



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF FINANCIAL OPERATIONS

OFFICE OF GRANTS ADMINISTRATION

January 30, 2019

Superintendent Jon Fernandez
Guam Department of Education
500 Mariner Avenue
Barrigada, Guam 96913

Dear Superintendent Fernandez:

Enclosed are amended Federal Fiscal Year (FFY) 2018 specific conditions for U.S. Department of Education (Department) grants awarded to the Guam Department of Education (GDOE). These amended specific conditions will apply to all grants awarded by the Department to GDOE on or after the date of these amended specific conditions, including, but not limited to, FFY 2019 grants awarded by the Department to GDOE on or after July 1, 2019. Additionally, these amended specific conditions apply to all grant funds previously awarded by the Department to GDOE that are still available for obligation or liquidation on the date of these amended specific conditions.

The amended FFY 2018 specific conditions and GDOE's designation as a high-risk grantee pursuant to 2 CFR §§200.207 and 3474.10 are in continued response to the need for GDOE to take actions that fully address the significant issues in its management of, and accountability for, Department grant funds. These issues led to the FFY 2003 designation of GDOE as a "high-risk" grantee under former 34 CFR § 80.12, the FFY 2007 requirement that GDOE develop and implement a Comprehensive Corrective Action Plan (CCAP) to address these issues, and the FFY 2009 requirement that GDOE must have the assistance of a third-party fiduciary agent to oversee the financial management of Department funds, to assist GDOE in implementing its CCAP, and to assist GDOE in implementing a new Financial Management Improvement System (FMIS).

On May 29, 2018, GDOE submitted to the Department a formal request for reconsideration of the specific conditions applicable to its Department grant funds. During the next several months, the Department worked with GDOE to develop a process for reconsideration, resulting in a Reconsideration Evaluation Plan (REP). The REP, which is also enclosed, is based on the FFY 2018 specific conditions, the 2005 Office of Inspector General (OIG) audit report, and the Department's review and assessment of the status of GDOE CCAP quarterly reports, which include CCAP actions that remain outstanding. The REP is

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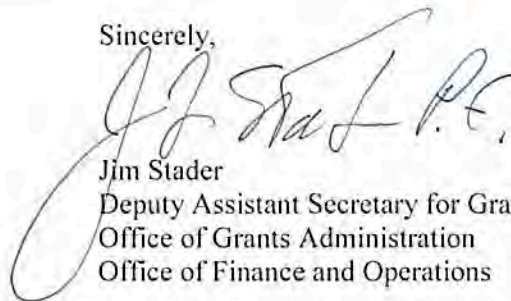
designed to: 1) provide clear guidance to GDOE on actions that it must take and complete during the reconsideration process; 2) inform the Department as it determines the extent to which specific conditions may be removed and the extent to which financial management responsibilities may be returned incrementally (or otherwise) to GDOE; and 3) inform the Department as it determines whether GDOE has taken all necessary actions to render it capable of performing the financial management responsibilities currently performed by the third-party fiduciary agent, resulting in the removal of the requirement for the third-party fiduciary agent. As reflected in the amended specific conditions, the REP is replacing the CCAP as the document against which GDOE's progress will be measured during the process of reconsidering the specific conditions.

The Department acknowledges that GDOE will continue working with the third-party fiduciary agent on developing an organizational structure and process that will lead to GDOE having the opportunity to demonstrate the ability to take control of key Department grant management responsibilities. While developing the plans for this structure and process, the third-party fiduciary agent will continue to perform fiscal management responsibilities for GDOE's Department funds. The Department understands that GDOE proposes to submit its restructuring plan to the Department within the next 12 months for approval prior to implementation.

In the meantime, the amended FFY 2018 specific conditions describe the continuing responsibility of GDOE to work with a third-party fiduciary agent, as well as the role and responsibilities of the third party fiduciary agent in administering Department grant funds. The FFY amended 2018 specific conditions also require GDOE to implement the REP. As noted under section III.E, the REP must be incorporated as an addendum to the contract between GDOE and the third-party fiduciary agent, inclusive of the responsibilities for GDOE and the agent described in Attachments A and B of these conditions. The Office of Grants Administration (formerly, Risk Management Service) will engage with GDOE on a monthly basis to verify the status of GDOE's progress under the REP and toward transitioning responsibilities currently performed by the agent back to GDOE staff.

The Department is committed to assisting GDOE in making significant improvements in its management and administration of Department grant funds and in providing assistance to GDOE during the reconsideration evaluation process. If you have any questions or require further assistance, please contact Christine Jackson, the primary contact for Risk Management Services Division of the Office of Grants Administration within the Office of Financial Operations, at (202) 245-8276 or via e-mail at christine.jackson@ed.gov.

Sincerely,



Jim Stader
Deputy Assistant Secretary for Grants Administration
Office of Grants Administration
Office of Finance and Operations

Enclosure

cc: Governor Lou Leon Guerrero
Mark Mendiola, Chairman, Guam Education Board
Congressman Michael San Nicolas
Frank Brogan, Assistant Secretary, Elementary and Secondary Education