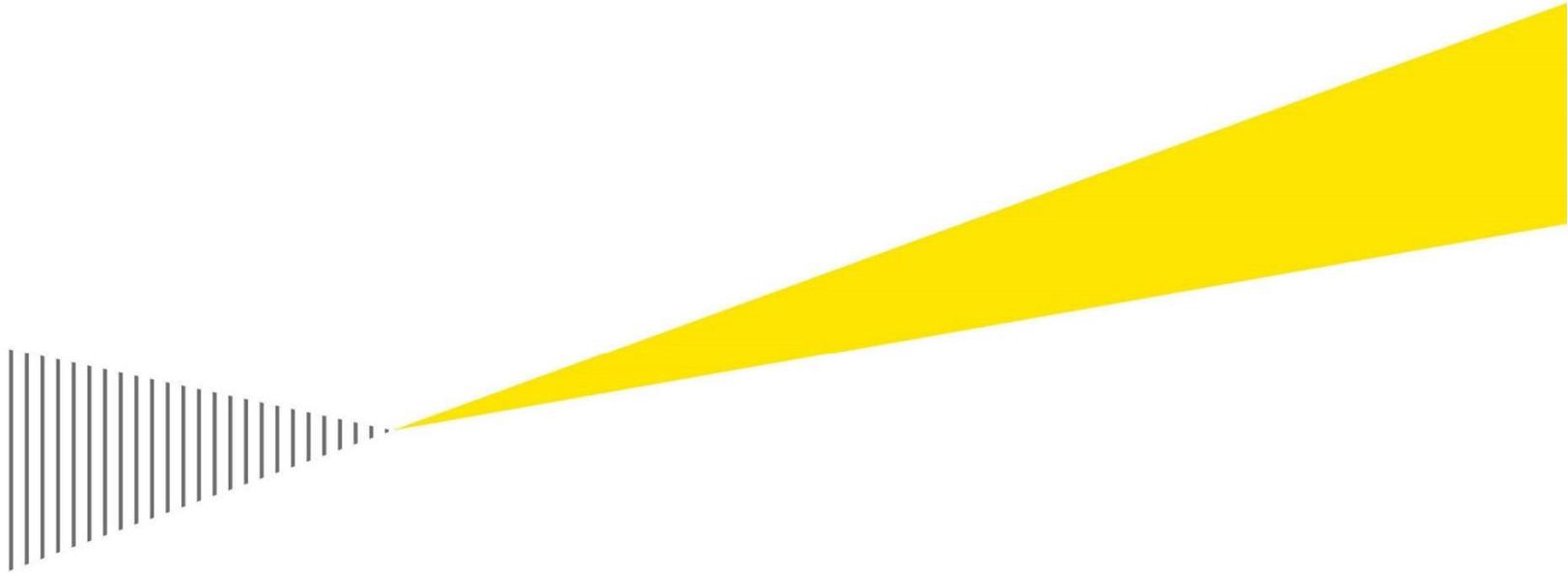


Management Letter

iLearn Academy Charter School, Inc.
(A Non-Profit Organization)

Year ended September 30, 2019



Building a better
working world



Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

March 20, 2020

The Board of Trustees
iLearn Academy Charter School, Inc.
Ukkudu Village Route 3
Dededo, Guam 96929

In planning and performing our audit of the financial statements of the iLearn Academy Charter School, Inc. (the Academy) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiencies in internal control (as described above):

Record of Sole Source Procurement

Observation:

During our testing of the Academy's compliance with the Guam Procurement Law as it pertains to its sole source procurements, we noted that the Academy did not submit its record of sole source procurement to the Legislature. However, we noted that the Academy listed the curriculums and supplemental curriculums that were to be obtained through sole source procurement in a written determination letter dated November 30, 2018, submitted to the Guam Department of Education.

Recommendation:

A Record of Sole Source Procurement should be submitted annually in compliance with Title 2 of the Guam Administrative Rules and Regulations Division 4 Procurement Regulations Section 3112(d). The Record of Sole Source Procurement should include for all contracts made under sole source procurement, the name of each contractor, the amount and type of each contract, a listing of supplies, services or construction procured under each contract and the identification number of each contract file.

Deferral of Costs: Licenses

Observation:

We noted that the entire cost of a multi-year software license was expensed upon payment.

Recommendation:

The Academy should amortize the cost of the licenses over the subscription period to ensure the expenses are recognized in the appropriate period.

This communication is intended solely for the information and use of management, the Board of Trustees of the Academy, others within the organization and the Office of Public Accountability and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Very truly yours,

Ernst + Young LLP