



Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 73

October 15, 2016



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## Overview of Accomplishments and Activities, October 15, 2016

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 October 15, 2016 include the following:

- A&M<sup>1</sup> continues work on the transition plan for GDOE to support getting off high risk status.
  - GDOE is meeting on a weekly basis to track progress and distribute updates to the Co-Chairs. An executive summary has been developed by the Co-Chairs and A&M and is being distributed to the Superintendent. A reporting schedule has also been established to communicate a subset of the plan to both the GEB as well as to the Guam public.
  - The Superintendent, the Co-Chairs and A&M meet internally on a bi-weekly basis to discuss plan progress and potential road-blocks.
  - The GDOE has reviewed the comments provided by the USDOE's visit and has re-tooled the transition plan to address "high" priority issues. Further, the TPFA worked with the GDOE to finalize a new initiative that has been included in the transition plan and discusses work-streams currently being performed by the TPFA. At some point in the future, it would be beneficial for the GDOE to discuss with the USDOE an appropriate manner in which to plan a gradual transition of certain accounting and other reporting activities currently being performed by the TPFA. While this may be months or years down the road, it is worthy of getting a head start on this topic.
  - Denise Wempe, former U.S. Department of Education Regional Inspector for Region IV, made a visit to the GDOE during the first two weeks of October to provide an independent, objective assessment of the efforts that have been made by A&M and the GDOE. Specifically, to assess efforts to close the gap and put the GDOE in a position where they can request reconsideration by the USDOE on the Special Conditions and the future need for a TPFA. Ms. Wempe visited Guam from September 25 thru October 5, 2016 and spoke with the Acting Superintendent; the Deputy Superintendent of Finance & Administrative Services; the Federal Programs Administrator; the Comptroller; the Chief Internal Auditor and internal audit staff; and selected individuals in procurement, FMIS, HR, and Federal Programs.



- The spring 2016 inventory is complete. TPFA is reviewing the inventory data with GDOE Property Management Office (PMO), assisting with the reconciliation process, assisting the PMO with the final reports, and improving the internal operations of the GDOE Property Management Division thru the implementation of additional procedures plus extensive training with staff.



## Grant Status Highlights and Activity Data

Guam Department of Education

### Grant Status Report Executive Summary

Grant Status Report as of 10/18/2016 6:17:59 AM

Grant	Grant Name	Budget	Encumbrances	Requisitions	Actual Expenditures	Available Budget	Available %	Obligated By
F1296	FY12 Project TFASEG	908,222.00	-	-	907,754.00	468.00	0.05%	9/30/2017
F1313	FY13 Striving Readers Compreh Lit.	212,346.00	-	-	212,346.00	-	0.00%	7/31/2017
F1396	FY13 Project TFASEG	948,262.00	-	-	945,969.64	2,292.36	0.24%	9/30/2017
F1413	FY14 STRIVING READERS	270,133.00	84,719.97	-	176,365.28	9,047.75	3.35%	7/31/2017
F1482	2014 Consolidated Grant - Title V	25,678,150.98	1,467,009.79	-	22,494,653.23	1,716,487.96	6.68%	9/30/2016
F1495	FY2014 SPED Part B	14,096,945.00	226,033.17	-	13,870,755.83	156.00	0.00%	9/30/2016
F1496	FY14 project TFASEG	963,140.00	308,635.73	-	594,694.56	59,809.71	6.21%	9/30/2017
F1513	FY15 Striving Readers	305,298.00	127,962.27	-	76,611.28	100,724.45	32.99%	7/31/2017
F1582	2015 Consolidated Grant - Title V	24,925,098.00	5,144,735.70	1,974,307.94	12,524,461.21	5,281,593.15	21.19%	9/30/2017
F1592	15 Impact	0.00	-	-	9,664.32	(9,664.32)	0.00%	9/30/2016
F1594	FY2014 Special Education Part C	1,462,924.00	144,207.00	-	1,319,702.50	(985.50)	-0.07%	9/30/2016
F1595	FY2015 SPED Part B	14,096,945.00	624,383.06	1,920.00	4,141,351.91	9,329,290.03	66.18%	9/30/2017
F1596	FY15 PROJECT TFASEG	963,140.00	460,566.85	110,910.74	194,916.40	196,746.01	20.43%	9/30/2017
F1692	16 Impact	0.00	-	-	31,693.09	(31,693.09)	0.00%	9/30/2016
F1694	FY2015 Special Education Part C	1,487,272.00	160,248.26	64,178.75	509,317.41	753,527.58	50.67%	9/30/2017
F1792	17 Impact	0.00	-	-	937.62	(937.62)	0.00%	9/30/2017
F1794	FY2016 Special Education Part C	1,489,809.00	-	150,917.00	0.00	1,338,892.00	89.87%	9/13/2017
		<b>\$87,807,684.98</b>	<b>\$8,748,501.80</b>	<b>\$2,302,234.43</b>	<b>58,011,194.28</b>	<b>\$18,745,754.47</b>	<b>21.35%</b>	

### Statistics for Current Fiscal Year

	September	4th Quarter to Date	Total for FY16 to date
Requisitions Created	39	126	646
Purchase Orders Issued	128	334	725
Funds drawn for Payments	\$ 4,423,953	\$ 10,268,352	\$ 38,849,246
Receipt of Fixed Assets	19	115	616



**Performance Plan Evidence of Completion Achievement**

2015-16 activities will continue to 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	Transfer all necessary data from the 3 <sup>rd</sup> party FMIS to GDOE's FMIS, communicating information to GDOE's FMIS contractor and providing feedback to GDOE and the USDOE on GDOE's implementation of the FMIS.	<p>Reconciliation report confirming complete and accurate transfer of 3<sup>rd</sup> party financial records to GDOE's FMIS</p> <p><b>2014-15</b> Automated transfer of fixed asset data from 3<sup>rd</sup> party financial records to GDOE's FMIS</p>	<p>By 10<sup>th</sup> of the month after the first drawdown transaction.</p> <p><b>2014-15</b> Automated data transfers between TPFA and GDOE systems is limited to fixed asset data. Financial data is incorporated into GDOE's system manually by sharing TPFA month-end financial reports.</p>	
Compliance Management	Develop a compliance roadmap equivalent to a Comprehensive Corrective Action Plan	Developed and Approved Comprehensive Corrective Action Plan	<p>Continued quarterly submission of the CCAP</p> <p><b>2015-16</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</p>	<p>CCAP officially accepted by USDOE on Dec 15, 2011.</p> <p><b>2015-16</b> submissions and reconciliation of comments provided by USDOE</p>



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Perform quarterly tracking of CCAP	Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance changes	<b>2015-16</b> Continue to manage the coordination of tracking and preparation of the CCAP for review	<b>2015-16</b> Support the submission of quarterly reports by GDOE.
External Audit Support	Support for external audits and facilitating information requests, etc.	<p>Provide 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>2015-16</b> Single audit support when scheduled with external auditors by the Deputy Superintendent.</p> <p><b>2014-15</b> Reviewed standard operating procedures (SOPs) and department policies to assist in development of audit plan.</p> <p>Assisted with internal audit department with identification of risk areas.</p>	<p>TPFA provided audit support for all audits performed during our engagement with GDOE. TPFA also responds to follow-up requests re: prior year audit findings as requested.</p> <p><b>2015-16</b> TPFA will participate in audit meetings with GDOE, external auditors and Guam Office of Public Accountability to support completion of FY15 audit.</p>
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		On-going, as needed.



<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>
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports		<b>2015-16</b> TPFA will provide updated guidance for physical inventory of locally and federally purchased assets.
	Payroll	Clean drawdown request for payroll expenses	On-going	For the period of September 16 <sup>th</sup> thru October 15th, TPFA reimbursed approximately \$1.2M for payroll for consolidated and discretionary grants and \$1.6M for SPED.
	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	Dec 29, 2010	On-going.





Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Payroll systems	Detailed specification of internal control standards and process improvement actions required by CCAP	reports Checklist of payroll procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	Updated SOPs reflecting updated processes and FMIS capabilities by GDOE personnel.  <b>2015-16</b> SOPs will continue to be updated as needed to integrate with FMIS.
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions	Dec 15, 2010 And continuing to monitor for effectiveness  <b>2014-15</b> Improvements to the general ledger/labor cost analysis and creation of inter-department communication/efficiency.	Activities to improve GDOE payroll and personnel processes are currently underway.
	Document and maintain records appropriately	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011 And continuing to monitor for effectiveness	TPFA 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



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
				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.
	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	Initial - 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 CCAP	Checklist of procurement procedure changes to be implemented	Initial - Jan 31, 2011 And continuing to monitor for effectiveness  <b>2012-13</b> Worked collaboratively with GDOE Supply Management to improve procurement processes	On-going.  <b>2015-16</b> Update internal control associated with CCAP and other policies and procedures.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	<p>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.</p>	<p>Review of an authorized vendors list and monthly tracking of procurement actions</p>	<p>Initial - Nov 15, 2010</p> <p>Continuing to monitor for effectiveness</p> <p><b>2012-13</b> Assisted GDOE in improving overall supplier management processes</p>	<p>Have established numerous relationships with technology and other key vendors based upon planned procurements in grants. Participate in vendor management activities as appropriate.</p> <p><b>2015-16</b> Identify and document improved practices related to supplier management.</p>
	<p>Establish procurement processes and system functions</p>	<p>Publication and external auditor verification of compliance with SOPs</p>	<p>Initial - Jan 31, 2011</p> <p><b>2014-15</b> Supported enhancements in procurement activities through updates to SOPs based upon organizational, systems and potential compliance requirements.</p>	<p>Complete.</p>
<p>Fixed Assets /Inventory systems</p>	<p>Detailed specification of internal control standards and process improvement actions required by CCAP</p>	<p>Checklist of fixed assets procedure changes to be implemented.</p>	<p>Jan 31, 2011</p> <p><b>2014-15</b> BMI Scanner workshops and training sessions via web-conferencing were conducted by GDOE's Supply Management</p>	<p>On-going.</p> <p><b>2015-16</b> TPFA's continued use of scanners in support of inventory and fixed assets</p>



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
			Administrator, Tyler Technologies, and BMI. Training included all GDOE warehouse and property management personnel with attendance and assistance from TPFA.	
	Continued oversight of federal funded 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	<b>2014-15</b> Worked with GDOE to align FA approaches and provide integration with the FMIS FA module.	<b>2015-16</b> – Provide ongoing management through the FA module and coordinate with GDOE’s FMIS and FA management approach to support transition of data and technical approach.
	Transition to decentralized warehouse management and receiving	Training and operational procedures at school level	August- Jan 31, 2014  <b>2014-15</b> Review of receiving operations at school level.  Procedures, training and operational practices introduced and implemented across GDOE.	
Records	Detailed specification of	Checklist of records	<b>2015-16</b> Work with GDOE	Ongoing population of



<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>
Management	internal control standards and process improvement actions required by CCAP	management procedure changes to be implemented	Internal Audit team to improve internal controls and identify risk areas.	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 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	Initial - Sep 15, 2011 Continuing to monitor for effectiveness	On-going.
	Program management reporting - Standard monthly reporting will track status of	Issue memos or emails; monthly program management reports	Monthly	<b>2015-16</b> Continue to produce status reports and review with Federal



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	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.			Programs and management.
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency and improve internal controls.	Provide leadership and support to update all SOPs based upon process changes as part of the FMIS implementation effort	Sept 2013-February 2014	<b>2014-15</b> Reviewed fiscal controls and updated SOPs to reflect changes associated with FMIS implementation and identify opportunities to improve performance and compliance.
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. <b>2014-15</b> Review required updates and set forth an appropriate schedule for delivery	Complete. Providing additional procurement support and template-updating as necessary.
	Augment supply management staff as needed to ensure obligation of expiring grants	Provide additional staffing for surge support for end of year processing.	<b>Summer 2014</b> Provided increased staffing as needed to support	<b>2015-16</b> Review opportunities to improve small procurement and



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	funds.		increased procurement activities.	services contracts to increase efficiency of procurement processes.
Local Implementation Support	<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. Department of Education.</p> <p>Review of GDOE organizational structure to include human capital assessment.</p>	<p>Project plan, action plan, tracking (activities reports) and support for managing development of a business case.</p> <p>Activities report to include recommendations of best practices on organizational structure, financial operations and staff development.</p>	<p><b>2013 – 14</b> Provided leadership to support goal setting, tracking, and project management.</p> <p>Developed activities reports per functional area identifying target capabilities and gaps.</p>	<p><b>2015-16</b> Continue to expand activities reports and perform tracking based upon GDOE performance against targeted capabilities.</p>
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	<b>Summer 2014</b> Submitted IDC applications for FY13 and FY14.	Received approval of provisional restricted rates for FY13 and FY14 from U.S. Dept of Education. Submitted FY15 application.
Internal Audit Interim Support	Support development and application of the Management Internal Control	Updated MIC and ongoing support, SOP review and development support, and		Reviewed departmental SOPs and provided recommendations for



	(MIC) Plan and identification, evaluation and implementation of appropriate internal controls in SOPs	involvement in other internal audit responsibilities as agreed.		improvements.
Optional Tasks	To be reviewed based upon GDOE's requirements.			
Facilities Management Planning and Operational Support	Provide leadership support from a Superintendent's viewpoint	Operational performance measures and facilities management guidance	<b>2013-14</b> Tom Brady visited GDOE schools and warehouse to assess current facilities. Subsequently, he met with Superintendent Fernandez to discuss long-range facilities planning.	Completed.
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		Not Started per direction of the Superintendent.





## Immediate Areas Requiring GDOE/TPFA Attention

The following critical activities and actions require attention:

- Continue to work toward finalizing the remaining implementation action items for the FMIS including:
  - Finalizing and testing reports such as the staffing pattern, personnel action forms and time distribution reports.
  - Automation of the fixed asset data transfer between TPFA and GDOE MUNIS systems.
- Continue work on the transition plan for getting off high risk including feedback to GDOE on progress of standard operating procedures.
- Continue to work to address security concerns at both the warehouse and school sites.
- Finalize modifications to the payroll reimbursement-related processes with the objective of achieving quicker reimbursement turnaround times. GDOE to take corrective action to address concerns related to veracity of time distribution reports to ensure accurate and fair allocation of time to federal activities.
- GDOE federal programs team and program directors continue to review FY14, FY15, and FY16 payroll error reports in order to resolve errors.

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<sup>i</sup> Note: In this report, we use “TPFA” when we are referring to work performed as part of our contract in accordance with the statement of work and “A&M” when referring to out of scope work.