

Guam Department of Education

Comprehensive Corrective Action Plan Quarterly Progress Report

For the Period Beginning September 1, 2012 and Ending November 30, 2012

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

Submitted December 17, 2012

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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.

Major Accomplishments

This quarter has seen implementation of the remaining major components of the Financial Management Information System (FMIS). While all major components have been implemented and are fully operational, several of the enhancements are still to be fully implemented. Among these enhancements are the (1) bid and contract management module, (2) an updated format for the time and effort reporting system, (3) an electronic processing of applications and personnel action form and (4) an employee self-service module.

While it may be of concern that these items remain, the evaluator realizes that GDOE has moved from an largely paper based system to an electronic processing enterprise software solution in less than 12 months. The schedule called for the general ledger module and the procurement modules to be implemented by April 2012 and the Human Resources, Fixed Asset Module and Payroll modules implemented during the summer of 2012. The dates were effectively met.

Another major milestone has been met this quarter in that the property management module has been supported with the implementation of BMI Systems' electronic scanning systems. The scanning system is used in managing the physical inventory process as well as facilitating the receiving of new assets. Personnel were trained in the use of the system and a physical inventory and reconciliation undertaken. The reconciliation of all personal property items purchased with funds from the US Department of Education has been complete with a report accompanying this report.

The Chief Internal Auditor has assumed full responsibility of her scheduled duties after having served for a number of months as the Acting Deputy of Finance and Administration. Two auditor positions have been advertised but due to lack of quality applications no individuals have been hired. The application period has been extended with hopes of attracting new university graduates. The Chief Auditor has focused upon development on an audit program, an audit manual and the search for proper staff for the department.

In terms of the content of this report the third procurement action item has been refocused to distinguish it from the first procurement item. The employee tracking items have been separated into three distinct tracking items to support future divergence of those items. The repository for evidence of completion rests with the Third Party Fiduciary Agent but an electronic repository has been requested and is under development.

Procurement

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>P-1: GDOE will develop and implement effective procurement policies and procedures that ensure:</p> <ul style="list-style-type: none"> • Delivery of ordered supply items within specified timeframes for correct type of supply from selected vendor; • Delivery of supplies and equipment, tagged and entered into a property management system, to schools within three days of receipt; • Recording of when items are ordered, when orders arrive and are entered into the financial management system, and when they are delivered. 	<ul style="list-style-type: none"> • Draft System SOPs have been completed, are being reviewed by their respective areas, and adjustments are being proposed. Fixed Asset SOPs – Inventory Management Officer, Supply Management Administrator Purchasing SOPs – Buyer Supervisor II, Buyers, Supply Management Administrator • Bid and Contract Management – Buyer Supervisor II, Buyers, Supply Management Administrator. • Further MUNIS training for Procurement staff in Bid and Contract Management modules was scheduled for November 2012, however rescheduling is necessary due to system issues with Vendor Self Service module. Scheduled for January 2013. • End-user training for requisition entry was conducted in March for all school and division staff who normally process purchase requisitions. Refresher requisition training was held for end-users in July for school staff. • Fixed Assets Module training was held on August 15, 16 and 24 for Receiving, Property and Procurement staff. • TPFA and GDOE Property staff conducted Full Physical Inventory for all recordable assets purchased with USDOE and local funds, beginning September 14 and ended November 14, 2012. 	<ul style="list-style-type: none"> • SOPs are still in review process. • Training for the Bid Management and Contract Management Modules for Procurement staff is scheduled for January 2013. • Following completion of full physical inventory, TPFA and GDOE Property staff are reconciling fixed asset records. To be completed by December 31, 2012. • Clean asset records to be entered to GDOE MUNIS system after reconciliation. • Procurement Calendar in development to map fiscal year, federal grant, local funding, and physical inventory timelines. Will also include periodic and regularly scheduled training.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>	<ul style="list-style-type: none"> • System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. • 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. 	
Schedule Based upon Performance Plan	New Deliverables Completed This Quarter	Responsible Person/Department
<p>May 31, 2013</p>	<p>Training agendas, attendee lists, checklists and draft templates as provided by Tyler Technology, the Guam Attorney General’s Office, and Alvarez & Marsal as well as by internal GDOE organizations.</p>	<p>Marc Pido - Supply Management Administrator</p>

Procurement

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<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>Currently, basic MUNIS reports for requisitions and purchase orders are being viewed by Supply Management Administrator for status updates and for purposes of procurement staff productivity.</p> <p>Third Party Fiduciary Agent (TPFA) pulls a weekly report that tracks requisitions in the approval process from the TPFA's MUNIS system.</p> <p>School administrative staff has been trained in the entry of both requisitions and electronic receiving reports. Vendors are using a self service module of the MUNIS system to facilitate maintaining current information about the vendor including data necessary for the standard vendor reports.</p> <p>TPFA custom reports for requisition and purchase order tracking have been mirrored in GDOE MUNIS system.</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> <ul style="list-style-type: none"> • Develop a Gatekeeper assignment within the Supply Management Office to assign individual requisitions to the proper workflow stream. • Develop the capability for the Warehouse personnel to enter receiving information both within MUNIS and also using the BMI scanners by January 31, 2013. • For proper internal controls, receiving processes will be updated to include attachment of appropriate documents in the FMIS receiving records.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Monthly summary of completed purchases and procurement actions; Established process for routine review of federally funded requisitions and purchase orders.</p>	<ul style="list-style-type: none"> • System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. • 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. 	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>January 31, 2013.</p>	<ul style="list-style-type: none"> • Routine procurement reports are available from both the TPFA's MUNIS and the GDOE local procurement system. • Training in the reporting functions have been conducted by Tyler installers and attended by Supply Management personnel. • Training agendas and attendee lists for training conducted by Supply Management for school and division administration. 	<p>Marc Pido - Supply Management Administrator</p>

Procurement

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>P-3: Improve departmental procurement processes beyond those responsibilities directly related to the modules of the Financial Management Information System (FMIS).</p>	<p>Tyler-assisted Best Business Practices (BBPs) and Desktop Procedures (DTPs) documents were developed to map out specific operational procedures based on Tyler’s past implementations, and what worked best in most other jurisdictions.</p> <p>Supply Management Administrator has begun preliminary research into processes to increase accountability and assess financial responsibility for assets that are damaged, lost or stolen.</p> <p>Written procedures are being developed to ensure property transfers are accurately and timely reflected in MUNIS system.</p> <p>Written procedures are being developed to assist vendor registration and participation in MUNIS Vendor Self Service with the intent of increasing competition.</p>	<ul style="list-style-type: none"> • DTPs must be updated as procedures and policies are adjusted. • A comprehensive Policy and Procedures manual for the Supply Management Office will be developed by May 31, 2013. • With Budget and Accounting, schedule and conduct training session for school principals and division heads for Approval process and Account control prior to January 31, 2013. • Resolve which set of procurement regulations (2GAR or GDOE’s as issued in 1994) apply to GDOE Procurement activities, by May 31, 2013.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Development and publication of procurement policies and procedures, and external verification of compliance with SOPs.</p>		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>May 31, 2013 with the publication of the new Policy and Procedures Manual.</p>	<ul style="list-style-type: none"> • Alvarez & Marsal has conducted a training session for Division Heads, Project Managers and School Principals. Attendee lists are available as is the PowerPoint and attendee materials. • BBP and DTP procedures were finalized by Tyler and turned over to the Supply Management Office to maintain going forward. 	<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<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>Draft System SOPs have been completed and are being reviewed by their respective areas. As familiarity with MUNIS system continues, adjustments are ongoing.</p> <ul style="list-style-type: none"> Fixed Asset SOPs – Consultant Huron/Warbird continues to integrate existing operational Fixed Assets SOP with draft MUNIS system SOPs. Full physical inventory for federally and locally funded assets was conducted from September 14 to November 14, 2012. Post-inventory reconciliation is ongoing and will be completed by year-end 2012 	<ul style="list-style-type: none"> Schedule additional training for Warehouse and Property personnel for Purchasing and Fixed Assets Module for January to increase staff ability to access asset information and reports. Integration of existing Fixed Assets SOPs with MUNIS system by Feb 28, 2013. Develop a formal Policy and Procedures Manual for Property Management by May 31, 2013.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Replace all local DOE property tags with type and make identical to those currently in use by TPFA 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>	<ul style="list-style-type: none"> System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. 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. 	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>May 31, 2013 with publication of the new Policy and Procedures.</p>	<p>Asset inventory for all items over \$500 in the TPFA’s MUNIS.</p> <ul style="list-style-type: none"> SOP’s, BBP’s and DTP’s are available. 	<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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.</p>	<p>Current Operational Fixed Asset SOPs contains several statements throughout similar to this one found in Section 10 Property Responsibilities, “Personnel found willfully negligent for school or division equipment assigned to them may be held liable for this equipment and may be required to reimburse the school for all losses proved as willfully negligent.”</p> <p>A statement of personal responsibility is signed by all GDOE personnel prior to receiving a laptop computer.</p>	<ul style="list-style-type: none"> • 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. • A guide will be developed for school Fixed Asset and Property Liaisons by Feb. 28, 2013. • SOP for replacement, reimbursement, and determination of responsibility will be drafted by Feb. 28, 2013 and implemented by April 30, 2013. • Items will be addressed in the Policy and Procedure Manual scheduled for completion by May 31, 2013. • Develop standard for attaching signed personal responsibility forms to the employee record.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>	<ul style="list-style-type: none"> • System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. • 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. 	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>May 31, 2013 with publication of the new Policy and Procedures.</p>	<p>FSAIS statement of personal responsibility forms.</p>	<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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.</p>	<p>Familiarity with MUNIS continues among Property Management personnel with further system training scheduled for January 2013.</p> <p>Recent physical inventory of schools and divisions resulted due to collaboration and effective communication with Property office.</p> <p>End-users currently have visibility to their purchase orders but do not yet see the assets associated with their POs.</p>	<ul style="list-style-type: none"> • 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. • A Policy and Procedures Manual will be developed for Property Management by May 31, 2013. • Although a full physical inventory was completed November 14, 2012, the regularly scheduled Annual physical inventory will be conducted beginning January 2013. The relative frequency to just-completed 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.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Inventory policies adopted by GDOE will reflect coordination and review of established policies from GDOE Property Management and Procurement.</p>	<ul style="list-style-type: none"> • System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. • 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. 	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>May 31, 2013 with publication of the new Policy and Procedures.</p>	<ul style="list-style-type: none"> • Fixed Asset Inventory has been tagged and SOPs in place for items purchase with USDOE funds. • Attendance records of MUNIS fixed asset training has been attended by Property Management personnel. 	<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>PM-4: GDOE will ensure that US ED is reimbursed, as appropriate and consistent with federal regulations, when equipment damage results from inappropriate use.</p>	<p>The only process for reimbursing USDOE at this time is the standard response to A-133 audit findings. Research has been started into the federal guidelines and regulation regarding this responsibility. The topic will be included in the SOP for replacement, reimbursement and determination of responsibility scheduled to be drafted.</p>	<ul style="list-style-type: none"> • In addition to determining personal responsibility and financial liability, procedures and policies for reimbursing US ED will be researched and adopted, as appropriate. • Routine training for principals and division heads regarding oversight of property of purchased with federal funds will be included in Procurement calendar. • SOP for replacement, reimbursement, and determination of responsibility will be drafted by Feb. 28, 2012 and implemented by April 30, 2013. • Items will be addressed in the Policy and Procedure Manual scheduled for completion by May 31, 2013.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>May 31, 2013 with publication of the new Policy and Procedures.</p>		<p>Marc Pido - Supply Management Administrator</p>

Property Management

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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.</p>	<p>The TPFA has completed a physical inventory and reconciliation of all such property purchased with US ED funds and all asset records have been reconciled. All purchase orders since 2006 have been reviewed and an inventory of all purchased items with a cost of \$500 or greater are included in the inventory records.</p> <p>GDOE will work closely with the TPFA to review and monitor its progress under the CCAP and also in submitting quarterly reports. GDOE has established a uniform definition of all non-USDOE funded fixed assets and, once the SOPs have been finalized and approved, will communicate the definition, responsibilities, and enforcement policies to principals, school property liaisons, and division heads.</p>	<ul style="list-style-type: none"> • Training for school principals, property liaisons, and division heads regarding compliance and enforcement will be part of the regular Procurement calendar. • 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 May 31, 2013.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Per Finding No. 10-02:</p> <ul style="list-style-type: none"> • Evidence that GDOE has a uniform definition of "fixed assets" that is utilized consistently across GDOE central office managers and school sites; • 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; • Evidence that it has performed the reconciliation of fixed asset data as between the property management and financial management systems; and • 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. 	<ul style="list-style-type: none"> • System Risk – Delayed implementation of the new FMIS and its processes will impact the verification, monitoring and reporting capabilities. Risk level – LOW. • 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>(Continued next Page)</p>	

Property Management

Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>PM-5 Continued. May 31, 2013 with publication of the new Policy and Procedures.</p>	<p>Copies of procedures have been provided to the Office of Special Education and regular reporting dialogue is scheduled with that office by GDOE Special Education to report on the implementation of these corrective actions.</p>	<p>Marc Pido - Supply Management Administrator</p>

Guam Department of Education
Comprehensive Corrective Action Plan Quarterly Progress Report
Financial Management Information System (FMIS)

November 30, 2012

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
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.	Completed	Completed
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
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

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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 selection, a stable operating system, a reliable network, and application software compliant with design specifications.</p>	<p>The following Modules as part of the MUNIS system are installed and have been in regular production for a minimum of 90 days:</p> <ul style="list-style-type: none"> • General Ledger • Accounts Payable • Procurement • Payroll <p style="text-align: center;">(Continued Next Page)</p>	<p>Human Resources Module</p> <ul style="list-style-type: none"> • The following applications of the System still need execution <ul style="list-style-type: none"> Applicant Tracking Personnel Action Forms Position Control Staffing Pattern Employee Address Corrections <p>Payroll Module</p> <ul style="list-style-type: none"> • Installed and payroll checks have been issued but clarification and better understanding needs to be established for the following: <ul style="list-style-type: none"> ○ Payroll Cost Reporting finalized ○ Employee Self Service activated <ul style="list-style-type: none"> ▪ Employee Expense ▪ Employee Travel ▪ Employee Time Sheet Entry ▪ Direct Deposit ○ Payroll Audit Reports need to be reviewed. ○ W-2 processing training ○ TDRs procedure developed and deployed. ○ TDR form finalized. <p>Procurement Module</p> <ul style="list-style-type: none"> • Contract Management – additional training requested. • Bid Management – additional training requested. • Vendor Self Service – education of vendors • Fixed Assets – additional training requested.

**Guam Department of Education
Comprehensive Corrective Action Plan Quarterly Progress Report**

November 30, 2012

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
		Finance Module <ul style="list-style-type: none"> • Student Activity Funds – 6 schools have been identified as beta test sites and training is being conducted. • Bank Reconciliations • Cash Receipts procedures for the schools • 1099 Reporting • Budget – Performance Base Tyler Content Manager <ul style="list-style-type: none"> • Development of the indexing of information. • Determination of Items to be included
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>FMIS-2 Continued: 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>		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>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.</p>	<p>System was upgraded from the 9.2 Version to the 9.4 with minimal problems.</p>	<p>Taling Taitano, Deputy Superintendent</p>

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<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>SOPs were developed for all MUNIS applications.</p>	<ul style="list-style-type: none"> • Review workflow to better understand the rules and permission as compared to the SOPs. • Finalize and get approval of all the SOPs. Plus, verify the compliance to and the understanding of the SOPs. • Implement effective internal controls for approval of transactions and an audit program to validate the effectiveness of those controls.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>January 31, 2013</p>	<ul style="list-style-type: none"> • Monthly meetings with TPFA to address regarding reconciliation of the two systems. • Monthly meetings with department heads to discuss any and all concerns • Monthly meetings among divisions to refresh, discuss SOPs and workflows as well as address any concerns. 	<p>Taling Taitano, Deputy Superintendent</p>

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November 30, 2012

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>FMIS-4: Moving to the next level and sustaining the progress that has been made to date.</p>	<p>The system was upgraded to MUNIS 9.4 which adds a number of enhancements to the system.</p>	<p>Reviewing the SOPs with the Department Heads and they review it with their Team</p> <ul style="list-style-type: none"> • Department Heads need to review their SOPs and verify that they achieve the desired effect and needs of the Department. • The SOPs need to be shared with and fully understood by everyone on the Team. • Each member of the Team needs to understand the purpose of the SOPs and that it will be strictly enforced. • Feasibility study for moving to MUNIS version 10.2. • Automation of information transfer between TPFA's and GDOE's MUNIS.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>End Establish End User Training</p> <ul style="list-style-type: none"> • End user training need to be established on each school breaks with the school's end users. • End User Training for Central Office personnel should be scheduled each quarter to ensure compliance and the proper use of the system. • Go to Meetings with Tyler personnel should be established as needed. <p>Upgrades to the System</p> <ul style="list-style-type: none"> • When Tyler has an upgrade to their system, GDOE needs to schedule a time to install the upgrade and not miss any upgrades. Minimum should be yearly. • Suggestion would be each summer when school is out but sooner if needed and practical. 		
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>End User Training is scheduled for December 27 & 28. Quarterly training is planned for Spring Break, End of School year, Beginning of School year and Christmas Break.</p>	<p>System upgrade completed.</p>	<p>Taling Taitano, Deputy Superintendent</p>

Internal Controls and Procedures

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>IC-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 accurate payments, (5) otherwise enable and support generally accepted government financial management and accounting standards and requirements.</p>	<p>Internal Audit Office (IAO) has established and implemented a mechanism to track all current and prior A-133 Audit Findings.</p> <p>Began review of the Implementation of CCAP in 2009 to include:</p> <ul style="list-style-type: none"> • Re-assessment of Management Internal Control (MIC) questionnaire and vulnerability assessment forms to assist in review of departmental wide programs and/or projects. • Development of new mechanism to review, track and update the submission of completed MIC Vulnerability Assessment forms that were distributed to GDOE Division heads and sections. <p>Continue review of existing operational and FMIS SOPs and advisement of changes to SOPs for consideration by Divisions.</p> <p>Began re-positioning of audit function to add value to GDOE with the mission of improving accountability and transparency and strengthening credibility.</p>	<p>IAO will continue work with the responsible individuals designated to resolve audit findings to update corrective actions.</p> <p>Continue re-assessment and evaluation of MIC to include validation of information and documentation of controls.</p> <p>Begin validation of existing operational and FMIS SOPs within Divisions.</p> <p>Continue re-positioning of IAO to include but not limited to:</p> <ul style="list-style-type: none"> • Development of Audit Committee and strategic planning for IAO (core mission, goals and objectives) • Development an Audit Plan to include monitoring of CCAP, Evergreen audit, and other external reviews (OPA, financial and compliance audit reports, etc., and follow-up of IAO audit reviews and recommendations. • Development of an Audit Manual including review of existing IAO SOPs and developing new policies/procedures as needed) • Potential development of an Ethics Policy addressing conflict of interest, etc. • Feasibility study concerning the development of a complaint hot line.

Continued next page

Internal Controls and Procedures

Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>TPFA 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 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>Medium to High. The completion of these tasks is dependent on funding commitment by Legislature and Governor to build capacity within GDOE's IAO and to fulfill IAO mandates as effectively as possible despite constant changes and challenges.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
December 2013	IAO Audit Manual (draft)	Lou Perez, Chief Auditor

Internal Controls and Procedures

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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.</p>	<p>IAO continues to provide support to the Finance Division and the contracted external independent auditors to facilitate the reviews of the FY 2011, 2012 and 2013 financial and single audits.</p> <p>The new Chief Auditor, who assumed responsibility in February 2012, was temporarily assigned as the acting Deputy Superintendent of Finance and Administrative Services (DFAS) from March through June 2012, to work with the finance, procurement, budget staff and other division heads to provide support to the external auditors to complete the FY 2011 financial and single audit.</p> <p>The DFAS, Comptroller, Lead Accountants, IAO and TPFA meet bi-weekly to discuss financial related issues/concerns with financial operations and reconciliation of financial data between TPFA and GDOE.</p> <p>The FY 2013 supplemental budget was presented to Guam Education Board, to include GDOE's proposed budget to eliminate the high risk status and build capacity in the Financial Affairs, Supply Management, F.S.A.I.S, and IAO. While the Budget was passed, it was at funding levels insufficient to support recommended level of capacity building.</p>	<p>IAO will continue to work with all parties involved to address any policy, procedural, or audit issue that arise from the review of the new FMIS to include technical assistance on the updating SOPs, division manuals, applicable laws, rules and regulations, etc.)</p> <p>Ensure capacity building occurs to increase finance/audit staff level including:</p> <ul style="list-style-type: none"> • Hiring at entry level to provide GDOE the ability to develop staff skills/experience to eventually assume responsibility thru the attrition of older/more experienced staff. • Providing accounting/audit tools and equipment, applicable training materials to staff to perform their required tasks. • Exploring funding options for technical assistance grants to provide in finance/audit training. <p>Complete re-assessment of MIC questionnaire and vulnerability assessment forms used by Divisions to assess internal controls within departmental wide programs and/or projects.</p>

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Internal Controls and Procedures

Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
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.	Auditors anticipate the completion risk is high for FY 2012 financial and single audit to be high due to GDOE's implementation of its new MUNIS.	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
June 30 2013	Job Announcement for Auditor I	Lou Perez, Chief Auditor

Internal Controls and Procedures

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>IC-3: The GDOE will develop a credible financial management system which records and accounts for all draws and expenditures of federal education funds.</p>	<p>Currently, draws of funds from the US Department of Education are under the management of the Third Party Fiduciary Agent (TPFA). The TPFA requests that GDOE enter draw requests in the G5 system and supports each such request with a list of invoices to be paid with the requested funds. Funds are wired into the bank accounts under the control of the TPFA for distribution by ACH and paper checks.</p> <p>All expenditures in the TPFA financial management system are recorded within the accounts assigned to each program/grant funded by the USDOE. A system of electronic approvals is completed prior to each expenditure.</p>	<p>IAO will develop an audit program to test appropriate processing of draw request for funds requested from the US Department of Education and other federal sources.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>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.</p>	<p>Failure to implement effective controls and effective audit procedures will extend the requirement for the presence of a TPFA.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 30, 2012</p>	<p>Cash Management Audit Program (Draft)</p>	<p>Lou Perez, Chief Auditor</p>

Internal Controls and Procedures

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>IC-4: Reliance on the credible financial management system by other Guam agencies and single auditors as accurate system of record.</p>	<p>This process is on-going as GDOE Business Office has just completed the GASB 34 Reporting Module.</p>	<ul style="list-style-type: none"> • Continue to assist Division heads/managers with issues on the FMIS. • Will grant read-only FMIS access to relevant parties within other Guam agencies.
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>June 30, 2013</p>	<p>Tyler Technology consultant on island to assist with period closing procedures and training.</p>	<p>Lou Perez, Chief Auditor</p>

Internal Controls and Procedures

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>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.</p>	<p>IAO is working with Financial Affairs, contracted FMIS consultant, Federal Programs, and other Federal Program Directors, and Administrators to determine the best solution to monitor this process accordingly.</p> <p>Procurement is implementing a calendar system to schedule procurement activities including a set of delivery requirements to eliminate a year-end crunch of procurement activities.</p>	<p>IAO will continue to work closely with all parties involved to address any grants management issues.</p> <p>See also P-2 Next Steps regarding development of procurement calendar to map federal grant spending timelines.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<ul style="list-style-type: none"> • Program plans will serve as the basis for application disbursement; • Grant spending process will be supported by SOPs, internal control checklists, and training for all affected personnel; • Disbursements will tie to actions specified in program plans; • Funds will be expended for allowable purposes under the statutes; • No funds will be lost due to lapsing obligation periods. 	<p>Medium to High due to 2011 finding.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 2013</p>		<p>Lou Perez, Chief Auditor</p>

Employee Time Tracking

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<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>Both Federal Programs and the Business Office have given Tyler Technologies the authorization to move forward and create the Time Distribution Forms within the FMIS, MUNIS.</p>	<p>Once the preliminary forms are received from Tyler Tech., the Federal Programs Division & the Business Office will review and make suggestions as necessary to finalize the use of the Time Distribution Forms within the GDOE MUNIS.</p> <p>The MUNIS forms are necessary for tracking the accurate time distribution as well as the Labor and Account expenditures associated to each distribution.</p> <p>A significant amount of program restructuring was included in the 2012 Consolidated Grant. Coordination of all necessary personnel actions and records update will be coordinated by Federal Programs Office jointly with the Business Office, Payroll and Human Resources.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Written and approved SOPs, including training for applicable GDOE personnel, to ensure:</p> <ul style="list-style-type: none"> • accurate and up-to-date employee staffing lists based on notices of personnel actions (from Personnel Division and validated by FPD). • accurate and timely time distributions among funding sources for split-time employees, and proper allocation of salary costs among US ED grants (from respective programs and validated by FPD). • accurate and properly executed time distribution reports and attendance records. (from respective programs and validated by FPD). • properly executed and timely semiannual certifications. (from respective programs and validated by FPD). • internal control checklists to ensure compliance with Circular A-87. • identification of a computer-based and accurate time and attendance system, with documentation of requirements to support implementation, training and administration. (validated by FPD). 	<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. – 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. Risk level – LOW. Technology being introduced to all federally funded employees and will require training.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>November 30, 2012</p>		<p>Ignacio Santos Federal Programs Administrator Taling Taitano, Deputy Superintendent</p>

Employee Time Tracking

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>ETT-2: 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>Both Federal Programs and the Business Office have given Tyler Technologies the authorization to move forward and create the Time Distribution Forms within the FMIS, MUNIS.</p>	<p>Once the preliminary forms are received from Tyler Tech., the Federal Programs Division & the Business Office will review and make suggestions as necessary to finalize the use of the Time Distribution Forms within the GDOE MUNIS.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Written and approved SOPs, including training for applicable GDOE personnel, to ensure:</p> <ul style="list-style-type: none"> • accurate and up-to-date employee staffing lists based on notices of personnel actions (from Personnel Division and validated by FPD). • accurate and timely time distributions among funding sources for split-time employees, and proper allocation of salary costs among US ED grants (from respective programs and validated by FPD). • accurate and properly executed time distribution reports and attendance records (from respective programs and validated by FPD). • properly executed and timely semiannual certifications (from respective programs and validated by FPD). • internal control checklists to ensure compliance with Circular A-87. • identification of a computer-based and accurate time and attendance system, with documentation of requirements to support implementation, training and administration (validated by FPD). 	<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. – LOW. Adaptation Risk – Speed with which all users adapt to the new system, associated technology and processes will impact efficacy of the new service. Risk level – LOW. Technology being introduced to all federally funded employees and will require training.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 30, 2012</p>		<p>Ignacio Santos Federal Programs Administrator Taling Taitano, Deputy Superintendent</p>

Employee Time Tracking

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>ETT-3: Research and implement an automated time collection system for federally funded employees.</p>	<p>Both Federal Programs and the Business Office have given Tyler Technologies the authorization to move forward and create the Time Distribution Forms within the FMIS, MUNIS.</p>	<p>Once the preliminary forms are received from Tyler Tech., the Federal Programs Division & the Business Office will review and make suggestions as necessary to finalize the use of the Time Distribution Forms within the GDOE MUNIS.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<p>Written and approved SOPs, including training for applicable GDOE personnel, to ensure:</p> <ul style="list-style-type: none"> • accurate and up-to-date employee staffing lists based on notices of personnel actions (from Personnel Division and validated by FPD). • accurate and timely time distributions among funding sources for split-time employees, and proper allocation of salary costs among US ED grants (from respective programs and validated by FPD). • accurate and properly executed time distribution reports and attendance records (from respective programs and validated by FPD). • properly executed and timely semiannual certifications. (from respective programs and validated by FPD). • internal control checklists to ensure compliance with Circular A-87. • identification of a computer-based and accurate time and attendance system, with documentation of requirements to support implementation, training and administration. (validated by FPD). 	<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. – 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. Risk level – LOW. Technology being introduced to all federally funded employees and will require training.</p>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 30, 2012</p>		<p>Ignacio Santos Federal Programs Administrator Taling Taitano, Deputy Superintendent</p>

Intergovernmental Agency Arrangements

Required Actions and Activities	Status Report as of 11/30/2012	Next Steps
<p>Intergovernmental Agency Procedure-1: 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>The Federal Programs Division will revise the draft SOP for sub-awards further to clearly outline expectations and responsibilities for sub-recipients and sub-awards.</p>	<p>Draft SOP will be routed for review internally.</p>
Implementation Deliverables	Completion Risks	Reviewer Notes and Comments
<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>	
Schedule Based upon Performance Plan	New Deliverables Completed	Responsible Person/Department
<p>December 30, 2012</p>		<p>Ignacio Santos, Federal Programs Administrator</p>

Recommended CCAP Additions, Deletions, Modifications

Focus Area	Recommendations