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SECOND RENEWAL OF AGREEMENT BETWEEN GUAM DEPARTMENT OF EDUCATION AND ALVAREZ & MARSAL PUBLIC SECTOR SERVICE, LLC FOR PROFESSIONAL SERVICES PURSUANT TO GDOE RFP NO. 011-2010

This Second Renewal of Agreement is entered into by and between the **GUAM DEPARTMENT OF EDUCATION ("GDOE")**, an agency of the Government of Guam whose address is P.O. Box DE, Hagåtña, Guam 96932, and **ALVAREZ & MARSAL PUBLIC SECTOR SERVICE, LLC ("A&M" or "Contractor")**, whose address is 600 Madison Avenue, 8th Floor, New York, NY 10022. GDOE and Contractor are collectively referred to as the "Parties".

WHEREAS, GDOE issued Request for Proposal ("RFP") 011-2010 for Third-Party Fiduciary Oversight and Funds Management Services; and

WHEREAS, Contractor submitted a proposal in response to RFP 011-2010 and was selected to provide services thereunder, and on September 13, 2010 a Professional Services Agreement RFP No. 011-2010 Third-Party Fiduciary Oversight and Funds Management (hereafter the "Agreement") was entered into by the Parties; and

WHEREAS, on September 18, 2012 the Parties executed an Amendment to the Agreement (the "Amendment") that extended the initial term of the Agreement until October 31, 2012; and

WHEREAS, pursuant to Section 7 of the Agreement, it may be renewed for up to four (4) twelve months terms; and

WHEREAS, the Parties executed a first Renewal of Agreement in September 2012 under which the Agreement would be in effect from November 1, 2012 through October 31, 2013; and

WHEREAS, the services provided by Contractor remain relevant and required by GDOE; and

WHEREAS, GDOE has identified funding for a second renewal term.

NOW THEREFORE, in consideration of the mutual covenants herein as well as in the original Agreement and any Amendments thereto, the Parties agree as follows:

1. Pursuant to Section 7 of the Agreement, this Second Renewal shall be effective from **November 1, 2013 through October 31, 2014**.
2. Contractor shall perform the services described in the Agreement and in the Updated Performance Updates and Tracking 2013-2014 included herein as Attachment 1, subject to further amendment as allowed by the terms of the Agreement.

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- 3. Compensation for this Second Renewal shall be an amount not to exceed **Two Million Nine Hundred Ninety-Two Thousand One Hundred Fifty Dollars (\$2,992,150.00)**.
- 4. All other terms of the Agreement and any Amendments thereto remain.

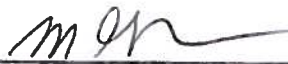
SO AGREED:

GUAM DEPARTMENT OF EDUCATION

ALVAREZ & MARSAL PUBLIC SECTOR SERVICE, LLC



JON J.P. FERNANDEZ
 Superintendent



MELISSA GLYNN
 Authorized Representative

DATE: 10/28/13


DATE: October 25 2013

GUAM DEPARTMENT OF EDUCATION



REBECCA M. PEREZ
 Legal Counsel


DATE: 10.28.2013

REVIEWED BY


MARCUS Y. PIDO
 Supply Management Administrator

DATE: 10/28/2013

CERTIFIED FUNDS AVAILABLE
AMOUNT: \$2,992,150.00

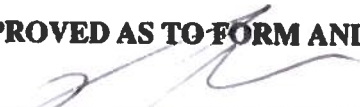


 Certifying Officer, Department of Education
 Acct #: 130.22.000.023010.14.2500.13

DATE: 10/28/13

APPROVED AS TO FORM AND LEGALITY

APPROVED



LEONARDO RAPADAS
 Attorney General of Guam

DATE: 11/5/13



EDWARD J.B. CALVO
 Governor of Guam

DATE: NOV 08 2013

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**SECOND RENEWAL OF AGREEMENT BETWEEN GUAM DEPARTMENT OF
EDUCATION AND ALVAREZ & MARSAL PUBLIC SECTOR SERVICE, LLC FOR
PROFESSIONAL SERVICES PURSUANT TO GDOE RFP NO. 011-2010**

ATTACHMENT 1

Updated Performance Updates and Tracking 2013-2014

(Referenced on page 1 of 2)

2013-14 activities will focus on building collaborative processes with GDOE, advancing the CCAP, controls and local implementation planning supporting an overall objective of resolving high risk designation.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Infrastructure Installation and Management	Transfer all necessary data from the 3 rd party FMIS to GDOE's FMIS, communicating information to GDOE's FMIS contractor and providing feedback to GDOE and the USDOE on GDOE's implementation of the FMIS.	Reconciliation report confirming complete and accurate transfer of 3 rd party financial records to GDOE's FMIS 2013-14 Automated transfer of 3 rd party financial records to GDOE's FMIS	By 10 th of the month after the first drawdown transaction.	On-going. 2013-14 With the go-live of GDOE's FMIS, there is a new focus on creating capability of automated sharing information from 3 rd party system. Details regarding what will be shared (detailed vs. summary data) and frequency of data transfer are under discussion
Compliance Management	Develop a compliance roadmap equivalent to a Comprehensive Corrective Action Plan	Developed and Approved Comprehensive Corrective Action Plan	Continued quarterly submission of the CCAP	CCAP officially accepted by USDOE on Dec 15, 2011. 2013-14 submissions and reconciliation of comments provided by USDOE
	Perform quarterly tracking of CCAP	Documented tracking of progress against Plan and incorporation of any required changes based upon new	2013-14 Update CCAP as necessary based upon changes to GDOE's administrative structure and/or due to audit or management findings related to the controls environments 2013-14 Continue to manage the coordination of tracking and preparation of the CCAP for review	2013-14 Support the submission of quarterly reports by GDOE.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
External Audit Support	Support for external audits and facilitating information requests, etc.	<p>process and/or compliance changes</p> <p>Provide responses to information requests and meetings set with external auditors.</p> <p>Assist with internal audit department with identification of risk areas.</p>	<p>2013-14 A-133 audit support when scheduled with external auditors by the Deputy Superintendent.</p> <p>Review standard operating procedures (SOPs) and assist in development of audit plan.</p> <p>Assist with internal audit department with identification of risk areas.</p>	<p>TPFA provided audit support for all audits performed during our engagement with GDOE. TPFA also responds to follow-up requests re: prior year audit findings as requested.</p> <p>2013-14 TPFA will continue to provide support for external audit activities.</p>
In-Kind Valuation Processes	Determine the basis for valuations related to cost sharing and matching funds for grant reporting	Maintenance of records sufficient to document the basis of in kind valuations through audit reviews		On-going, as needed.
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports		2013-14 TPFA to provide updated guidance for physical inventory of locally purchased assets.

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Payroll systems	Payroll	Clean drawdown request for payroll expenses	On-going	Ongoing performance of drawdown requests
	Payables	Daily transactions listing support each request for a draw of grant funds by the Business Office	Immediately after release of funds by the USDOE And continuing to monitor for effectiveness.	On-going
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness.	On-going
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	On-going
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	On-going
	Detailed specification of internal control standards and process improvement actions required by CCAP	Checklist of payroll procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	Updated SOPs reflecting updated processes and FMIS capabilities by GDOE personnel.
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions	Dec 15, 2010 And continuing to monitor for effectiveness	2013 SOPs will be updated to integrate with FMIS implementation Activities to improve GDOE payroll and personnel processes are currently underway.
				2013-14 Improvements to the general ledger/labor cost analysis and creation of inter-department communication/efficiency.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Document and maintain records appropriately	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011 And continuing to monitor for effectiveness	A&M uses a three way match to reimburse payroll costs. GDOE is improving their match error rate as a result of the error report reconciliations and emphasis on payroll system improvements at the school and division levels. Federal Roster and TDR processing is continuing to be the focus on payroll reimbursement processes.
Cash Management	Implement a system of cash management that provides for cash - neutral or limited use of general funds for federal programs.	Daily bank balance reports and completion of test draws arriving in appropriate bank account.	Complete. Monitoring is on-going.	Monthly bank reconciliations are provided to GDOE.
	Confirm that reimbursement requests are supported by appropriate documentation and documentation is maintained for an appropriate period of time.	Monthly report showing grant status by organization, school or program	Complete.	On-going
	Confirm that account balances are monitored to prevent the failure to timely obligate and liquidate funds and prevent the lapsing of funds.	Grant award status report and monthly reporting	Initial - Jan 10, 2011 Continuing to monitor for effectiveness	On-going
Procurement	Detailed specification of internal control standards and	Checklist of procurement procedure changes to be	Initial - Jan 31, 2011	On-going.

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
operations and systems	process improvement actions required by CCAP	implemented	Continuing to monitor for effectiveness 2012-13 Work collaboratively with GDOE Supply Management to improve procurement processes Initial - Nov 15, 2010	2013-14 Update internal control associated with CCAP and other policies and procedures
	Establish contacts and working relationships with prospective vendors that can provide goods and services that GDOE needs under the grants. Enter into contracts with vendors on behalf of GDOE, and, in doing so, must comply with the provisions for procurement.	Review of an authorized vendors list and monthly tracking of procurement actions	Continuing to monitor for effectiveness 2012-13 Assist GDOE in improving overall supplier management processes	Have established numerous relationships with technology and other key vendors based upon planned procurements in grants. Participate in vendor management activities as appropriate.
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Initial - Jan 31, 2011	2013-14 Identify and document improved practices related to supplier management Complete. 2012-13 Support enhancements in procurement activities through updates to SOPs based upon organizational, systems and potential compliance requirements.

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Fixed Assets /Inventory systems	Detailed specification of internal control standards and process improvement actions required by CCAP	<p>Checklist of fixed assets procedure changes to be implemented. (Note given the lack of power to support computers at the warehouse, receiving will continue with paper copies of receiving information until FMIS automated receiving is implemented.)</p>	<p>Jan 31, 2011</p>	<p>On-going. BMI Scanner workshops and training sessions via web-conferencing were conducted by GDOE's Supply Management Administrator, Tyler Technologies, and BMI. Training included all GDOE warehouse and property management personnel with attendance and assistance from A&M. A&M is working with BMI to coordinate onsite training in August.</p> <p>2013-14 A&M's continued use of scanners in support of inventory and fixed assets</p>
	<p>Continued oversight of federal funded procurement and inventory, oversee the management of all tangible personal property procured under the grants by the GDOE in accordance with the requirements</p> <p>Transition to decentralized warehouse management and</p>	<p>Fixed assets inventory reconciliation report</p> <p>Training and operational procedures at school level</p>	<p>2013-14 Work with GDOE to align FA approaches and provide integration with the FMIS FA module.</p> <p>August- Jan 31, 2014</p>	<p>2013-14 – Provide ongoing management through the FA module and coordinate with GDOE's FMIS and FA management approach to support transition of data and technical approach.</p> <p>Review of receiving operations at school level.</p>

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	receiving			2013-14 Procedures, training and operational practices will be introduced and implemented across GDOE.
Records Management	Detailed specification of internal control standards and process improvement actions required by CCAP	Checklist of records management procedure changes to be implemented	2013-14 Work with GDOE Internal Audit team to improve internal controls and identify risk areas.	Ongoing population of TPFPA deliverables repository. Materials are updated as standard operating procedures, training documents and other materials are implemented or revised.
	Appropriate records management in compliance with EDGAR requirements and that supporting documentation is maintained for an appropriate period of time. This includes the entry of electronic copies of all supporting documentation into the integrated software system so that it is readily available for audit and or inquiry by various parties including GDOE executive and program offices.	Compliant financial transaction files	Dec 31, 2010, as inclusion in the training materials for GDOE MUNIS users and continuing to monitor for effectiveness.	Electronic record storage will be implemented as part of the FMIS system.
Reporting	Conduct reconciliations on a monthly and quarterly basis. Define other custom reports as necessary to support	Reconciliation Reports Monthly and Quarterly Special reports and analyses	Complete	On-going
			Initial - Sep 15, 2011 Continuing to monitor for	On-going

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	<p>operations.</p> <p>Program management reporting - Standard monthly reporting will track status of performance results as well as operating information on draw downs, procurement status and other pre-defined status indicators. Reporting will also identify any performance risks and issues. Informal, timely information exchange will also occur to share information, resolve issues and address operational concerns.</p>	<p>Issue memos or emails; monthly program management reports</p>	<p>effectiveness Monthly</p>	<p>2013-14 Continue to produce status reports and review with Federal Programs and management.</p>
<p>Performance Improvements</p>	<p>Identified opportunities to streamline processes and increase operational efficiency and improve internal controls.</p>	<p>Provide leadership and support to update all SOPs based upon process changes as part of the FMIS implementation effort</p>	<p>Sept 2013-January 2014</p>	<p>2013-14 Review fiscal controls and update SOPs to reflect changes associated with FMIS implementation and identify opportunities to improve performance and compliance.</p>
<p>Procurement Support as an added function</p>	<p>Draft procurement document templates that comply with ARRA and other federal requirements.</p>	<p>Accepted by GDOE Office of Supply Management</p>	<p>Complete.</p>	<p>Complete. Providing additional procurement support and template-updating as necessary. 2013-14 Review required updates and set forth an appropriate schedule for delivery</p>

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Augment supply management staff as needed to ensure obligation of expiring grants funds.	Provide additional staffing for surge support for end of year processing.	Summer 2014 Provide increased staffing as needed to support increased procurement activities.	2013-14 Review opportunities to improve small procurement and services contracts to increase efficiency of procurement processes.
Local Implementation Support	Facilitate working sessions and provide project management and technical support to address operational risk areas in support of transitioning off high risk status with the U.S. Dept of Education. Review of GDOE organizational structure to include human capital assessment.	Project plan, action plan, tracking (activities reports) and support for managing development of a business case. Activities report to include recommendations of best practices on organizational structure, financial operations and staff development.	2013 - 14 Provide leadership to support goal setting, tracking, and project management.	Started with the development of activities reports per functional area identifying target capabilities and gaps. 2013-2014 Continue to expand activities reports and perform tracking based upon GDOE performance against targeted capabilities.
Indirect Cost Analysis	Support development of the indirect cost package for submission to U.S. Dept of Education and Interior.	Package for submission and analytical cost model as well as training for GDOE personnel on how to apply	September 2013 Finalize restricted and unrestricted for FY10-12 October 2013 Submit FY13 IDC application March 2014 Submit FY14 IDC application	Update submissions for FY13 and apply approved IDC rates to any remaining grant funds.
Optional Tasks	To be reviewed based upon GDOE's requirements.			
Facilities Management Planning and Operational Support	Provide leadership support from a Superintendent's viewpoint	Operational performance measures and facilities management guidance		
Internal Audit	Support development and	Updated MIC and ongoing		

Interim Support	application of the Management Internal Control (MIC) Plan and identification, evaluation and implementation of appropriate internal controls in SOPs	support, SOP review and development support, and involvement in other internal audit responsibilities as agreed.		
Budget Diagnostic	Conduct a Department wide budget analysis to determine opportunities for cost control, implement budget policies and practices to support sustained management and control	Budget presentation, budget financial model, draft policies and procedures		

Updated Performance Updates and Tracking 2013 - 2014

September 2013

Cost Proposal

Category	Annual Cost Year 1, 9/15/10- 9/14/11	Annual Cost, Year 2, 9/15/11- 10/31/12	Budgeted Annual Cost, Year 3, 11/1/12- 10/31/13	Projected Actual Cost, Year 3, 11/1/12 - 10/31/13	Expected Annual Cost, Year 4 11/1/13- 10/31/14
Fees	\$3,486,326	\$3,697,946	\$2,621,760	\$2,347,180	\$2,719,900
Expenses - Personnel	\$528,674	\$526,880	\$289,400	\$367,280*	\$272,250
Expenses - Other	\$235,000	\$226,177	\$168,000	\$364,700**	\$0
TOTAL	\$4,250,000	\$4,451,003	\$3,079,160	\$3,079,160	\$2,992,150

Projected fees for 2013 contract performance year are substantially lower than budgeted allowing for portions of 2014 contract year expenses to be absorbed into 2013 contract year budget as described below.

**Payment of \$109,830 of 2014 personnel expenses included in 2013 contract year to reduce 2014 expected cost.*

***Payment to support Tyler Technology ASP services of \$174,350 for contract performance year 2014.*

As with the original proposal, A&M assumes dedicated space with in GDOE's central office facility and access to conference room space to avoid costs associated with a separate office setup. Additionally, dedicated staff support from GDOE personnel is anticipated to continue to address cost control, but most importantly to foster interactivity and training. GDOE dedicated support required includes two buyers and an accounts payables administrator.