



Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 17

February 15, 2012

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## Overview of Accomplishments and Activities, February 15, 2012

A&M officially started performance on the Third Party Fiduciary Agent (TPFA) contract on September 15, 2010 based upon final signatures (the Notice to Proceed was issued on September 13, 2010). Initiation of progress tracking is based upon initial mobilization and official kick-off with the U.S. Department of Education (US DOE) on September 20, 2010.

The highlights for the month ending February 15, 2012 include the following:

- Completed late liquidation requests to capture indirect costs from the Title V consolidated grants for FY2006, FY2007 and FY2008. These filings were reviewed by federal programs and submitted to Collette Fisher and Jenelle Leonard (U.S. Department of Education) for review on February 14, 2012.
- Completed drawdowns to capture indirect costs for FY2011 expenditures (using FY2009 and FY2010 Title V consolidated grant funds).
- Continued to participate and monitor the progress of the installation of the FMIS system. Provided feedback on first draft of standard operating procedures (SOPs) from Warbird, formerly Huron Consulting. The goal of going live with the general ledger and procurement sections of the software on April 2, 2012 appears to be on course. The payroll and human resources modules have a target to go live on July 1, 2012.
- Participated in Guam Education Board Finance and Administrative Services Committee Work Session to discuss the CCAP. Discussed GDOE's need to \$25 million in goods and services in order to obligate funds for grants expiring 9/30/12 and concerns regarding complexity of Guam procurement process. Board members agreed to discuss procurement regulations with the legislature to see if there are ways to reduce red tape.
- Coordinated with federal programs to begin development of standard operating procedures (SOPs) to ensure the uniform treatment of subgrantees/subrecipients. SOPs will be added to CCAP.
- Worked with GDOE Internal Audit to develop a first draft of the tracking and reporting system for the CCAP.



## Grant Status Highlights and Activity Data

All current grants are available for obligation and payments.

	Jan 2012	2 <sup>nd</sup> Quarter FY12	Total for FY12
Requisitions Created	49	49	429
Purchase Orders Issued	22	22	121
Invoices Processed	528	528	3,532
Funds drawn for Payments	\$4,975,855	\$4,975,855	\$24,370,084
Receipt of Fixed Assets	28	28	593



### Performance Plan Evidence of Completion Achievement

After evaluating the requirements of GDOE and working with USDOE during the week of September 20, 2010, A&M proposed review of the performance management plan to re-prioritize efforts on standing up the FMIS as quickly as possible. This prioritization was based upon meetings with GDOE leadership, the Education Policy Board and the Guam Legislature which underscored the criticality of gaining USDOE's approval to drawdown funds and reimbursing local funds. The tracking reflects proposed changes, for GDOE's review and finalization.

<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
Mobilization	Assemble team and begin operations on Guam	Staffing Roster	Oct 15, 2010 And continuing to monitor for effectiveness.	Complete.
	Establishing basic infrastructure for receipt and disbursement of grant funds	Standard Operating Procedures	Oct 15, 2010 1 <sup>st</sup> Draft Dec 31, 2010 2 <sup>nd</sup> Draft Issuing SOPs to GDOE as they are revised/completed	Complete.
	Evaluate backlog of completed grant funding eligible GDOE transactions and prepare drawdown requests to secure reimbursement.	Initial drawdown requests	X – Initial drawdown will occur immediately after USDOE approval is obtained	Complete.
Infrastructure Installation and Management	Stand up FMIS to accommodate 3 <sup>rd</sup> Party requirements	Release of system to production environment	Dec 15, 2010	Complete.
	Establish bank accounts	Bank accounts setup completions of test draws successfully arriving in bank account.	Oct 15, 2010	Complete.



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	Build awareness of new internal controls and Policies and Procedures	Training Program Materials and Training Session attendance rosters showing 90% coverage of target population	Jan 31, 2011 And continuing to monitor for effectiveness.	New training programs developed for procurement management.
	Transfer all necessary data from the 3 <sup>rd</sup> party FMIS to GDOE's FMIS, communicating information to GDOE's FMS contractor and providing feedback to GDOE and the USDOE on GDOE's implementation of the FMIS.	Reconciliation report confirming complete and accurate transfer of 3 <sup>rd</sup> party financial records to GDOE's FMIS	By 10 <sup>th</sup> of the month after the first drawdown transaction.	On-Going.
Compliance Management	Develop a compliance roadmap equivalent to a Corrective Action Plan	Developed and Approved Corrective Action Plan	Jan 31, 2011 submission to GDOE Feb 15, 2011 submission to USDOE	CCAP Officially accepted by US ED on Dec 15, 2011.
	Perform quarterly tracking of CAP	Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance changes	March. 15, 2011, first quarterly reports	First report is due March 9, 2012.
	Support for external audits and facilitating information requests, etc	Responses to information requests and meetings set with external auditors	2011 A-133 audit support when scheduled with external auditors by the Deputy Superintendent	Ongoing meetings have occurred with the external auditor in advance of audit performance.
In -Kind Valuation Processes	Determine the basis for valuations related to cost sharing and matching funds for	Maintenance of records sufficient to document the basis of in kind valuations	Jan 31, 2011 And continuing to monitor for effectiveness	On-Going, as needed.



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	grant reporting	through audit reviews		
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports Cycle Counts for 3 schools per month during open school sessions	Complete inventory of items purchased using grant funds after Oct 1, 2006 will be conducted after school starts in the fall of 2011.	USDOE Funded Assets - Planning a physical inventory for later in the academic year.
	Payroll	Clean drawdown request for payroll expenses	Ongoing	Complete. Reimbursements for payroll are occurring regularly. For the month of February reimbursements total approximately \$1.9 million.
	Payables	Daily transactions listing support each request for a draw of grant funds by the Business Office	Immediately after release of funds by the USDOE And continuing to monitor for effectiveness.	On-Going.
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness.	On-Going
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	On-Going.
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	On-Going.



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Payroll systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of payroll procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	SOPs are continuing to be reviewed and refined by key GDOE personnel.
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions	Dec 15, 2010 And continuing to monitor for effectiveness	Activities to improve GDOE payroll and personnel processes are currently underway, with emphasis on general ledger/labor cost analysis and creation of inter-department communication/efficiency
	Document and maintain records appropriately	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011 And continuing to monitor for effectiveness	A&M uses a three way match to reimburse payroll costs. GDOE is improving their match error rate as a result of the error report reconciliations and emphasis on payroll system improvements at the school and division levels. Federal Roster and TDR processing is continuing to be the focus on payroll reimbursement processes.
Cash Management	Implement a system of cash management that provides for cash – neutral or limited use of general funds for federal programs.	Daily bank balance reports and completion of test draws arriving in appropriate bank account.	Complete. Monitoring is on-going.	Provided GDOE with bank reconciliation reports from account inception through September 30, 2011.





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	Confirm that reimbursement requests are supported by appropriate documentation and documentation is maintained for an appropriate period of time.	Monthly report showing grant status by organization, school or program	Complete.	On-Going.
	Confirm that account balances are monitored to prevent the failure to timely obligate and liquidate funds and prevent the lapsing of funds.	Grant award status report and monthly reporting	Jan 10, 2011 And continuing to monitor for effectiveness	On-Going.
Procurement operations and systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of procurement procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	On-Going.
	Establish contacts and working relationships with prospective vendors that can provide goods and services that GDOE needs under the grants. Enter into contracts with vendors on behalf of GDOE, and, in doing so, must comply with the provisions for procurement.	Review of an authorized vendors list and monthly tracking o procurement actions	Nov 15, 2010 And continuing to monitor for effectiveness	Have established numerous relationships with technology and other key vendors based upon planned procurements in grants including- FMIS, FMIS PM, Construction, etc. Participate in vendor management activities as appropriate.
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Complete



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Fixed Assets /Inventory systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of fixed assets procedure changes to be implemented (Note given the lack of power to support computers at the warehouse receiving will continue with paper copies of receiving information during the first half of 2011.)	Jan 31, 2011	On-Going. We are now developing an understanding of the BMI Scanners and as the first steps in assisting GDOE in automating receipt of fixed assets, inventory tagging and physical inventory recording.
	Through active oversight of the warehouse, procurement and inventory, oversee the management of all tangible personal property procured under the grants by the GDOE in accordance with the requirements	Fixed assets inventory reconciliation report	Apr 30, 2011 Revised to October 31, 2011. Priority is after the task of procurement. Procurement process is continuing to be extensive and absorbing most time of staff.	USDOE Funded Assets – A total of 1591 fixed assets have now been received and loaded into the MUNIS Fixed asset Module.
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Introducing a scanning system for receiving and in taking physical inventories. System is on order and is part of the implementation of the FMIS system. Procedures will be introduced for effective use of this system as part of FMIS implementation.
Records	Detailed specification of internal control standards and process improvement actions	Checklist of records management procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	Began population of TPFA deliverables repository and will continue to update as

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Management	required by CAP			standard operating procedures, training documents and other materials are implemented.
	Appropriate records management in compliance with EDGAR requirements and that supporting documentation is maintained for an appropriate period of time. This includes the entry of electronic copies of all supporting documentation into the integrated software system so that it is readily available for audit and or inquiry by various parties including GDOE executive and program offices.	Compliant financial transaction files	Dec 31, 2010, as inclusion in the training materials for GDOE MUNIS users And continuing to monitor for effectiveness	Electronic record storage will be implemented as part of the FMIS system.
Reporting	Conduct reconciliations on a monthly and quarterly basis	Reconciliation Reports Monthly and Quarterly	Complete	On-Going.
	Define other custom reports as necessary to support operations	Special reports and analyses	Sep 15, 2011 And continuing to monitor for effectiveness	On-Going.
	Program management reporting - Standard monthly reporting will track status of performance results as well as operating information on drawdowns, procurement status and other pre-defined status indicators. Reporting will also identify any	Issue memos or emails; monthly program management reports	Monthly	Updated status report is submitted to GDOE this period for review.

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	performance risks and issues. Informal, timely information exchange will also occur to share information, resolve issues and address operational concerns			
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency	Presentation to GDOE with implementation plans	Sept 15, 2011 And continuing to monitor for effectiveness	Specific performance improvement activities have focused on Procurement through development of training and a procurement improvement plan working in concert with Marc Pido.
Procurement Support as an added function	Draft procurement document templates that comply with ARRA and other federal requirements	Accepted by GDOE Office of Supply Management		Complete. Providing additional procurement support and template-updating as necessary.
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG		Conducted procurement training for 69 GDOE professionals – project managers, program coordinators, and school administrators.



### **Immediate Areas Requiring GDOE/A&M Attention**

The following reflect high priority activities and actions requiring attention from GDOE and A&M:

- Support GDOE Supply Management in the re-issuing of a number of ARRA RLIS and 2009 Title V, Part A Consolidated Grant procurement solicitations. After a meeting with the Office of the Attorney General, it was determined that based upon the original deadlines included in the original procurements that an extension was not permissible under Guam procurement law and that new solicitations were required.
- Review of the subgrant and contracting relationships between GDOE and other agencies of the Guam government to determine if corrective actions are required and an inclusion those corrective actions in the CCAP if appropriate.
- Support GDOE, Tyler Technologies and Warbird, formerly Huron Consulting, in the implementation of the new FMIS. Review the new SOPs for thoroughness and compliance with solid internal control procedures.
- Require direct involvement from GDOE to resolve error reports in processing of payroll reimbursements. GDOE has not provided any payroll reconciliation adjustments of the GDOE General Ledger to the GDOE Labor Cost for this Fiscal Year (FY12). These adjustments include military leave, jury duty, and DEED. The error list for the Consolidated and Discretionary Grants (FY12 PP01 thru FY12 PP05) shows the summaries by program and employee, in addition to a certification form to be reviewed by the Program Managers and their staff. Approximately \$340K has not been reimbursed and needs to be investigated.
- Calculating the indirect cost rates for FY2010, 2011 and 2012 and insuring that applications are filed with the Department of the Interior and Department of Education.
- Assist with the A-133 Audit.
- GDOE to review and finalize response to US ED SFSF office's list of questions regarding the status of the trust funds that were set aside for school capital improvements and technology projects. (GDOE is required to submit a quarterly report on the status of the school capital improvement and technology projects are required as part of the agreement with US ED SFSF. To date, these reports have not been submitted to US ED).  
GDOE to review remaining budgets for salaries and benefits for the FY2009 – FY2011 Title V grants to determine accuracy. If GDOE has over-budgeted for salaries and benefits, GDOE should reallocate these funds as soon as possible.