

Guam Department of Education

# Comprehensive Corrective Action Plan Quarterly Progress Report

For the Period Beginning March 1, 2013 and Ending May 31, 2013

Presented to the U.S. Department of Education in Fulfillment of the Federal Fiscal Year 2011 Special Conditions

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## **Reports and Report Format**

As stated in the approved Comprehensive Corrective Action Plan (CCAP), the Special Conditions require GDOE to provide quarterly reports to the US Department of Education (ED) on the Guam Department of Education's (GDOE) progress in implementing measures required under the CCAP. While the Special Conditions do not specify a particular format for the progress reports, it is anticipated that each report will, at a minimum, include the implementation status for each activity, highlight any risks associated with successful completion, and also identify any changes which would require modifying actions and/or timelines. Feedback regarding format and content is not only welcomed, but encouraged.

## **Executive Summary**

This quarterly update has been delayed due to changes in staffing as well as concentrated efforts to ensure the FY12 audit is completed within the required timelines. The Chief Auditor was promoted to Comptroller and GDOE is currently recruiting to fill the Chief Auditor position. Delays in the audit were primarily due to staff becoming familiar with MUNIS reports and failure to reconcile in a timely manner. With the FMIS implementation behind us, regular timely reconciliations and month end closing should allow GDOE to complete the FY13 audit well within the deadline.

GDOE began its fixed asset inventory this quarter, partnering with the TPFAs. Schools and divisions have been working to locate any missing assets. The bar scanning software has been used throughout this process. Once the reconciliation is complete, information from the bar scanners will be integrated with the MUNIS fixed asset ledger.

Regular training on MUNIS for the end users has been ongoing and modified based on end user input. PULSE was uploaded and training made available to school administrators and division heads. GDOE continues to work with PULSE to refine the reports to provide end users with useful data to assist in making decisions.

Some of the MUNIS enhancements, like the automated time distribution report to be used for A-87 compliance, are pending updates to the software. GDOE is working with MUNIS to determine an appropriate time for the update to occur, but it is anticipated to be complete by the end of summer.

**Completion Risk Key:**

Risk Level High – Deliverables / objectives will not be completed in a timely manner;

Risk Level Moderate – Deliverables / objectives may not be completed in a timely manner; and

Risk Level Low – Deliverable s/ objectives will be completed in a timely manner.

**Employee Time Tracking**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>ETT-1:</b> GDOE will develop and implement effective policies and procedures that provide for an effective process for tracking and reporting time spent by all employees whose salaries are paid with US ED grant funds.</p> <p><b>ETT-2:</b> Ensure that the salaries of employees who work under more than one Federal program and/or grants are properly allocated among those programs/grants, in accordance with accurate time distribution records.</p> <p><b>ETT-3:</b> Research and implement an automated time collection system for federally funded employees.</p>	<p>The Federal Programs Division &amp; the Business Office reviewed and made suggested improvements to the Tyler MUNIS time distribution forms. The forms and system capability allow for increased user and reporting functionality and provide an efficient process for tracking and reporting time spent by employees whose salaries are paid with US Ed grant funds.</p> <p>The Tyler MUNIS system upgrade to version 10.4 is scheduled to be completed in August 2013. Once the update is complete the new time distribution forms will be utilized.</p> <p>Time entry into the MUNIS has been distributed from the payroll office to all schools and to all but three divisions.</p>	<p>Finalize time distribution forms within Tyler MUNIS. Time distribution forms will be active once the scheduled system upgrade is completed in August 2013.</p> <p>Develop transition plan to move fully federally funded employees from biweekly certifications to semiannual certifications. The process will continue as status quo until the Tyler MUNIS system upgrade is completed.</p> <p>SOPs will be updated to reflect new forms and procedures. Internal audit will develop a checklist for supervisors and project directors.</p> <p>Institutionalize training for new federally funded employees and at least annually for federally funded employees and their supervisors on the policies and procedures to properly track and report time for federally funded employees.</p> <p>Determine feasibility of having these employees enter and certify their time sheets electronically.</p>

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<b>Implementation Deliverables</b>	<b>Completion Risks</b>	<b>Next Steps / Comments</b>
<p>Written and approved SOPs, including training for applicable GDOE personnel, to ensure:</p> <ul style="list-style-type: none"> <li>• accurate and up-to-date employee staffing lists based on notices of personnel actions (from Personnel Division and validated by FPD and LEA programs);</li> <li>• accurate and timely time distributions among funding sources for split-time employees, and proper allocation of salary costs among funding sources (from respective programs and validated by FPD and LEA programs);</li> <li>• accurate and properly executed time distribution reports and attendance records (from respective programs and validated by FPD and LEA programs);</li> <li>• properly executed and timely semiannual certifications (from respective programs and validated by FPD and LEA programs);</li> <li>• internal control checklists to ensure compliance with Circular A-87; and</li> <li>• identification of a computer-based and accurate time and attendance system, with documentation of requirements to support implementation, training and administration (validated by FPD and LEA programs).</li> </ul>	<p>System Risk – With the implementation of the Employment Self Service, FPD together with Payroll and Personnel will determine the validity of the employee tracking and reporting of time spent on US Education funded programs. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new service. Additionally, technology being introduced to all federally funded employees will require training. Risk level – Low.</p>	
<b>Schedule Based upon Performance Plan</b>	<b>New Deliverables Completed</b>	<b>Responsible Person/Department</b>
September 30, 2013		Ignacio Santos, Federal Programs Administrator Taling Taitano, Deputy Superintendent

**Financial Management Information System (FMIS)**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<b>FMIS-1:</b> Detail design of a FMIS with processing functionality that complies with Generally Accepted Accounting Procedures, U. S. governmental accounting standards, and the Government Accounting Standards Board.	Completed	Completed
Implementation Deliverables	Completion Risks	
Detail system design specifications approved by GDOE Finance and Administration management.	Completed	
Schedule Based upon Performance Plan	New Deliverables Completed This Quarter	Responsible Person/Department
Completed		Taling Taitano, Deputy Superintendent

**Financial Management Information System (FMIS)**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>FMIS-2:</b> Basic installation is now complete. The routine maintenance and enhancement will be reported in this section. Items completed this period and open enhancements appear in the columns to the right.</p> <p>Upgrades to the System                      Upgrade to version 10.4</p>	<p><b>Human Resources Module</b></p> <ul style="list-style-type: none"> <li>Electronic approvals of the Personnel Actions are being performed by the Superintendent of Education and Deputy Superintendent of Finance and Administrative Services.</li> </ul> <p><b>Payroll Module</b></p> <ul style="list-style-type: none"> <li>Employee Self Service (ESS)--Direct Deposit advices are no longer being printed, are available to employees to view and print through the ESS.</li> </ul> <p><b>Procurement Module</b></p> <ul style="list-style-type: none"> <li>Contract Management –the module has been populated with the majority of GDOE current contract information.</li> </ul> <p><b>Tyler Content Manager (TCM)</b></p> <ul style="list-style-type: none"> <li>System configuration and uploading of templates completed on March 7.</li> <li>End-User and IT staff training took place on March 15, 21, &amp; 22.</li> </ul> <p><b>Tyler Pulse Solutions</b></p> <ul style="list-style-type: none"> <li>System configuration and installation completed by March 31<sup>st</sup>.</li> <li>Pulse representative held training on-island April 15-19 for IT staff and End-</li> </ul>	<p><b>Human Resources Module</b></p> <ul style="list-style-type: none"> <li>The following applications of the System still need execution:                             <ul style="list-style-type: none"> <li>Applicant Tracking;</li> <li>Personnel Action Forms (custom form);</li> <li>Training Module;</li> <li>Projections of salaries and benefits;</li> <li>Staffing Pattern (custom form); and</li> <li>Employee Address Corrections.</li> </ul> </li> <li>Review the functions of Department and Location codes to possibly increase efficiency in process and reporting.</li> </ul> <p><b>Payroll Module</b></p> <ul style="list-style-type: none"> <li>Finalize Payroll Cost Reporting and TDR form (Custom form), and review Payroll Audit Reports.</li> <li>Employee Self Service (INTERACTIVE access):                             <ul style="list-style-type: none"> <li>Training Module;</li> <li>Employee Travel; and</li> <li>TDR (custom form).</li> </ul> </li> </ul> <p><b>Procurement Module</b></p> <ul style="list-style-type: none"> <li>Vendor Self Service – education of vendors.</li> <li>Bid Module – determine whether practical to use.</li> </ul> <p><b>Finance Module</b></p> <ul style="list-style-type: none"> <li>Bank reconciliation</li> <li>Billing</li> <li>Other treasury related functions</li> <li>Cash Receipts procedures for the schools</li> <li>Fixed assets – upload physical inventory results</li> </ul> <p><b>Tyler Content Manager</b></p> <ul style="list-style-type: none"> <li>Adjustments/Corrections to Custom Templates to be completed by the end of July 2013.</li> </ul>

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	<p>Users.</p> <ul style="list-style-type: none"> <li>SAT 10 and AIMS Web loaded into Pulse.</li> </ul>	<ul style="list-style-type: none"> <li>Roll-out of TCM to End-Users.</li> </ul> <p>Upgrade to Version 10.4 (August 2013)</p> <ul style="list-style-type: none"> <li>Data Integrity Assistance (DIA) scheduled for June.</li> </ul> <p>Tyler Pulse Solutions</p> <ul style="list-style-type: none"> <li>Continued analytical page development.</li> <li>Roll out Pulse to Teachers.</li> </ul>
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**Financial Management Information System (FMIS)**

Implementation Deliverables	Completion Risks	Next Steps / Comments
<p><b>FMIS-2 Continued:</b> A secure, reliable and fully integrated FMIS that supports the financial management of US ED grant awards and complies with federal requirements. Detailed and up-to-date system and application documentation necessary to manage and sustain the FMIS and its applications on an ongoing basis. Sufficient qualified and trained accounting staff to manage all financial processing and reporting required by GDOE.</p>	<p>Enhancements to system tied to Tyler MUNIS upgrades. Risk Level – Low.</p> <p>Central office may be moving over the summer which will put some projects on hold until move is complete. Risk Level – Low.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>Next system upgrade is scheduled for summer 2013. MUNIS version 10.4 will be installed at that time.</p>	<p>PULSE Module installed and reports available to a variety of end users</p>	<p>Jacqueline Mesa, Management Analyst IV</p>

**Financial Management Information System (FMIS)**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>FMIS-3:</b> Continued activities of the Agent to oversee all US ED funds awarded to GDOE until a credible financial management system is implemented and fully operational, and GDOE has demonstrated that it can be accountable for US ED funds in accordance with all federal requirements.</p>	<p>TPFA continues to manage all federal grant funds from GDOE using an independent MUNIS system and separate bank accounts.</p>	<p>Continued operation of the TPFA independent financial management system and bank accounts will continue.</p> <p>Biweekly meetings to coordinate activities and resolve any concerns.</p>
Implementation Deliverables	Completion Risks	<p>Regular reports to ensure any outstanding receivables are resolved in a timely manner.</p> <p>GDOE and TPFA are looking into areas to transfer responsibilities to GDOE. For example, the inputting of USDOE grant budgets into the TPFA MUNIS, performing the 3-way match testing for personnel costs, and maintaining the fixed assets ledger.</p>
<p>A stable and reliable financial information systems processing environment. US ED funds expended only for costs that are allowable under the respective grant programs. Allowable costs procured in accordance with applicable procurement requirements. Coordinated timing of US ED draws and reimbursements to ensure that payments to staff, vendors and providers are prompt and timely. Grant funds that are charged only for costs resulting from obligations that were properly made during the funds' period of availability, including any carryover period.</p>		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>Continuing</p>	<p>Routine</p>	<p>Taling Taitano, Deputy Superintendent</p>

**Financial Management Information System (FMIS)**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>FMIS-4:</b> Moving to the next level and sustaining the progress that has been made to date. A program of END User Training and routine review of Standard Operating Procedures will be established.</p>	<p>MUNIS End-User Training conducted 3/27/13, 3/29/13.</p>	<p>Training to be scheduled over Summer, Christmas and Spring breaks.</p>
Implementation Deliverables	Completion Risks	<p>Conduct pre and post training survey to focus training and determine effectiveness.</p> <p>Reviewing the SOPs with the Department Heads and they review it with their Teams.</p> <p>Final sign off and adoption of SOPS. Departmental approval and acceptance of Warbird FMIS SOPs need to be finalized.</p>
<p>End Establish End User Training</p> <ul style="list-style-type: none"> <li>• End user training need to be established on each school breaks with the school's end users.</li> <li>• End User Training for Central Office personnel should be scheduled each quarter to ensure compliance and the proper use of the system.</li> <li>• Go to Meetings with Tyler personnel should be established as needed.</li> </ul> <p>Standard Operating Procedures.</p> <ul style="list-style-type: none"> <li>• Official approval by department.</li> </ul>		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>Schedule for all departments to have Superintendent's approval on SOPs is August 2013.</p>	<p>Sign in sheets, evaluations, training documents</p>	<p>Jacqueline Mesa, Management Analyst IV</p>

**Intergovernmental Agency Arrangements**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>Intergovernmental Agency Procedure-1:</b>                      GDOE will draft and implement a SOP specific to sub-recipient/sub-award arrangements between GDOE and other Guam governmental entities. The intent of the SOP is to provide clarification to each entity regarding the requirements and responsibilities for successful implementation of approved federally-funded projects.</p>		<p>SOP is in draft form and needs to be reviewed and approved internally.</p> <p>Communicate SOP to relevant GovGuam entities so they understand requirements.</p> <p>At least annually, document monitoring activities. Provide technical assistance as necessary to resolve any concerns.</p> <p>Update SOP as necessary based on feedback from GovGuam entities and results of monitoring.</p>
<p><b>Implementation Deliverables</b></p>	<p><b>Completion Risks</b></p>	
<p>Written and approved SOP, including training for applicable GDOE personnel and sub-recipient/sub-grantees.</p>	<p>Adaptation Risk – acceptance by which all sub-recipients/sub-grantees adhere to the procedures is minimal. Risk level – Low.</p>	
<p><b>Schedule Based upon Performance Plan</b></p>	<p><b>New Deliverables Completed</b></p>	<p><b>Responsible Person/Department</b></p>
<p>September 30, 2013</p>		<p>Ignacio Santos, Federal Programs Administrator</p>

**Internal Controls and Procedures**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>IC-1:</b> Over the next two years, GDOE will develop and implement a credible financial management system. Management will ensure employees are properly trained on new system and trained on the new standard operating procedures as a result of the new FMIS. This will ensure the system would provide the correct amount of funds, in the correct accounts, in a consistent and timely manner. Credible financial management includes systems, policies and procedures that (1) provide access to reliable information when needed, (2) account appropriately for funds, (3) ensure timely deposits or draw down of funds, (4) ensure timely and accurate payments, (5) otherwise enable and support generally accepted government financial management and accounting standards and requirements.</p>	<p>FMIS (Tyler MUNIS) was implemented (April 2012) and is being utilized to support GDOE financial applications.</p> <p>Trainings have been conducted to ensure that end users are equipped and knowledgeable about the processes and functions of the MUNIS system (146 participants / 11 different training days occurred during this quarter).</p> <p>Internal Audit procedures are in draft form and submitted to the Superintendent as has a proposed audit plan.</p>	<p>Work with Comptroller to develop a monthly schedule of reconciliations and financial statement closing to ensure audit can begin on or before January after the fiscal year end. GDOE staff will adhere to keeping to the adopted schedule to assure accountability exists.</p> <p>Work with FMIS project director to develop reports that can be used by program managers and project directors to monitor and track expenditures and provide training on how to access these reports.</p> <p>Work with appropriate division heads to address findings in the FY12 Single Audit.</p>
Implementation Deliverables	Completion Risks	<p>Finalize IA procedures and initiate audit plan. Needs support of Chief Internal Auditor to properly execute and drive process.</p> <p>Chief Auditor is being recruited after former Chief Auditor promoted to Comptroller. An additional internal auditor has been requested in the FY14 budget.</p>
<p><b>IC-1:</b> TPFA implemented the Tyler-MUNIS ERP financial management system effective December 2010. GDOE has implemented a Financial Management Information System (FMIS), which includes functionality to support all GDOE financial applications (April 2012).</p> <p>Procedures and processes to ensure that single audits are conducted, and audit reports issued within nine months after the end of each fiscal year as required by the Single Audit Act, as amended. This will be incorporated into a Management Internal Controls (MIC) program, including a SOP detailing specific internal control objectives, and internal control audit programs and checklists for all GDOE functional areas, including accounting for and reconciling financial records for Department grant funds in accordance with Federal requirements.</p>	<p>Lack of manpower continues to hinder progress. Chief Auditor was promoted to Comptroller leaving Internal Audit Unit to two staffers. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>	<p>FMIS (Tyler MUNIS) was implemented (April 2012).</p>	<p>Al V. Erguiza, Acting Chief Auditor</p>

**Internal Controls and Procedures**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>IC-2:</b> GDOE Finance and Administration must demonstrate improved communication and cooperation to develop an integrated financial management system that meets the needs of the organization.</p>	<p>GDOE has implemented a direct deposit program that is available to all GDOE employees. The program was initiated in December 2012 and as of 5/31/13 approximately 1,320 or 43% of the employees are utilizing direct deposit. Additionally, employees are asked to review pay details on Employee Self Service as hard copies of pay advices are no longer provided.</p> <p>GODE has similarly increased the number of vendors who are paid via EFTs/ACH. The initiative to pay vendors via ACH commenced in April of 2012. As of 5/31/13, approximately 179 or 11% of vendors are being paid via ETFs/ACH.</p> <p>Training on FMIS has been institutionalized to be held on Summer, Winter and Spring breaks (146 participants / 11 different training days occurred in this quarter).</p> <p>Biweekly meetings with the MUNIS Implementation Manager and the FMIS Team to discuss challenges with the new system continue.</p> <p>UOG Interns have been used to assist with duties of the Internal Audit Division as well as Accounting Division. The internship program has been a success to date and has offered University of Guam students the opportunity to gain practical audit experience and earn university credits. The three students that interned this quarter have all received offers at various businesses post-graduation. The challenge for the GDOE has been to retain the interns in a full time capacity post-graduation due to the compensation offered.</p>	<p>Continued work in progress with subcommittee structure to address:</p> <ul style="list-style-type: none"> <li>• Personnel and payroll issues;</li> <li>• Procurement, receiving, inventory, and payables issues;</li> <li>• Budgeting and reporting issues; and</li> <li>• Cash receipts and account receivable issues.</li> </ul> <p>With the implementation of the MUNIS system, GDOE management and staff continues to address issues or problems with solutions generated by MUNIS. With MUNIS we were able to develop solutions and identify opportunities at a greater efficiency.</p> <p>Develop training for division heads and project directors so they can be familiar with the variety of reports on MUNIS and are able to monitor programs in a timely manner. Work to develop dashboards with critical data.</p> <p>Three auditor III positions have been included in the FY 2014 proposed staffing for the Superintendent's office.</p>
<p><b>Implementation Deliverables</b></p>	<p><b>Completion Risks</b></p>	
<p><b>IC-2:</b> Department-wide subcommittee structure focused on each of the issue areas. The structure will drive collaboration, which is also necessary to support FMIS implementation which supports GDOE-wide financial management. GDOE departments working together on a daily basis to address implementation, compliance and other activities. Efforts to include direct Internal Audit support of external independent</p>	<p>Adaptation Risk – acceptance of direct deposit by employees / vendors being paid via EFTs / ACH will take time, however, management needs to continue to discuss and communicate the benefits of each program. Risk level – Moderate.</p> <p>Lack of manpower continues to hinder progress. Chief Auditor was promoted to Comptroller leaving Internal Audit Unit to two staffers. Risk level – Moderate.</p>	

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auditors in conduct of single audits as required by the Single Audit Act.		
<b>Schedule Based upon Performance Plan</b>	<b>New Deliverables Completed</b>	<b>Responsible Person/Department</b>
Ongoing	Direct Deposit Program initiated in December of 2012. Initiative to pay vendors by EFTs / initiated in April of 2012.	Al V. Erguiza, Acting Chief Auditor

**Internal Controls and Procedures**

<b>Required Actions and Activities</b>	<b>Status Report as of 5/31/2013</b>	<b>Next Steps / Comments</b>
<b>IC-3:</b> The GDOE will develop a credible financial management system which records and accounts for all draws and expenditures of federal education funds.	IAO is currently conducting a cash management audit of the department. An initial draft is to be completed by Internal Audit and to be reviewed by Acting Chief Internal Auditor.	Determine feasibility of using billing function on MUNIS to assist in tracking federal receivables and ensure draws downs are accurately tracked. This should assist in reconciliation of SEFA.  Create reports to mirror reports prepared by the TPFA.
<b>Implementation Deliverables</b>	<b>Completion Risks</b>	
A credible financial management system designed and implemented to meet the EDGAR and other federal reporting requirements in terms of timeliness of funds management and reporting. Additionally, custom reports designed to capture federal grant activity.	Failure to implement effective controls and effective audit procedures will extend the requirement for the presence of a TPFA. Risk level – Moderate.  Lack of manpower continues to hinder progress. Risk level – Moderate.	Implement online bank reconciliation and other treasury functions offered by MUNIS.
<b>Schedule Based upon Performance Plan</b>	<b>New Deliverables Completed</b>	<b>Responsible Person/Department</b>
September 30, 2013		Al V. Erguiza, Acting Chief Auditor

**Internal Controls and Procedures**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>IC-4:</b> Reliance on the credible financial management system by other Guam agencies and single auditors as accurate system of record.</p>	<p>Worked with outside Auditors to ensure audit was completed by June 30, 2013.</p> <p>Monthly MUNIS reports provided to the Education Finance Supervisory Council (EFSC).</p>	<p>Continue to work with FMIS Project Manager and FS AIS to grant read-only FMIS access to relevant parities within other Guam agencies and contracted auditors.</p>
Implementation Deliverables	Completion Risks	<p>Provide overview of system to the Education Finance Supervisory Council.</p>
<p>A credible financial management system whose implementation is guided by Generally Accepted Accounting Procedures (GAAP) and supported by SOPs to ensure a system of internal controls over financial reporting that can be relied upon by external independent auditors for the purpose of expressing an opinion on the financial statements. Periodic examination and documentation of internal controls by internal audit staff to ensure that the controls are operating as intended without exception.</p> <p>A Management Internal Controls (MIC) program, including a SOP detailing specific internal control standards, which will ensure the operation of internal controls over financial reporting. In addition, the MIC will provide for the prevention or detection of financial misstatements on a timely basis and ensure GDOE’s ability to initiate, authorize, record, process, and report financial data consistently and reliably.</p> <p>Information management needs met by all users (e.g., custom reconciliation worksheet to support requirements and tracking of federal draw funds).</p>	<p>Medium to High based on staff’s time spent to identify and work out errors and deficiencies of the GASB 34 reporting module.</p> <p>As part of the USDOE special conditions, Internal Audit Office (IAO) has initiated MIC to all division heads, school principals and GDOE management. However, clarity of interpretation or the lack of understanding of program itself from school administrators delayed the processing. Therefore an updated version of results is needed to reflect the current picture of GDOE’s MIC. The MIC program needs continued support of the IAO to properly execute and drive the process. Emphasis needs to be placed on this program in order to prevent and detect misstatements and ensure financial data is reported as accurate as possible. The program will help to ensure employees are held accountable for their work. Risk Level – Moderate.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	

Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
September 30, 2013		Al V. Erguiza, Acting Chief Auditor

**Internal Controls and Procedures**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>IC-5:</b> GDOE will develop a grant spending process that ensures that grant awards are based on specified program plans and spent on the programs in a timely manner. The grants system will be integrated with the FMIS.</p>	<p>Procurement meetings held biweekly to address critical procurements.</p> <p>TPFA provides monthly reports to keep program managers and project directors informed of program balances.</p>	<p>IAO continues to work closely with all parties involved to address any grants management issues.</p> <p>Recruitment of two buyers in process. TPFA to add temporary procurement staff for fourth quarter.</p>
Implementation Deliverables	Completion Risks	
<ul style="list-style-type: none"> <li>• Program plans will serve as the basis for application disbursement;</li> <li>• Grant spending process will be supported by SOPs, internal control checklists, and training for all affected personnel;</li> <li>• Disbursements will tie to actions specified in program plans;</li> <li>• Funds will be expended for allowable purposes under the statutes; and</li> <li>• No funds will be lost due to lapsing obligation periods.</li> </ul>	<p>Procurement vacancies hinder ability of procurement to complete tasks. Required preapprovals by USDOE have added additional time to the procurement cycle. Additionally, lack of adequate pool of personnel may delay program implementation. Risk level – Moderate.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
December 2013		Al V. Erguiza, Acting Chief Auditor

**Procurement**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>P-1:</b> GDOE will develop and implement effective procurement policies and procedures that ensure:</p> <ul style="list-style-type: none"> <li>• Delivery of ordered supply items within specified timeframes for correct type of supply from selected vendor;</li> <li>• Delivery of supplies and equipment, tagged and entered into a property management system, to schools within three days of receipt; and</li> <li>• Recording of when items are ordered, when orders arrive and are entered into the financial management system, and when they are delivered.</li> </ul>	<p>SOPs are being reviewed. Approval and sign-off expected November 2013.</p> <p>Procurement Calendar development is ongoing. Performance benchmarks are also being developed. Approval and sign-off on procurement calendar expected July 2013 and on benchmarks August 2013.</p> <p>Entry of contracts into Contract Management Module is ongoing.</p> <p>GoTo Meeting training sessions held for Bid Management Module in May 2013.</p>	<p>Finalize SOPs.</p> <p>Continue to develop Procurement Calendar to map fiscal year, federal grant, local funding, and physical inventory timelines. Will also include periodic and regularly scheduled training.</p> <p>Continue to populate contract module and identify reports to assist in contract management.</p> <p>Fully implement Bid Management Module November 2013.</p>
Implementation Deliverables	Completion Risks	
<p>Written policies and procedures to ensure that US ED funds are used only for allowable costs, including costs that are necessary, reasonable, and allocable to the respective grants as required by OMB Circular A-87, and that are procured in accordance with applicable procurement requirements in 34 CFR §§ 80.36(b)-(j).</p>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed This Quarter	Responsible Person/Department
<p>Ongoing</p>	<p>Bid Management Module training was conducted in May 2013.</p>	<p>Marc Pido - Supply Management Administrator</p>

**Procurement**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>P-2:</b> Implement reporting system that will track requisitions and open Purchase Orders. The system will reflect when items are ordered, when orders arrive and are logged into the system, and when they are delivered to the proper location.</p>	<p>Adjustments to workflow within the Supply Management Office are being reviewed to ensure system is configured efficiently.</p> <p>Continuing PULSE software training which will help to increase reporting and tracking capabilities.</p>	<p>Supply Management Administrator to identify system content, as well as Tyler online user-community and knowledge base, for available report development capabilities.</p> <p>Develop a Gatekeeper assignment within the Supply Management Office to assign individual requisitions to the proper workflow stream. For proper internal controls, receiving processes will be updated to include attachment of appropriate documents in the FMIS receiving records.</p>
Implementation Deliverables	Completion Risks	<p>Review and refine PULSE reports pertaining to purchasing.</p> <p>Include review of available reports in training of end users so they can track requisitions/POs.</p>
<p>Monthly summary of completed purchases and procurement actions; Established process for routine review of federally funded requisitions and purchase orders.</p>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>Ongoing</p>	<p>PULSE software training was conducted this quarter.</p>	<p>Marc Pido - Supply Management Administrator</p>

**Procurement**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>P-3:</b> Improve departmental procurement processes beyond those responsibilities directly related to the modules of the Financial Management Information System (FMIS).</p>	<p>Biweekly meetings to review status of outstanding procurement.                      As of July 31, 2013 procurement staff attended and participated in the following:</p> <ul style="list-style-type: none"> <li>○ Government-wide procurement seminar, May 13 &amp; 14; and</li> <li>○ Governor’s Procurement Advisory Council meetings, held Sept. 13, 2012 &amp; Nov. 30, 2012.</li> </ul>	<p>DTPs must be updated as procedures and policies are adjusted.</p> <p>A comprehensive Policy and Procedures manual for the Supply Management Office will be developed by November 2013.</p>
Implementation Deliverables	Completion Risks	<p>Resolve which set of procurement regulations (2GAR or GDOE’s as issued in 1994) apply to GDOE Procurement activities, by November 2013.</p> <p>Develop End-User procurement training beyond MUNIS— IFBs, small purchase procurement, RFPs/services procurement.</p> <p>Explore training systems and certification for procurement staff.</p> <p>Updating procurement checklist for procurements that require AG review. Procedures for sole source procurement and for small purchases of services to be finalized by August 2013.</p> <p>Government-wide procurement training, June 17 &amp; 18.</p>
<p>Development and publication of procurement policies and procedures, and external verification of compliance with SOPs.</p>	<p>Lack of manpower continues to hinder progress. Procurement is looking to hire an additional resource and it has been recommended that the department hire a contract manager. Risk Level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>		<p>Marc Pido - Supply Management Administrator</p>

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>PM-1:</b> GDOE will develop and implement effective property management policies and procedures that ensure compliance with Federal regulations, to include tagging and tracking of inventory and prompt delivery of property purchased with federal funds to the appropriate location, so that items may be used for the purpose for which they were purchased.</p>	<p>GDOE Fixed Assets SOP is being updated.</p> <p>MUNIS Fixed Assets Module SOPs and existing GDOE SOPs are being reviewed for feasibility of merging into one SOP document.</p> <p>Basic computer skills assessments of warehouse and property personnel conducted March 2013.</p>	<p>Schedule basic computer skills training for Warehouse and Property personnel beginning September 2013.</p> <p>Continue assessment of readiness for additional training for Warehouse and Property personnel for Purchasing and Fixed Assets Module to increase staff ability to access asset information and reports.</p> <p>Develop a formal Policy and Procedures Manual for Property Management by November 2013.</p>
Implementation Deliverables	Completion Risks	<p>Based on physical inventory findings, develop training for fixed asset custodians and divisions to review findings, SOPs and MUNIS tools. Training sessions to be scheduled September 2013.</p> <p>Clean asset records to be entered to GDOE MUNIS system after reconciliation.</p> <p>Familiarization with BMI scanning systems and GDOE MUNIS also continues.</p>
<p>Replace all local DOE property tags with type and make identical to those currently in use by TPFAs for federally purchased assets; result is the removal of probable convergence of numbers in MUNIS system. Written Property Management SOPs. Comprehensive physical inventory resulting in detailed fixed asset ledger and ability to perform depreciation expense accurately and efficiently.</p>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>	<p>Physical Inventory audit initiated in this quarter and will be finalized in the subsequent quarter.</p>	<p>Marc Pido - Supply Management Administrator</p>

**Property Management**

Required Actions and Activities	Status Report as of 5/312013	Next Steps / Comments
<p><b>PM-2:</b> GDOE's inventory policy will include an established procedure for replacement or reimbursement of any items in the inventory that cannot be located, consistent with federal regulations.</p>	<p>Preliminary procedure developed for reimbursement by responsible party of lost, stolen or damaged laptop computer purchased with federal funds.</p> <p>GL account has been set up to receive reimbursements and to expend for replacement of laptop.</p>	<p>This section will be updated to include policies and responsibilities relating to financial liability for government property that is lost, damaged, destroyed or stolen. The section should include accounting procedures for lost, damaged, destroyed or stolen property, how to determine responsibility and the amount of financial liability to those found responsible. Methods of inquiry, research and investigation into the causes of the lost, damaged, destroyed or stolen government property will also be discussed.</p>
Implementation Deliverables	Completion Risks	<p>Formalize SOP for replacement, reimbursement, and determination of responsibility will be reviewed and approved by November 2013.</p>
<p>Written lost and stolen item policy which would serve as the basis for any reimbursement. Training programs for principals, assistant principals, and administrative personnel at the school level to increase awareness and ownership of the policies and improve safeguarding of assets.</p>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	<p>Develop standard for attaching signed personal responsibility forms to the employee personnel record by December 2013.</p> <p>Develop SOP for verification on a quarterly basis of fixed asset inventory by school administrators and division heads or their designated fixed asset custodians by November 2013.</p>
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>		<p>Marc Pido - Supply Management Administrator</p>

**Property Management**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>PM-3:</b> The inventory policy and management system will ensure that Property Management, Procurement, Finance and Administration, Schools and School Administration act as an integrated team on procurement issues.</p>	<p>Annual Physical Inventory for Federally and locally funded fixed assets commenced in this quarter and was finalized for Federally funded assets. Inventory of locally funded assets continues and will be completed in August 2013.</p> <p>Property team building continues as physical inventory has necessitated consistent communication between Property Management office and Property Liaison officers at schools and divisions.</p>	<p>While procurement and end-users are becoming more proficient with requisition entry and PO processing and monitoring, additional Fixed Asset Module training for Warehouse, Property, procurement, and accounting staff will be scheduled to ensure proper receiving, recording, and accounting of assets. End-user training to follow to allow visibility to location of asset and movement of assets.</p> <p>A Policy and Procedures Manual will be developed for Property Management by November 2013.</p>
Implementation Deliverables	Completion Risks	<p>The relative frequency of full physical inventory is to build on collaborative effort with schools and divisions as well as maintain freshness among Property personnel of processes and procedures.</p> <p>Assess readiness of GDOE Property Management to take on responsibility of physical inventory of USDOE grant funded fixed assets by November 2013.</p> <p>Fixed asset accountant will be hired to assist in the reconciliation efforts.</p>
<p>Inventory policies adopted by GDOE will reflect coordination and review of established policies from GDOE Property Management and Procurement.</p>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>		<p>Marc Pido - Supply Management Administrator</p>

**Property Management**

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>PM-4:</b> GDOE will ensure that US ED is reimbursed, as appropriate and consistent with federal regulations, when equipment damage results from inappropriate use.</p>		<p>In addition to determining personal responsibility and financial liability, procedures and policies for reimbursing US ED will be researched and developed by August 2013.</p>
Implementation Deliverables	Completion Risks	<p>Routine training for principals and division heads regarding oversight of property of purchased with federal funds will be included in Procurement calendar.</p> <p>SOP for replacement, reimbursement, and determination of responsibility will be drafted by November 2013 and implemented by January 2014.</p> <p>Items will be addressed in the Policy and Procedure Manual scheduled for completion by November 2013.</p>
<p>Additional training to ensure front line leadership (i.e., principals and other administrators) is aware of and responsible for supporting Property Management policies and procedures as well as for the proper level of oversight related to the management of property purchased with federal funds.</p>	<p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>		<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 5/31/2013	Next Steps / Comments
<p><b>PM-5:</b> Corrective Action pursuant to Finding No. 10-02 contained in the program determination letter (PDL) from the Office of Special Education regarding Audit Control Number 09-10-110764 for the Audit Period October 1, 2009 - September 30, 2010.</p>	<p>Procurement Calendar development is ongoing. Performance benchmarks are also being developed. Approval and sign-off expected July 2013.</p> <p>Physical inventory for USDOE funded assets completed June 2013. Inventory for locally funded assets ongoing, to be completed August 2013.</p>	<p>Training for school principals, property liaisons, and division heads regarding compliance and enforcement will be part of the regular Procurement calendar.</p> <p>A letter from the Supply Management Administrator to the Superintendent will be prepared to document the new definition of fixed assets and the tracking requirement for effective property management. This is an interim step prior to the finalization of the Property Management Policy and Procedure Manual scheduled for November 2013.</p>
Implementation Deliverables	Completion Risks	
<p>Per Finding No. 10-02:</p> <ul style="list-style-type: none"> <li>• Evidence that GDOE has a uniform definition of "fixed assets" that is utilized consistently across GDOE central office managers and school sites;</li> <li>• Evidence that GDOE has developed enforcement actions that are reasonably designed to enforce established procedures and address noncompliance identified at the school or division level;</li> <li>• Evidence that it has performed the reconciliation of fixed asset data as between the property management and financial management systems; and</li> <li>• Further examples of documents and records used in the property management process, including fixed assets reports generated from the automated fixed assets system, that contain all details required for accurate management of the property, including, but not limited to, acquisition date, acquisition cost, and the source of funds used to acquire the property.</li> </ul>	<p>System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – Low.</p> <p>Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new FMIS. Risk level – Low to Medium. Technology being introduced to Receiving Warehouse where users will require training.</p> <p>Lack of manpower continues to hinder progress. Risk level – Moderate.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
December 2013		Marc Pido - Supply Management Administrator