



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF FINANCE AND OPERATIONS

OFFICE OF ACQUISITION, GRANTS, AND RISK MANGEMENT

October 31, 2022

Francis Santos
Acting Superintendent of Education
Guam Department of Education
501 Mariner Road
Barrigada, Guam 96913

Hafa Adai Superintendent Santos,

The purpose of this letter is to respond to your request for additional clarification, as outlined in your letter dated September 16, 2022, regarding the FY 2022 Departmentwide Specific Conditions on all Guam Department of Education (GDOE) grants awarded by the U.S. Department of Education (Department). The FY 2022 specific conditions did not remove the requirement to retain the services of a third-party fiduciary agent (Agent) to perform financial management responsibilities for GDOE'S Department grant funds. I will specifically address each of the areas included in your correspondence below:

Direct Drawdown of Salaries

While the Department's Grants Risk Management Services Division (GRMSD) acknowledged satisfactory implementation of the pilot automated employee time tracking system for GDOE staff funded with Consolidated Grants to the Insular Area (Consolidated Grant) program funding, the role of the Agent to draw down funds for the purpose of reimbursing GDOE to pay federally funded GDOE employees remains unchanged. Attachment B, number 3 of the FY 2022 Specific Conditions reiterates the Agent responsibilities, specifically that "GDOE must coordinate the timing of drawdowns and disbursements with the Agent to ensure that payments to staff, vendors and providers are prompt and timely." We understand that the Agent, rather than GDOE, has historically drawn down GDOE's funds into the separate bank account. While GDOE has authority under the specific conditions to draw down funds, it has always been required that those funds be deposited into the separate bank account maintained by the Agent. There is no language in the FY 2022 specific conditions that has changed the responsibility of the Agent to maintain the separate bank account or that has authorized GDOE to draw down funds directly into a bank account not maintained by the Agent. Therefore, GDOE may certainly perform the drawdown of the funds; however, the funds must still be deposited into the separate bank account maintained by the Agent, including for purposes of salary expenditures.

The FY 2022 specific conditions did not change the Agent role to “an oversight role” with respect to salary expenditures, as stated in your letter. The Department also does not anticipate making any significant changes to the specific conditions in this regard until GDOE has completed the expansion and implementation of its automated employee time tracking system across all Department programs with corresponding standard operating procedures. However, the Department will rely on the expertise of the Agent to identify necessary improvements to the current payroll reimbursement process to decrease any delays.

GDOE Payment for Vendors

GRMSD does not concur with your request included in the September 16 letter to allow GDOE “permission to drawdown funds directly into GDOE controlled bank accounts so that GDOE may pay vendors directly.” Attachment B, number 4 of the FY 2022 Specific Conditions reiterates the responsibility of the Agent to retain control of the timely payment of vendor invoices, stating that “[t]he Agent must pay vendors for the delivered goods or services and must, to the extent possible, disburse funds to the vendors on the same day that funds are deposited into the separate bank account maintained by the Agent.”

As stated on page 8 of the Reconsideration Evaluation Plan (REP) report dated July 27, 2022, drastic delays in processing vendor payments were a direct result of GDOE staff circumventing the approved procurement process. Under the approved processes included in SOP #200-034, “Accounts Payable and Cash Disbursement Procedures” dated March 29, 2018, SOP#200-037, “Requisition Entry” dated January 10, 2017, and SOP #200-039, “Accounts Receivable on Federal Grants” dated September 5, 2017, the Agent has the responsibility of final approval of purchases funded with U.S. Department of Education grant funds, and has been identified as the recipient of manual invoices and supporting documentation needed to process vendor payments from GDOE Accounts Receivable. GDOE and the Agent must follow this approved process, respectively. It is the expectation that the Agent will identify any necessary improvements within the approved reconciliation process to reduce burden and delay and ultimately allow the GDOE Business Office to run more efficiently. This is consistent with the intent of what will take place once a full transition from the Agent’s oversight has occurred.

Control Over Procurement Processes

Attachment B, number 5 of the FY 2022 specific conditions requires that, “the Agent will work with GDOE to return all Purchase Order (PO) functions performed within GDOE’s procurement process back to GDOE control within the GDOE MUNIS Procurement Module.” Other than as described in that paragraph of Attachment B, the Agent’s role has not changed with respect to any other parts of the procurement process and has not become simply an “oversight and monitoring role.”

Control of Equipment Management

GRMSD wants to clarify the interpretation of Attachment A, number 7 of the FY 2022 Specific Conditions regarding the Agent's role within the equipment management process. GDOE is required to continue working with the Agent to ensure that property procured with Department funds is properly inventoried, maintained, and stored to prevent loss, damage, or theft. The Agent is not in a "technical assistance advisory" role with respect to property management. As GDOE continues to conduct the annual physical inventory, the Agent should be provided a draft copy of the physical inventory report to review as part of the process of transitioning from a role of complete oversight to one of providing technical assistance. The Department also does not anticipate making any significant changes to the specific conditions in this regard until GDOE demonstrates the completion of a second full physical annual inventory with limited oversight by the Agent.

We can include each of these areas above as part of our regularly scheduled bi-weekly calls to ensure there is clear and accurate understanding about the Agent's evolving roles and responsibilities once a new contract for third-party fiduciary agent services is signed.

If you require additional information in the interim, please reach out to Christine Jackson at Christine.jackson@ed.gov.


Janet Scott

Acting Deputy Assistant Secretary
Office of Acquisition, Grants, and Risk Management

cc:

Mark Mendiola, Chair, Guam Education Board

Mary Okada, Vice Chair, Guam Education Board