

Guam Department of Education

Comprehensive Corrective Action Plan Quarterly Progress Report

For the Period Beginning March 1, 2012 and Ending May 31, 2012

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

Guam Department of Education
June 12, 2012

Contents

Reports and Report Format	3
Procurement	4
Property Management.....	8
Financial Management Information System.....	16
Employee Time Tracking	22
Internal Controls and Procedures	24
Intragovernmental Arrangements	34
Recommended CCAP Additions, Deletions, Modifications	35

Reports and Report Format

As stated in the approved Comprehensive Corrective Action Plan (CCAP), the 2011 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 2011 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. This is the first of such quarterly reports. Feedback regarding format and content is not only welcomed, but encouraged.

The format below includes one section for each of the six key areas in the CCAP: procurement, property management, financial management system (FMIS), employee time tracking, internal controls and intragovernmental arrangements. The first four columns in each section are from the approved CCAP and include Focus Area, Required Actions and Activities, Implementation Deliverables and Schedule Based upon Performance Plan. The last four columns include GDOE's quarterly update for each action item, the primary purpose of which is to show real, measureable progress in its financial management and administration of US ED funds.

Procurement

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Procurement	<p>P-1: GDOE will develop and implement effective procurement policies and procedures that ensure:</p> <ul style="list-style-type: none"> a. Delivery of ordered supply items within specified timeframes for correct type of supply from selected vendor; b. Delivery of supplies and equipment, tagged and entered into a property management system, to schools within three days of receipt; c. Recording of when items are ordered, when orders arrive and are entered into the financial management system, and when they are delivered. 	<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>Concurrent with implementation of FMIS – currently estimated to be implemented as of July 6, 2012.</p>	<p>FMIS Project Manager Warbird Consulting Partners (f/k/a Huron) has assisted GDOE in producing first drafts of Standard Operating Procedures (SOPs) for local and federally funded expenditures for:</p> <ul style="list-style-type: none"> 1) Purchasing – requisitions and purchase orders; 2) Bid and Contract Management; and 3) Fixed Assets – receiving, tagging, recording, distributing, inventorying, and retiring. <p>Development of SOPs is in-process. The SOPs address roles, responsibilities, and policies with FMIS system procedures. Drafts are expected to be finalized July 6, 2012.</p>	<ul style="list-style-type: none"> a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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. 		

Procurement

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Procurement	<p>P-2: 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>Monthly summary of completed purchases and procurement actions; Established process for routine review of federally funded requisitions and purchase orders.</p>	<p>Concurrent with implementation of FMIS – currently estimated to be implemented as of April 2, 2012.</p>	<p>The new FMIS went live April 2, 2012 as scheduled. Currently, the Third Party Fiduciary (TPF) pulls a weekly report that tracks requisitions in the approval process from the TPF's Munis system. The ongoing training sessions for the new Munis system have shown available reports for the entire procurement cycle, from requisition entry to asset retirement. Audit reports can be pulled for requisitions, purchase orders, order receiving (at Central Receiving Warehouse and at school/division locations), fixed asset entry, fixed asset inventory, property transfers, and property disposal/retirement.</p>	<p>a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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>		

Procurement

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				DOE will fully utilize the reporting feature of the Purchase Order Inquiry to monitor when purchase orders have been printed/issued and when they have been closed. The Purchase Order Receiving facility will also be used to record, monitor, and report on receiving data such as PO number, Vendor, Qty received, bid number, and packing slip number. System Implementation is in-process and familiarization will increase with utilization. Familiarization with requisition and purchase order reporting is also in process.			

Procurement

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Procurement	P-3: Establish sound business practices for procurement processes and system functions.	Publication of procurement policies and procedures, and external verification of compliance with SOPs.	Concurrent with implementation of FMIS – currently estimated to be July 6, 2012.	Draft Munis system SOPs have been written with the assistance of FMIS Project Manager Warbird in conjunction with Tyler consultants for procurement procedures utilizing industry best business practices. Upon implementation, system reports will allow auditing for compliance with SOPs. Procurement SOPs are expected to be completed by July 6, 2012.	a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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.		

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Property Management	<p>PM-1: 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>Unique Inventory tags properly affixed to all fixed assets acquired with federal program funds. Written Property Management SOPs. Comprehensive physical inventory resulting in detailed fixed asset ledger and ability to perform depreciation expense accurately and efficiently.</p>	<p>Inventory tags have been received and the initial first-pass inventory has been completed. Follow-up to resolve identified variances is currently underway and expected to be completed by January 31, 2012.</p>	<p>The inventory of those USDOE Grant Funded assets with a cost of \$500 or greater, and purchased from 2007 to June 2011 has been completed. Red bar code labels, to indicate USDOE funded, were placed on the assets. The assets have all been entered into the TPF MUNIS Fixed Assets. The only exceptions to the inventory are a few isolated assets that are assigned to students at various schools or homeschooling. Those USDOE assets purchased from June 2011 to present have also been tagged with red bar code labels and entered into the TPF MUNIS Fixed Assets.</p>	<p>a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW.</p> <p>b. 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>		

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
				System SOPs for Fixed Asset module of the New Munis system have been drafted with the assistance of FMIS Project Manager Warbird and anticipated to be finalized by implementation July 6, 2012. Operational SOPs will be drafted with the assistance of Warbird and Supply Management Administrator, and expect to be finalized July 6, 2012. Full physical inventory using new Fixed Assets module and BMI scanning system is anticipated for October 2012. FA module ties in to the financials with asset updates, depreciation journal, depreciation schedule, transaction audit trail and activity report,			

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
				among other available reporting tools. Development of Property Management SOPs is in-process and is expected to be completed by July 6, 2012.			
Property Management	PM-2: 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.	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.	Established procedures will be implemented and enforced concurrent with implementation of the Tyler/MUNIS fixed assets module scheduled to go live by July 6, 2012.	Operational SOPs will be drafted with the assistance of Warbird and Supply Management Administrator for fixed assets inventory, to include operational procedures for replacement or reimbursement of federally funded purchases that have been lost, stolen or damaged. Drafts are expected to be finalized July 6, 2012.	a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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.		

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
					Technology being introduced to Receiving Warehouse where users will require training.		
Property Management	PM-3: 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.	Inventory policies adopted by GDOE will reflect coordination and review of established policies from GDOE Property Management and Procurement.	Dependent upon completion and approval of SOPs and implementation of the Tyler/MUNIS fixed assets module which is currently scheduled to be live by July 6, 2012.	The new Munis system SOPs drafted with the assistance of Project Manager Warbird include workflow processes, which reflect coordination and interdependent review of established Property and Procurement policies.	a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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.		Supply Management Administrator, with FSAIS, will develop training strategies and modules to introduce technology to Warehouse staff to minimize Adaptation Risk. Technology enhancements to include computer system upgrade at warehouse and property sections.

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
					Technology being introduced to Receiving Warehouse where users will require training.		
Property Management	PM-4: GDOE will ensure that US ED is reimbursed, as appropriate and consistent with federal regulations, when equipment damage results from inappropriate use.	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.	Concurrent with implementation of the Tyler/MUNIS fixed assets module scheduled to go live by July 6, 2012.	Training module will be developed with the combined efforts of FMIS project manager Warbird and Supply Management Administrator. Training to be completed by September 2012. Training will involve positions responsible for oversight of property at their particular sites, namely: school principals/Division Heads and their Primary Property Liaisons (PPLs) and Alternate Property Liaisons (APLs).	a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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.		Supply Management Administrator, with FSAIS, will develop training strategies and modules to introduce technology to Warehouse staff to minimize Adaptation Risk.

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
					Technology being introduced to Receiving Warehouse where users will require training.		
Property Management	PM-5: 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.	Per Finding No. 10-02: a. Evidence that GDOE has a uniform definition of "fixed assets" that is utilized consistently across GDOE central office managers and school sites; b. Evidence that GDOE has developed enforcement actions that are reasonably designed to enforce established procedures and address noncompliance identified at the	a. July 6, 2012. b. July 6, 2012.	Draft system SOPs for Fixed Assets defines assets as computers, vehicles and all assets exceeding \$4,999 as capitalized assets. All other assets exceeding \$499 acquisition cost will be tagged with a bar code for tracking purposes but not capitalized. Forthcoming Operational SOPs for Fixed Assets will reinforce roles and responsibilities, and include definition of compliance and non-compliance. Enforcement procedures will be	a. System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. b. 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.		Supply Management Administrator, with FSAIS, will develop training strategies and modules to introduce technology to Warehouse staff to minimize Adaptation Risk.

Property Management

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		school or division level; c. Evidence that it has performed the reconciliation of fixed asset data as between the property management and financial management systems; and d. 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,	c. October 2012. d. October 2012.	included in addressing non-compliance of Fixed Assets policies. Upon going live with financials, including Fixed Assets, on April 2, assets that currently appear on the Fixed Asset Ledger will be physically verified utilizing the BMI scanning system. These include all assets over \$49,999, plus vehicles. Reconciliation between the property management and financial management systems will be verified at that time. Required adjustments will also be made to ensure accuracy. Efficacy of the new Munis system will be tested, verified and adjusted to accurately report all necessary audit data and reports.	Technology being introduced to Receiving Warehouse where users will require training.		

Property Management

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
		acquisition cost, and the source of funds used to acquire the property.					

Financial Management Information System

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
FMIS	FMIS-1: 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.	Detail system design specifications approved by GDOE Finance and Administration management.	Dependent on issuance of RFP for the FMIS and selection of contractor, and external support provided by Agent in the design and implementation of improved accounting practices and coordination with Agent's system.	Tyler Tech's MUNIS system was selected as the new Financial Management System to be implemented. Equipment has been delivered and installed. Software has been installed. Verification testing for hardware and software completed and signed off on November 21, 2011 by Vincent Dela Cruz, Data Processing Manager for GDOE.	N/A	N/A	N/A
FMIS	FMIS-2: Over the next two years, the GDOE will implement a Financial Management Information System to enable GDOE to significantly improve its financial management of US ED grant awards. Implementation will include hardware specification and	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	All Tyler/MUNIS ERP financial modules scheduled for implementation will become operational and in production at GDOE based on Tyler's Master Project Plan schedule available for viewing on Tyler's client SharePoint.	With all required approvals, the implementation started in September 2011. Tyler's MUNIS is the newer version of current system utilized by the Third Party Fiduciary Agent. GDOE employees have been involved in every aspect of the	Conversions – GDOE employees and consultants have been working to correct errors by editing crosswalk from existing CIMS account to new MUNIS account structure. Numerous errors were tied to budget and actual files, invoices and checks,		Continue training and testing in preparation for "Go Live" for Payroll and Human Resource Modules in July 2012.

Financial Management Information System

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
	selection, a stable operating system, a reliable network, and application software compliant with design specifications.	and its applications on an ongoing basis. Sufficient qualified and trained accounting staff to manage all financial processing and reporting required by GDOE.		implementation; consulting, testing, and training. GDOE Project Team met the scheduled “Go Live” date of April, 2012, with financial and procurement modules. There were a few issues that were either quickly resolved or will be resolved in the near future. Conversions - Financial Conversions have been completed. Conversions to support PR/HR are now underway. Current conversions include: employee master, position control, job class, employee salary/benefits, accruals, deductions, pay master. PR/HR teams are working diligently to ensure	and employee master. We are also leveraging this process to find opportunities to improve our chart of accounts as it relates to reporting options. Workload – Many central office employees have been working additional hours to meet the implementation timelines. For some, it has been difficult to meet implementation timelines because of regular duties. If this is not managed, it could mean delaying the scheduled GO LIVE dates for financials in April and or Payroll/HR in July. To mitigate the risk of delaying GO LIVE, Warbird (Third Party Project Manager)		

Financial Management Information System

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				<p>conversion documents are completed and tested in train before the start of parallel processing, scheduled for June 2012.</p> <p>Vendor Self Service – was launched in April 2012. Vendors are able to register for bids by commodity code, view messages, access documents, view 1099s, and view purchase orders, among other things</p> <p>Computers/Laptop – GDOE is in possession of the computers and laptops. However, due to litigation, the purchase order for the software was not issued until June 2012. The Department anticipates delivery of all software by June 15,</p>	<p>hired five (5) additional employees to assist with the workload leading up to and supporting GO LIVE.</p>		

Financial Management Information System

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				<p>2012. Additionally, a deployment strategy is being developed to expedite the process of distributing the computers to their respective locations.</p> <p>Workload – the team has managed to meet stringent project timelines without neglecting regular duties. Overtime was approved and employees have been earning Overtime for munis-related work outside of the regular workday.</p>			

Financial Management Information System

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
FMIS	<p>FMIS-3: 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>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>	<p>Implementation to be complete as of September 15, 2012</p>	<p>The new MUNIS will be a completely integrated system that provides the capabilities required to ensure effective internal controls across the business office, procurement, payroll, and personnel. GDOE personnel, in conjunction with the TPFA, are working to ensure requisite workflow processes are implemented with the new system. These include defining the rules and roles of all end users in the approval process. Additionally, the new system will provide enhanced report writing capability providing reliable and accurate information to help rebuild the Department's</p>			<p>N/A</p>

Financial Management Information System

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
				operational credibility. Standard Operating Procedures (SOPs) – Warbird Consultants have been assisting GDOE employees and the TPFA with drafting SOPs as it relates to processes in the new Munis. SOPs are being reviewed and revised by the responsible parties, ensuring that processes maximize the efficiency capabilities that come with the new system, as well as ensuring appropriate controls are in place. Most of the SOPs for procurement and finance are in their final draft form and are being reviewed by the Department head.			

Employee Time Tracking

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Employee Time Tracking	<p>ETT-1: 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>ETT-2: Ensure that the salaries of employees who work under more than one Federal program are properly allocated among those programs, in accordance with accurate time distribution records.</p> <p>ETT-3: Research and Implement an automated time collection system for federally funded employees.</p>	<p>Written and approved SOPs, including training for applicable GDOE personnel, to ensure:</p> <ul style="list-style-type: none"> a. Accurate and up-to-date employee staffing lists based on notices of personnel actions. b. Accurate and timely time distributions among funding sources for split-time employees, and proper allocation of salary costs among US ED grants. c. Accurate and properly executed time distribution reports and attendance records. d. Properly executed and timely semiannual certifications. e. Internal control checklists to ensure 	<p>Concurrent with implementation of FMIS – currently estimated to be July 1, 2012.</p>	<p>For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient time to meet the proposed timelines.</p>		<p>N/A</p>	<p>Meet with Fiscal Office (Payroll & Accounting), Federal Programs, and others as deemed necessary to obtain an understanding of the Time Distribution Report process. Review and evaluate existing SOPs and recommend changes where appropriate.</p> <p>Coordinate with Federal Programs and employees whose salaries are paid either fully or partially by a federal program understand the TDR process and why the TDR is required of them, to include familiarization of its coding mechanism to ensure proper accountability of work performed.</p>

Employee Time Tracking

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
		compliance with Circular A-87. f. Identification of a computer-based and accurate time and attendance system, with documentation of requirements to support implementation, training and administration.					

Internal Controls and Procedures

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Internal Controls and Procedures	<p>ICP-1: 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</p>	<p>The Agent implemented the Tyler-MUNIS ERP financial management system effective December 2010. GDOE is in the process of implementing a Financial Management Information System (FMIS), which will include functionality to support all GDOE financial applications.</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</p>	December 2013	<p>For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient time to meet the proposed timelines.</p>	<p>Factors that may affect completion are cost-benefit relationships, collusion and management override.</p> <p>It is the responsibility of management to develop and implement a system of internal controls. However, everyone within GDOE has some role in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual. The GDOE Policy Board, Superintendent and Deputy Superintendents (executive directors) establish the presence of integrity, ethics, competence and a positive control environment. The directors and division</p>	To be determined.	<p>Meet with Superintendent and Fiscal Office to review and discuss the types of management control systems GDOE has in place and determining what the limitations of its management controls systems.</p> <p>Determining what work has been done based on the GDOE's MIC Program, to include:</p> <p>Determining whether every division was assessed to identify risks to their operations.</p> <p>This may involve the development of SOPs detailing specific internal control objectives, and internal control audit programs and checklists for all GDOE functional areas.</p>

Internal Controls and Procedures

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	<p>accurate payments, (5) otherwise enable and support generally accepted government financial management and accounting standards and requirements.</p>	<p>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>In accordance with Finding No. 2011-05 from GDOE's 2011 audit, the above reconciliations will include periodic reconciliations with TPFA records to allow for (1) accurate and timely recording of periodic accruals and, (2) detailed documentation to support costs to be reimbursed from the TPFA.</p>			<p>heads have oversight responsibility for internal controls within their units. Managers and supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit. Each individual within a unit is to be cognizant of proper internal control procedures associated with their specific job responsibilities and is responsible for complying with internal controls.</p> <p>These management control structures exist to provide reasonable assurance that the objectives of GDOE will be accomplished. However, it should be noted that this</p>		<p>The process will begin with recording, evaluating and testing our understanding of the current processes and procedures. If necessary, recommending corrective actions based on the assessment of risks performed.</p> <p>Identifying risks to the effectiveness and efficiency of financial and service operations, to the reliability of financial reporting, and compliance with laws and regulations.</p> <p><u>Internal Audit</u> Meet with GDOE's Internal Audit staff to develop SOPs for their division. These SOPs will involve the establishment of an</p>

Internal Controls and Procedures

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					<p>obviously assumes that the objectives are clear – which is not always the case.</p> <p>The Superintendent, Deputy Superintendents, division heads, managers and employees are to maintain and demonstrate a positive and supportive attitude toward management controls at all times. However, this is only possible if there is a consensus that the controls are efficient and effective to begin with. Consensus can be reached through accountability and transparency within GDOE’s management team (i.e. superintendent, deputy superintendents, division heads, etc.).</p>		<p>Audit Committee that will support the internal auditors in the performance of their duties.</p>

Internal Controls and Procedures

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Internal Controls and Procedures	IC-2: GDOE Finance and Administration must demonstrate improved communication and cooperation to develop an integrated financial management system that meets the needs of the organization.	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 auditors in conduct of single audits as required by the Single Audit Act.	September 30, 2012	For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient time to meet the proposed timelines.	It is important that managers recognize that subordinates perform better if they have a clear understanding of the mission/goals of GDOE and the purpose of activities/functions being asked of them to perform. Managers must communicate their performance expectations to employees.	To be determined.	Hold regular weekly meeting with all parties involved to discuss needs assessment to comply with Single audit requirements. Development of risk assessment program for each division with the assistance of division heads and to gain understanding of processes, identify potential risk areas, test sample of transactions, report potential weaknesses and develop recommendations for improvements.
Internal Controls and Procedures	IC-3: The GDOE will develop a credible financial management system which records and accounts for all draws and expenditures	A credible financial management system designed and implemented to meet the EDGAR and other federal reporting	September 30, 2012	For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and		To be determined	Working with Superintendent, Fiscal Office, Federal Programs, and Tyler-MUNIS to ensure reporting requirements

Internal Controls and Procedures

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
	of federal education funds.	requirements in terms of timeliness of funds management and reporting. Additionally, custom reports designed to capture federal grant activity.		Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient time to meet the proposed timelines.			are incorporated into the new FMIS.
Internal Controls and Procedures	IC-4: Reliance on the credible financial management system by other Guam agencies and single auditors as accurate system of record.	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	September 30, 2012	For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient		To be determined.	Working with Superintendent, Fiscal Office and other departments that project deliverables are clearly defined to ensure that expectations are managed for GDOE, US DOE and Tyler-MUNIS. This involves identification of output parameters by all department heads, to include the design all calculation formulas

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		<p>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>time to meet the proposed timelines.</p>			<p>and the inputs required for the new FMIS. Design and build results report layouts to include overall layout diagrams of the departments .</p> <p>Test FMIS by performing checksums to ensure that the results and calculations formulas in the FMIS are consistent.</p> <p>Maintain log of all amendments made to the FMIS to ensure a proper audit trail and documentation of changes made.</p>

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		Information management needs met by all users (e.g., custom reconciliation worksheet to support requirements and tracking of federal draw funds).					
Obligations of Funds/Disbursement of Obligation	IC-5: 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.	a. Program plans will serve as the basis for application disbursement; b. Grant spending process will be supported by SOPs, internal control checklists, and training for all affected personnel; c. Disbursements will tie to actions specified in program plans; d. Funds will be expended for allowable purposes under the statutes; e. No funds will be lost due to lapsing obligation periods.	September 30, 2012	For the past CCAP reporting quarter, Lourdes Perez, Chief Auditor, has assumed the position of Acting Deputy of Finance and Administration. When the new Superintendent assumes his responsibilities in July, Ms. Perez will return to her position as Chief Auditor and focus on the required actions and responsibilities in the CCAP in sufficient time to meet the proposed timelines.	Information required by external auditors to perform work is available in a timely manner.	To be determined.	Determine compliance of with the Single Audit Act and OMB Circular A-133. Involves meeting with external auditors performing audit to discuss potential findings and assisting in the resolution of these findings, to include whether funds were expended within the period of availability. Consider the suggested audit procedures from the OMB Circular A-133 Compliance Supplement, to include the following tests for compliance and

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							internal controls: <u>Compliance</u> •Reviewing the award documents and regulations pertaining to the program and a determination of any award-specific requirements related to the period of availability and documenting the availability period. •Testing a sample of transactions charged to the Federal award after the end of the period of availability to verify that the underlying obligations occurred within the period of availability and that the liquidation (payment) was made within the allowed time period. •Testing a sample of transactions that were recorded during the period of availability to

Internal Controls and Procedures

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							verify that the underlying obligations occurred within the period of availability. <ul style="list-style-type: none"> •Selecting a sample of adjustments to the Federal funds to verify that these adjustments were for transactions that occurred during the period of availability. <u>Internal Controls</u> <ul style="list-style-type: none"> •Determining whether GDOE’s accounting system prevents obligation or expenditure of Federal funds outside of the period of availability. •Determining whether end of grant period cut-offs are met by such mechanisms as advising program managers of impending cut-off dates and review of expenditures just before and after cut-off

Internal Controls and Procedures

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							date. •Determining whether the system provides for periodic monitoring review by management of reports showing budget and actual expenditures for the period. Document and report potential weaknesses and develop recommendations for improvements.

Intragovernmental Arrangements

Focus Area	Required Actions and Activities	Implementation Deliverables	Schedule based upon Performance Plan	Status Report as of 5/31/2012	Completion Risks	Recommended Modifications	Next Steps
Sub-grantee & Sub-recipient Standard Operating Procedure	IGA-1: GDOE will draft and implement a SOP specific to sub-recipient/sub-grant 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.	Written and approved SOP, including training for applicable GDOE personnel.	Completion on or before May 31, 2012.	The current draft, dated May, 5 2012, is being circulated within GDOE for review and comment by the responsible parties. The current draft is included as part of this May 31, 2012 status report.			Training will be provided to all prospective sub-grantees, sub-awardees, and sub-recipients. The Training will be held in conjunction with the Technical Assistance workshop for all prospective applicants for the up-coming FY'12 Consolidated Grant Project Application.

Recommended CCAP Additions, Deletions, Modifications

Focus Area	Recommendations