



Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 36

September 15, 2013



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Overview of Accomplishments and Activities, September 15, 2013

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 September 15, 2013 include the following:

- The quarterly comprehensive corrective action plan (CCAP) report for the three month period ending August 31, 2013 was finalized and will be submitted for U.S. Department of Education review on September 16, 2013.
- GDOE Federal Programs team and TPFA have performed a first-in, first-out analysis to pinpoint approximately \$2.3M in expenditures (salaries and benefits) that can be moved from the FY2012 CG to the FY2011 CG. U.S. Ed approval of a budget amendment (\$2M) for FY2011 CG is needed in order to move funds to accommodate the FIFO transactions. Approximately \$2M needs to be re-budgeted in order to accommodate first-in, first-out movement of salaries and benefits from the FY2012 consolidated grant.
- GDOE Federal Programs team is revising the FY2013 Title V consolidated grant application to be submitted to U.S. Department of Education for review by Monday, September 16, 2013.
- The search for Chief Internal Auditor continues.
- TPFA has completed the first draft of a local implementation plan activities report including actionable internal control activities for GDOE to support getting off high risk status. TPFA has submitted the draft to Superintendent Fernandez for input.



Grant Status Highlights and Activity Data

Guam Department of Education

Grant Status Report Executive Summary

Grant Status Report as of 9/12/2013 11:42:04 AM

Grant	Grant Name	Budget	Encumbrances	Requisitions	Actual Expenditures	Available Budget	Available %	Obligated By
F0996	FY09 Project TFASEG	999,830.00	92,014.76	9,580.64	898,234.28	0.32	0.00%	9/30/2013
F1113	FY11 Striving Readers Compreh Lit.	312,967.00	56,814.29	-	247,710.18	8,442.53	2.70%	9/30/2013
F1182	2011 Consolidated Grant	20,592,543.00	2,352,812.75	1,892,045.56	13,781,855.04	2,565,829.65	12.46%	9/30/2013
F1195	FY2011 SPED Part B	13,962,402.00	45,908.42	-	13,888,388.74	28,104.84	0.20%	9/30/2013
F1213	FY12 Striving Readers Compreh Lit.	246,932.00	72,922.70	28,738.17	0.00	145,271.13	58.83%	7/31/2014
F1282	2012 Consolidated Grant - Title V	20,645,898.00	2,068,211.85	4,190,270.48	4,571,932.70	9,815,482.97	47.54%	9/30/2014
F1294	FY2011 Special Education Part C	1,424,395.00	74,056.92	4,144.00	1,255,808.97	90,385.11	6.35%	9/30/2013
F1295	FY2012 SPED Part B	14,098,659.00	325,809.75	539,157.08	4,042,592.46	9,191,099.71	65.19%	9/30/2014
F1296	FY12 Project TFASEG	908,222.00	13,336.69	398,407.53	58,380.88	438,096.90	48.24%	9/30/2014
F1394	FY2012 Special Education Part C	1,448,962.00	172,534.29	6,459.54	0.00	1,269,968.17	87.65%	9/30/2014
		\$74,640,810.00	\$5,274,422.42	\$7,068,803.00	\$38,744,903.25	\$23,552,681.33	31.55%	

Highlighted items represent grants that must be obligated by September 30, 2013.

- The amounts shown in the “Requisitions” (\$1.9M) column are at risk of not being obligated on time. The requisitions include \$671K in professional services. Contracts for professional services must be signed on or prior to 9/30/13 in order to obligate funds.
- First-in, first-out (FIFO) analysis indicates there is approximately \$2.3M in expenditures (salaries and benefits) that can be moved from the FY2012 consolidated grant to the FY2011 consolidated grant. A budget amendment (\$2M) for FY2011 CG is needed in order to move funds to accommodate the FIFO transactions described above. Without timely submission and approval of the request, funds are at risk. Indirect costs of \$32K and \$242K in estimated retroactive pay that can be applied to the FY 2011 CG. With transactions described, FY2011 CG will have no remaining available funds.
- For Sped B (F1195), there is a remaining available balance of \$28K. Based on preliminary reports estimating retroactive pay adjustments due to staff, there is approximately \$275K in salaries and benefits for SpEd that can be applied to the expiring grant.
- For Sped C (F1294), there is a remaining available balance of \$90K. There were \$95K in contractual services originally charged to the FY2012 Sped C grant (F1394) that was moved to the expiring grant. Preliminary estimates for retroactive pay adjustments show an additional \$26K that can be applied to the expiring grant. After, FIFO and retro pay adjustments, there will be a remaining balance of \$64K on this grant which will be used once remaining FY2013 payrolls are reimbursed.



Statistics for Current Fiscal Year

	August	<u>4th Quarter to Date</u>	<u>Total for FY13 to date</u>
Requisitions Created	13	161	842
Purchase Orders Issued	216	372	698
Funds drawn for Payments	\$ 6,145,578	\$ 9,625,582	\$ 39,221,463
Receipt of Fixed Assets	2	66	6342



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.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
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. 2012-13 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 2012-13 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. 2012-13 submissions and reconciliation of comments provided by USDOE
	Perform quarterly tracking of CCAP	Documented tracking of progress against Plan and	2012-13 Continue to manage the coordination	TPFA is working with GDOE to improve its



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>supplemental tool(s) to assist with tracking progress of CCAP activities and assist with the design of an internal GDOE CCAP document.</p> <p>2013 Support the submission of quarterly reports by GDOE.</p> <p>The quarterly report for the period June 1 – August 31 will be submitted for US Ed review on September 16, 2013.</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>2012-13 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>Assist with internal audit</p>	<p>2012-13 TPFA will continue to provide support for external audit activities.</p> <p>In preparation for the FY2013 fiscal year-end, TPFA and GDOE accounting personnel have reinstated regular meetings to review critical</p>



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
			department with identification of risk areas.	reconciling items for the GDOE and TPFA accounting systems.
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. 2012-13 Physical inventories of federally and locally funded assets to begin September 2012.	USDOE Funded Assets - GDOE completed its 2013 physical inventory of fixed assets. Reconciliation of the assets purchased with US Ed funds has been completed. Planning for next year's physical inventory continues, including training for property liaisons and warehouse staff. 2012-13 TPFA continues 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 August 16 th thru September 15 th , approximately \$1.8M for payroll for consolidated and discretionary grants and \$744.5K for SPED was reimbursed.
	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 check runs at least weekly. TPFA 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 TPFA financial management system.
	Cash management	Compliant daily bank balance	Dec 29, 2010	TPFA performs daily and



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
		reports		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. 2013 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. Program Manager meetings with A&M to discuss payroll reimbursement processes are regular. 2012-13 A&M will continue to focus on the general ledger/labor cost analysis and creation of inter-department



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
				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.	Monthly bank reconciliations are provided to GDOE.



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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.	<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 CCAP	Checklist of procurement procedure changes to be implemented	<p>Initial - Jan 31, 2011</p> <p>Continuing to monitor for effectiveness</p> <p>2012-13 Work collaboratively with GDOE Supply Management to improve procurement processes</p>	<p>On-going.</p> <p>2012-13 Update internal control associated with CCAP and other policies and procedures</p>
	Establish contacts and working relationships with prospective vendors that can	Review of an authorized vendors list and monthly tracking procurement actions	<p>Initial - Nov 15, 2010</p> <p>Continuing to monitor for</p>	Have established numerous relationships with technology and other



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	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.		effectiveness 2012-13 Assist GDOE in improving overall supplier management processes	key vendors based upon planned procurements in grants including- FMIS, FMIS PM, Construction, etc. Participate in vendor management activities as appropriate. 2012-13 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. 2012-13 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 CCAP	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	Jan 31, 2011	On-going. BMI Scanner workshops and training sessions were conducted by GDOE's Supply Management Administrator, Tyler Technologies, and BMI.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
		receiving information until FMIS automated receiving is implemented.		<p>Training included all GDOE warehouse and property management personnel with attendance and assistance from A&M.</p> <p>2012-13 A&M is using BMI scanners in support of inventory and fixed assets.</p>
	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	<p>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.</p> <p>2012-13 Work with GDOE to align FA approaches</p>	<p>USDOE Funded Assets – A total of 8,599 fixed assets have now been loaded into the MUNIS Fixed asset Module.</p> <p>2012-13 –Provide ongoing management through the FA module and coordinate with GDOE’s FMIS and FA management approach to support transition of data.</p>
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Initial - Jan 31, 2011	Introduced the BMI scanning system for receiving and taking physical inventories. Procedures are being



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				<p>developed for effective use of this system as part of FMIS implementation.</p> <p>2012-13 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 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	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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	available for audit and or inquiry by various parties including GDOE executive and program offices.			
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	2012-13 Continue to produce status reports and review with Federal programs and management
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency	Presentation to GDOE with implementation plans Updated policies and procedures	Initial - Sept 15, 2011 Continuing to monitor for effectiveness	Specific performance improvement activities have focused on Procurement through development of training and a procurement



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
				<p>improvement plan working in concert with the Supply Chain Administrator.</p> <p>2012-13 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>
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	2012-13 Update templates based upon changes in local and federal requirements and process changes	<p>Complete. Providing additional procurement support and template-updating as necessary.</p> <p>2012-13 Review required updates and set forth an appropriate schedule for delivery.</p>
	Conduct procurement training for GDOE Supply Management staff consistent	Final procurement documents accepted by AG	2012-13 Design and deliver updated training	Conducted procurement training for 69 GDOE professionals – project



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	with federal compliance requirements			managers, program coordinators, and school administrators. 2012-13 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.	2012-13 From May through September, provide increased staffing to support increased procurement activities.	2012-13 Minimize the need for year-end surge support, yet effectively track requirements and staff appropriately. In the absence of a GDOE buyer for small purchases, TPFA has hired a summer intern to handle small procurements.
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 per direction of the Superintendent.



<p>Local Implementation Support</p>	<p>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.</p>	<p>Project plan, action plan and support for managing development of a business case</p>	<p>To initiate in 2012-13</p>	<p>Initial discussions regarding the local implementation and goals have taken place. Work to develop the plan to continue throughout August. TPFA to develop plans for GDOE review.</p>
<p>Indirect Cost Analysis</p>	<p>Support development of the indirect cost package for submission to U.S. Dept. of Education and Interior</p>	<p>Package for submission and analytical cost model as well as training for GDOE personnel on how to apply</p>	<p>Underway in 2012 with annual updates</p>	<p>Completed in November, 2012. 2013 Indirect Cost Rate proposal to be submitted. Restricted Rate submission for FY 2012 being prepared for submission to USDOE.</p>



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:
 - 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.
 - Preparing to upgrade to MUNIS version 9.4 with enhancements. Due to major changes with MUNIS that will be part of version 10.5, Tyler Technologies recommended that GDOE upgrade to MUNIS version 9.4 with enhancements instead of upgrading to version 10.5 as originally planned.
- Based upon the physical inventory process, ongoing issues that require resolution to meet compliance standards have been identified: 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. 3) Review potential changes to warehouse and property management impacting the distribution and management of assets.
- Complete the 2013 physical inventory reconciliation of local assets and begin importing fixed asset data for US Department of Education funded assets and other assets into GDOE MUNIS system. And continue efforts to find assets that were considered missing.
- Continue work on the local implementation plan for getting off high risk including meetings with GDOE divisions to monitor progress of standard operating procedures. Local implementation activities will include a comprehensive human capital assessment for GDOE in order to make recommendations about best practices and identify risk areas.
- Finalize submission of FY2010 - 2012 Restricted Indirect Cost Rates to USDOE and FY2013 and 2014 Indirect Cost Rate proposals to U.S. Department of Interior's Business Center.
- Continue tracking of funds requiring procurement processing through Supply Management for expiring grants.
- GDOE Federal Programs will submit a budget amendment request for the FY2011 Title V, Part A consolidated grant. Timely submission and approval is critical for obligation remaining grant funds.
- GDOE will submit labor cost reports related to payments of retroactive salary increments for TPFA review and reimbursement.