



Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 27

December 15, 2012



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## Overview of Accomplishments and Activities, December 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 (USDOE) on September 20, 2010.

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

- Received grant award notification from U.S. Department of Education of FY2012 Title V, Part A consolidated grant application. Federal programs met with GDOE program managers to discuss grant award amounts and kick off programs.
- Provided preliminary audit support for FY2012 financial audit.
- Received late liquidation approvals from U.S. Department of Education for the Project Menhalom grant, FY2007 and FY2008 Title V, Part A consolidated grants. With the late liquidations processed, the FY08 consolidated grant was totally utilized. For the FY07 consolidated grant, \$31,729 is remaining and \$3,630 is remaining in the Project Menhalom grant.
- Submitted the FY2010, FY2011 and FY2012 Indirect Cost Rate proposals to the U.S. DOI's Interior Business Center (formerly National Business Center) for approval.
- The FMIS system is functional in the areas of General Ledger, Accounts Payable, Budgets, Procurement, Payroll and Human Resources. Some important activities that must be completed include the production of critical reports (time distribution, labor cost report and staffing pattern), closing the months from April (system go-live) through September, as well as the creation of the automated interface between the TPFA and GDOE MUNIS systems.
- The physical inventory of both locally funded assets and federally funded assets has been completed. Reconciliation of assets purchased with U.S. Department of Education funds has been completed. Approximately 98% of the USDOE funded assets have been accounted for. Forty public schools, 25 GDOE divisions, and 25 private/catholic schools were inspected for a total of 2,573 USDOE Federal Funded Fixed Assets. Of that total, approximately 40 assets are listed as missing, 1 asset is retired, and 6 assets have been stolen.
- The electronic interactive whiteboards (IWB) have arrived and the first installations have been completed. The target date for complete installation of all 200 whiteboards is scheduled for Dec 21st. Of the 200 whiteboards, the first 150 are devoted to distribution to all GDOE schools based upon student enrollment. Another 46 are slated for the STEM classrooms and 4 are in support of the technology infrastructure. The funding source for the STEM and technology infrastructure whiteboards is the Adequate Education Trust Fund.



### Grant Status Highlights and Activity Data

	<u>Nov-12</u>	<u>1st Quarter to Date</u>	<u>Total for FY13 to date</u>
Requisitions Created	28	77	77
Purchase Orders Issued	13	22	22
Funds drawn for Payments	\$ 959,375	\$ 3,438,658	\$ 3,438,658
Receipt of Fixed Assets	67	496	496



**Performance Plan Evidence of Completion Achievement**

2012-13 activities will focus on building collaborative processes with GDOE, advancing the CCAP and controls supporting an overall objective of resolving high risk designation.

<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments To Date and Planned</b>
Infrastructure Installation and Management	Build awareness of new internal controls and Policies and Procedures	Training Program Materials and Training Session attendance rosters showing 100% coverage of target population	Jan 31, 2011 And continuing to monitor for effectiveness.  <b>2012-13</b> Update and support as policies and procedures are updated by GDOE	Training programs developed for procurement management.  Provide updates to internal controls and associated policies and procedures to align with GDOE's new financial management capabilities.
Compliance Management	Develop a compliance roadmap equivalent to a Comprehensive Corrective Action Plan	Developed and Approved Comprehensive Corrective Action Plan	Jan 31, 2011 submission to GDOE Feb 15, 2011 submission to USDOE  <b>2012-13</b> Update CCAP as necessary based upon changes to GDOE's administrative structure and/or due to audit or management findings related to the controls environments	CCAP officially accepted by USDOE on Dec 15, 2011.  <b>2012-13</b> submissions and reconciliation of comments provided by USDOE
	Perform quarterly tracking of CCAP	Documented tracking of progress against Plan and	<b>2012-13</b> Continue to manage the coordination	The fourth quarterly report for the period of



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
		incorporation of any required changes based upon new process and/or compliance changes	of tracking and preparation of the CCAP for review	<p>September through November 2012 will be completed for submission December 21st.</p> <p>TPFA has created a supplemental tool to assist with tracking progress of CCAP activities.</p> <p>CCAP committee meets twice monthly to discuss activities related to CCAP progress.</p> <p><b>2012-13</b> Support the submission of quarterly reports by GDOE.</p>
Audit Support	Support for external audits and facilitating information requests, etc	<p>Responses to information requests and meetings set with external auditors</p> <p>Assist with internal audit department with identification of risk areas.</p>	<p><b>2012-13</b> A-133 audit support when scheduled with external auditors by the Deputy Superintendent.</p> <p>Review standard operating procedures (SOPs) and department policies to assist in development of audit plan.</p>	<p>Ongoing meetings have occurred with the external auditor in advance of audit performance.</p> <p>TPFA provided audit support for the FY2012 audit. TPFA also responds to follow-up requests re: prior year audit findings as</p>



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
			Assist with internal audit department with identification of risk areas.	requested.  <b>2012-13</b> TPFA will continue to provide support for external audit activities.
In -Kind Valuation Processes	Determine the basis for valuations related to cost sharing and matching funds for grant reporting	Maintenance of records sufficient to document the basis of in kind valuations through audit reviews	Jan 31, 2011 And continuing to monitor for effectiveness	On-going, as needed.
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 was completed in 2011.  <b>2012-13</b> Physical inventory of federally and locally funded assets to begin September 2012.	USDOE Funded Assets - GDOE completed its 2012 physical inventory of fixed assets. Reconciliation of the assets purchased with US Ed funds has been completed.  GDOE will begin conducting annual inventories in January 2013 with a schedule of inventory of 2 to 3 schools weekly.  <b>2012-13</b> TPFA to provide updated guidance for physical inventory of locally purchased & federally funded assets.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Payroll	Clean drawdown request for payroll expenses	On-going	For the period of November 16 <sup>th</sup> thru December 15th, approximately \$610K610K has been prepared for reimbursement (Consolidated & Discretionary Grants = \$610K, SPED = \$0).
	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.	Payables are processed daily and checkruns at least weekly. TPFAs prepares drawdown request forms for GDOE personnel to process drawdowns in US Ed G5 system.
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness.	TPFA participates in biweekly meetings to discuss progress on procurements related to education grant and local funds.
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	Records supporting payables, procurement, and payroll reimbursements are maintained electronically in TPFAs financial





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	Cash management	Compliant daily bank balance reports	Dec 29, 2010	management system. TPFA performs daily and monthly bank reconciliations. Monthly reconciliations are documented, shared appropriate GDOE accounting personnel and maintained in TPFA repository.
Payroll systems	Detailed specification of internal control standards and process improvement actions required by CCAP	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.  <b>2012</b> SOPs will be updated to integrate with FMIS implementation.
	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. Special Education has reduced their payroll reimbursement rate consistently to 0%. Federal Programs and Program Manager staff for the Consolidated and Discretionary Grants has reduced the payroll



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				<p>reimbursement errors to approximately 4%. Program Manager meetings with A&amp;M to discuss payroll reimbursement processes are regular.</p> <p><b>2012-13</b> A&amp;M will continue to focus on the general ledger/labor cost analysis and creation of inter-department communication/efficiency.</p>
	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.



<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments To Date and Planned</b>
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.	Monthly bank reconciliations are provided to GDOE.
	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.	<p>TPFA prepares drawdown request forms for GDOE personnel to process drawdowns in US Ed G5 system.</p> <p>Grant status reports are provided to GDOE monthly and updates can be generated as needed on demand.</p>
	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	<p>Initial - Jan 10, 2011</p> <p>Continuing to monitor for effectiveness</p>	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	Initial - Jan 31, 2011  Continuing to monitor for effectiveness  <b>2012-13</b> Work collaboratively with GDOE Supply Management to improve procurement processes	On-going.  <b>2012-13</b> Update internal control associated with CCAP and other policies and procedures
	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 procurement actions	Initial - Nov 15, 2010  Continuing to monitor for effectiveness  <b>2012-13</b> Assist GDOE in improving overall supplier management processes	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.  <b>2012-13</b> Identify and document improved practices related to supplier management
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Initial - Jan 31, 2011	Complete.  <b>2012-13</b> Support enhancements in procurement activities through updates to SOPs based upon organizational, systems



				and potential compliance requirements.
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 until FMIS automated receiving is implemented.	Jan 31, 2011	On-going. BMI Scanner workshops and training sessions were conducted by GDOE's Supply Management Administrator, Tyler Technologies, and BMI. Training included all GDOE warehouse and property management personnel with attendance and assistance from A&M.  <b>2012-13</b> A&M will implement the use of scanners in support of inventory and fixed assets
	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	Initial - 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.  <b>2012-13</b> Work with GDOE to align FA approaches	USDOE Funded Assets – A total of 2582 fixed assets have now been loaded into the MUNIS Fixed asset Module. A total of 1744 assets have been received under A&M purchase orders.  <b>2012-13</b> –Provide ongoing management through the FA module



				and coordinate with GDOE's FMIS and FA management approach to support transition of data.
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Initial - Jan 31, 2011	<p>Introduced the BMI scanning system for receiving and taking physical inventories. Procedures are being developed for effective use of this system as part of FMIS implementation.</p> <p><b>2012-13</b> procedures will be introduced for effective use of this system as part of FMIS implementation. Initial SOP Draft for AssetTrak/TransTrak has been completed.</p>
Records Management	Detailed specification of internal control standards and process improvement actions required by CCAP	Checklist of records management procedure changes to be implemented	Initial - Jan 31, 2011 And continuing to monitor for effectiveness	Ongoing population of TPFA deliverables repository. Materials are updated as standard operating procedures, training documents and other materials are implemented or revised.
	Appropriate records management in compliance with EDGAR requirements and that supporting	Compliant financial transaction files	Dec 31, 2010, as inclusion in the training materials for GDOE MUNIS users And continuing to monitor	Electronic record storage will be implemented as part of the FMIS system.



	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.		for effectiveness	
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	Initial - Sep 15, 2011 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 draw downs, procurement status and other pre-defined status indicators. Reporting will also identify any performance risks and issues. Informal, timely information exchange will also occur to share information, resolve issues and address operational concerns	Issue memos or emails; monthly program management reports	Monthly	<b>2012-13</b> Continue to produce status reports and review with Federal programs and management



<p>Performance Improvements</p>	<p>Identified opportunities to streamline processes and increase operational efficiency</p>	<p>Presentation to GDOE with implementation plans</p> <p>Updated policies and procedures</p>	<p>Initial - Sept 15, 2011 Continuing to monitor for effectiveness</p>	<p>Specific performance improvement activities have focused on Procurement through development of training and a procurement improvement plan working in concert with the Supply Chain Administrator.</p> <p><b>2012-13</b> Provide updated efficiency recommendations based upon changes in federal and local requirements. Review standard operating procedures (SOPs) related to the FMIS and recommend adjustments as necessary to improve operational effectiveness.</p>
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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	<b>2012-13</b> Update templates based upon changes in local and federal requirements and process changes	Complete. Providing additional procurement support and template-updating as necessary.  <b>2012-13</b> Review required updates and set forth an appropriate schedule for delivery.
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG	<b>2012-13</b> Design and deliver updated training	Conducted procurement training for 69 GDOE professionals – project managers, program coordinators, and school administrators.  <b>2012-13</b> Support training in conjunction with Supply Management.
	Augment supply management staff as needed to ensure obligation of expiring grants funds.	Provide additional staffing for surge support for end of year processing.	<b>2012-13</b> From May through September, provide increased staffing to support increased procurement activities	<b>2012-13</b> Minimize the need to for year-end surge support, yet effectively track requirements and staff appropriately.
Budget Diagnostic	Conduct a Department wide budget analysis to determine opportunities for cost control, implement budget policies & practices to support sustained management and control	Budget presentation, budget financial model, draft policies and procedures	To initiate in 2012-13	Not Started



Local Implementation Support	Facilitate working sessions and provide project management and technical support to address operational risk areas in support of transitioning off high risk status with the U.S. Dept of Education	Project plan, action plan and support for managing development of a business case	To initiate in 2012-13	Not Started
Indirect Cost Analysis	Support development of the indirect cost package for submission to U.S. Dept of Education and Interior	Package for submission and analytical cost model as well as training for GDOE personnel on how to apply	Underway in 2012 with annual updates	Completed in November, 2012 and updated again in 2013.



## Immediate Areas Requiring GDOE/A&M Attention

The following **critical activities and actions** require attention:

- Continue to work toward finalizing the remaining implementation action items for the FMIS including:
  - Closing the FY2011 year and closing months for FY2012 in MUNIS.
  - Finalizing reports such as the staffing pattern, personnel action forms and time distribution reports.
  - Automation of the information transfer between TPFA and GDOE MUNIS systems
  - Adopting new standard operating procedures (SOPs) that support the FMIS.
- Finalize reconciliation of GDOE physical inventory. Reconciliation of assets under TPFA purview is complete. Reconciliation of locally funded assets expected to be completed by December 31, 2012.
- Based upon physical inventory, ongoing issues that require resolution to meet compliance standards: 1) A survey of technology assets, particularly computers, in order to assess whether to repair, repurpose or dispose of equipment. 2) Security concerns both at the warehouse and schools.
- Continue follow up on open obligations for grants that expired in September to ensure timely liquidation of funds by December 31, 2012. (Due to complications getting equipment parts from areas affected by Hurricane Sandy, there is a strong likelihood that the technology purchased with the ARRA RLIS grant will not arrive in time for distribution and liquidation prior to December 31<sup>st</sup>. As a result, we are awaiting response from U.S. Department of Education regarding the possibility of late liquidation for that grant.)
- Determine timing for budget diagnostic and CCAP local implementation planning workshop. Plan is to initiate in early January onsite.
- Design new Board communication regarding A&M's scope of work and progress.