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MEMORANDUM
OFFICE OF THE PUBLIC AUDITOR
PROCUREMENT APPEALS

APR 06 2010

TIME: 4:03
BY: mav
FILE No. OPA-PA 09-012


7 **BEFORE THE PUBLIC AUDITOR**
8 **PROCUREMENT APPEAL**

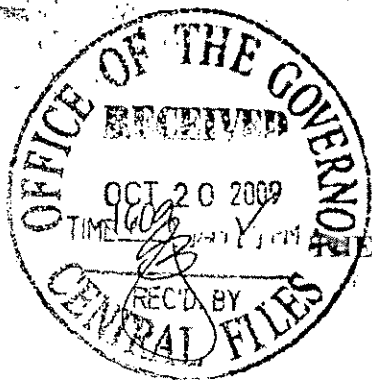
9 In the Appeal of) Docket No. OPA-PA-09-012
10)
11 Z4 Corporation,) **SUBMISSION OF DOE'S**
12) **SUPPLEMENTAL DOCUMENT**
13)
14 Appellant.)

15 The Appellee, Department of Education through its legal counsel, Laura J.
16 Mooney hereby submits the Memorandum of Understanding between Department of
17 Education, the Bureau of Budget and Management Research, the Department of
18 Administration and the General Services Agency.

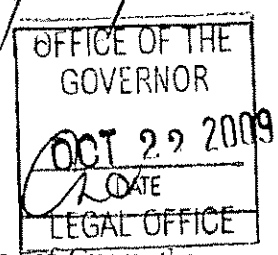
19 Dated: April 6, 2010.

20 DEPARTMENT OF EDUCATION

21 By: 
22 **LAURA J. MOONEY**
23 Legal Counsel
24 Attorney for DOE, Appellee
25



Office of the Speaker
Judith T. Wan, Ed.
Date 10/20/09
Time
Received by [Signature]



MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF EDUCATION,
THE BUREAU OF BUDGET AND MANAGEMENT RESEARCH,
THE DEPARTMENT OF ADMINISTRATION AND
THE GENERAL SERVICES AGENCY

WHEREAS, it is the intent of the Government of Guam to include the Governor of Guam, the Speaker of the Guam Legislature, the Guam Education Policy Board, the Director of the Bureau of Budget Management Research, the Director of the Department of Administration, the Chief Procurement Officer of General Services Agency and the Superintendent of the Department of Education to work together to immediately address the fiscal concerns of the U.S. Department of Education as outlined in a September 28, 2009 letter; and

WHEREAS, it is the intent of the parties that this Memorandum of Understanding (MOU) serve as an interim solution to the management information system while the Government of Guam awaits funds from the American Recovery and Revitalization Act or "ARRA" funds to put in place a more permanent solution; and

WHEREAS, all parties acknowledge that this is not a "takeover" of the functions of the Department of Education (DOE) but rather an accelerated intensive training program that would ensure that the fiscal concerns of the U.S. Department of Education are addressed; and

WHEREAS, all parties agree that the terms of the MOU shall become effective upon the signature of the Governor of Guam and shall continue until the end of December 2010; and

WHEREAS, six months after the effective date of this MOU the parties shall revisit the MOU to make a determination to continue, end or amend the terms of the MOU; and

NOW THEREFORE, all parties agree to the following terms:

SECTION I. All agencies agree:

- A. That DOA shall do an initial assessment to determine if it is more feasible to utilize the DOA financial management system or to update and continue with DOE's financial management system for this interim period.
- B. If it is determined that DOA's AS 400 financial management system is better suited for purposes of this MOU then DOA's AS 400 shall serve as the temporary host system for DOE.
- C. That the financial management system used to accomplish this MOU is established in a manner that protects the fiscal autonomy of DOE.
- D. That if DOA's financial management system is used then each module shall be brought on-line in phases in order of priority as established by DOE through a list provided by the Superintendent of Education.
- E. That the Superintendent of Education shall continue to retain final financial decisions for DOE expenditures.
- F. That DOE staff shall be trained by DOA and BBMR.

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- G. That if necessary work stations at DOA and BBMR be made available while an assessment is conducted into the feasibility of establishing work stations at DOE in light of DOE's ARRA application.
- H. That the first modules will be DOE's procurement, accounts payable and federal programs until the Superintendent submits a priority list.
- I. That federal grant reports will be generated to meet all reporting requirements.
- J. That monthly progress reports will be provided to each agency head and quarterly reports shall be submitted to the Governor of Guam, the Speaker of the Guam Legislature and Guam Education Policy Board.
- K. That the agency heads conduct an evaluation six months after the effective date of this MOU to determine if the fiscal concerns are being met.
- L. That each agency head shall select a point of contact or liaison to represent the agency.
- M. All parties agree that any disagreements that arise as a result of this MOU shall be resolved by the agency heads.

SECTION II. The Department of Education agrees:

- A. To assign a Deputy Superintendent as the liaison to coordinate and communicate with DOA and BBMR.
- B. To have DOE staff cooperate and communicate with DOA and BBMR staff and implement instructions provided by DOA or BBMR staff on budgetary and accounting policies and procedures.
- C. To establish SOP's to provide access to DOE's Computer Financial Accounting System and DOE's Financial Information, as well as hard copies and electronic copies of supporting documents upon request by DOA or BBMR staff.
- D. To prepare and submit reports to DOA and BBMR on the status and performance of the DOA Staff in providing Financial Support and Training Services on a regular basis.
- E. To provide reimbursement through a Work Request Agreement a sum not to exceed Five Hundred Thousand Dollars (\$500,000) to be divided between DOA and BBMR for personnel and other related expenses pursuant to this MOU.

SECTION III. The Department of Administration and Bureau of Budget and Management Research agree:

- A. to conduct an initial assessment of DOE's financial organizational structure, existing budgetary and accounting infrastructure, interview and evaluate DOE's staff to determine proper placement in the financial division, map former DOE accounts to new account structures, temporarily provide the required accounting software, train staff on budgetary and accounting modules and provide ongoing monitoring and review of DOE's staff progress.
- B. to conduct an assessment, within the 1st week of the effective date of this MOU, on DOE's infrastructure, including and not limited to the following:
 - 1) Organization Chart/Staffing Pattern
 - 2) Budgetary and Accounting Modules/System
 - 3) Staff – Duties / Responsibilities and Staffing Level
 - 4) Transactions Flow/Budget Controls/Accounts Structure

Handwritten signature and initials, possibly 'M. M. P.' and 'M. M. P.', located in the bottom right corner of the page.

- 5) Organizational Policies and Procedures
 - 6) Grants Inventory/Requirements/High Risk
 - 7) Financial Reporting Requirements
- C. to have a transition phase for staff placement, mapping accounts and providing temporary accounting software where warranted
- D. by week 2, DOA will set up training for DOE staff for the following accounting modules:
- 1)
 - (a) Appropriation / Accounts Payables Invoicing
 - (b) Receiving Report
 - (c) Fixed Assets
 - (d) Checks Disbursement
 - (e) Reporting
 - 2)
 - (a) Receivables
 - (b) Travel
 - (c) Local Account Receivable
 - 3) Bank Reconciliation
 - 4) Revenues
 - 5) Liabilities
 - 6) Payroll
 - 7) Federal Grants
 - (a) Inventory of Accounts
 - (b) Accounts Receivable module
 - (c) Drawdowns
 - (d) Reporting
 - (e) Compliance
 - 8) Accounts Maintenance
 - (a) Mapping
 - (b) Establishment of Accounts
 - (c) Accounts in compliance to Public Laws and/or Federal Grant Requirements.
 - 9) Work with DOE to modify existing DOA SOP's to fit DOE procedures with special attention given to internal controls.
- E. By week 2, BBMR will set up training for DOE staff for the following:
- 1) Budget formation, preparation, execution, and audit
 - 2) Establishment of Accounts
 - 3) Appropriation Allotments
 - 4) Document Review / Processing
 - (a) Personnel Actions
 - (b) Travel
 - (c) Contracts
 - (d) Work Requests
 - (e) Federal Programs Inventory
 - (f) Federal Grant Review and Reporting
- F. DOA and BBMR will provide monitoring and review of DOE's progress and will submit progress reports after the training period.
- G. Work with DOE to ensure that all financial reporting deadlines are met and are in compliance with existing laws and grant agreements.

- H. If it is decided that the government of Guam system will be used to temporarily process DOE financials, set up a reconciliation system to ensure all transactions are properly reconciled and included and that a system to address prior year accounts is also developed.

SECTION IV. General Services Agency agrees:

- A. To continue the supervision and training for DOE procurement personnel
- B. To provide work stations as necessary
- C. To implement a rigorous training program for DOE's Supply Management Division by week 3.
- D. To continue to train DOE end users on procurement standard operating procedures and document said procedures
- E. That within 2 weeks, the DOE warehouse personnel be temporarily transferred to GSA for training and supervision in establishing an acceptable warehousing accountability and control system.
- F. To assist integration of the procurement and warehouse automated system, to include fixed asset inventory.
- G. Work with the Property Management Division to ensure the fix asset program currently in place is supported.

SECTION V. Speaker of the Guam Legislature agrees to provide assistance as necessary.

SECTION VI. TERMS OF AGREEMENT

This MOU shall become effective immediately after all parties have signed the agreement and shall remain in effect until December 31, 2010. The parties agree that this MOU may be terminated at any time by providing thirty (30) days written notice.

SECTION VII. AMENDMENTS

Amendments to this MOU shall be conveyed in writing as mutually agreed upon by the parties. In the event of any dispute in the interpretation, development, and implementation, and / or execution of either parties' responsibility, the parties shall meet to discuss and resolve the dispute.

SECTION VIII. SIGNATURES

The authorized signatories below represent the officials responsible for making available and maintaining this MOU, and bind the departments to the responsibilities delineated in this MOU.

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09-1052 *R.*

IN WITNESS THEREOF the parties have executed this MOU on this _____ day of October, 2009.

N. Underwood

NERISSA BRETANIA UNDERWOOD, Ph.D.
Superintendent, Department of Education

J. San Agustin

JOE S. SAN AGUSTIN
Chairman, Guam Education Policy Board

B. M. Duenas

BERTHA M. DUENAS
Director, Bureau of Budget & Management
Research

L. M. Perez

LOURDES M. PEREZ
Director, Department of Administration

APPROVED AS TO FORM & LEGALITY:

C. Acfalle 10/20/09

CLAUDIA ACFALLE
Chief Procurement Officer, General Services Agency

A. G. Lintiaño

ALICIA G. LINTIAGO
Attorney General of Guam

J. T. Won Pat 10/20/09

JUDITH T. WON PAT, Ed.D.
Speaker, 30th Guam Legislature

APPROVED:

F. P. Camacho

FELIX P. CAMACHO
Governor of Guam

RECEIVED
10-27-09
R.
Attorney General
Civil/Solicitor