efficiently and with full transparency.

GDOE recognizes that the deficiencies identified in the audit reflect weaknesses in internal controls, documentation practices, oversight, and operational procedures. The Department is committed to addressing these issues and strengthening its internal processes to ensure compliance with applicable procurement laws, and federal grant requirements. Particular focus will be placed on improving procurement documentation and contract approval procedures, aligning textbook procurement with verified enrollment data, implementing effective inventory control systems, ensuring proper disposal procedures in accordance with statutory requirements, and strengthening governance and reporting processes.

The Department takes these findings seriously and is committed to restoring accountability, improving operational practices, and strengthening stewardship over both federal and local resources used to support instructional materials for students.

A detailed corrective action plan outlining the specific actions, timelines, and responsible offices for addressing each audit finding will be provided under separate cover.

Under my leadership, GDOE is committed to working collaboratively with the OPA, the Guam Education Board, and other stakeholders to implement these improvements and ensure responsible management of public funds and instructional resources.

Sincerely,



Judith T. Won Pat, Ed.D.
Acting Superintendent of Education

Appendix 14:
Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Actions Required
1	GDOE Superintendent	Enforce required legal review and approval for all applicable contracts and sole source procurements.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
2	GDOE Superintendent	Strengthen procurement documentation, tracking, and federal grant compliance controls.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
3	GDOE Superintendent	Align textbook purchases with verified enrollment data and enforce cross-leveling prior to ordering.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
4	GDOE Superintendent	Ensure proper survey, approval, and documentation prior to disposal of surplus materials.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
5	GDOE Superintendent	Fully implement a standardized barcode inventory system with periodic physical counts.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
6	GDOE Superintendent	Improve timely and complete reporting and reinforce Board approval of instructional materials.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.

GUAM DEPARTMENT OF EDUCATION ACCOUNTABILITY OF TEXTBOOKS Report No. 26-03, March 2026

ACKNOWLEDGEMENTS

***Key contributions to this report were made by:
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MISSION STATEMENT

We independently conduct audits and administer procurement appeals to safeguard public trust and promote good governance for the people of Guam.

VISION

The Government of Guam is the standard of public trust and good governance.

CORE VALUES

Objective

To have an independent and impartial mind.

Professional

To adhere to ethical and professional standards.

Accountable

To be responsible and transparent in our actions.

REPORTING FRAUD, WASTE, AND ABUSE

- Call our HOTLINE at 671 47AUDIT (472 8348)
- Visit our website at www.opaguam.org
- Call our office at (671) 475 0390
- Fax our office at (671) 472 7951
- Or visit us at Suite 401 DNA Building in Hagåtña

All information will be held in strict confidence.



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