

October 20, 15
15-0655

FOURTH 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 Fourth 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 500 Mariner Avenue, Barrigada, Guam 96913, 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.

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.

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.

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

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.

WHEREAS, the Parties executed a Second Renewal of Agreement in November 2013 under which the Agreement would be in effect from November 1, 2013 through October 31, 2014.

WHEREAS, the Parties executed a Third Renewal and Second Amendment of Agreement in October 2014 under which the Agreement would be in effect from November 1, 2014 through October 31, 2015.

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

WHEREAS, GDOE has identified funding for a fourth 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:

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1. Pursuant to Section 7 of the Agreement, this Fourth Renewal shall be effective from **November 1, 2015 through October 31, 2016.**
2. Contractor shall perform the services described in the Agreement and in the Updated Performance Updates and Tracking 2015-2016 included herein as Attachment 1, subject to further amendment as allowed by the terms of the Agreement.
3. Compensation for this ~~Second~~ ^{Fourth TRM 10/16/15} Renewal shall be an amount not to exceed **Three Million Seventy-Eight Thousand Six Hundred Dollars (\$3,078,600.00).**
4. All other terms of the Agreement and any Amendments thereto remain.

SO AGREED:

GUAM DEPARTMENT OF EDUCATION

[Signature]
JON J.P. FERNANDEZ
Superintendent

DATE: 10/16/15

GUAM DEPARTMENT OF EDUCATION

[Signature]
JAMES L.G. STAKE
Legal Counsel

DATE: 10/16/15

REVIEWED BY

[Signature]
CARMEN T. TAITANO
Supply Management Administrator

DATE: 10/16/15

APPROVED AS TO FORM AND LEGALITY

[Signature]
ELIZABETH BARRETT-ANDERSON
Attorney General of Guam

DATE: 10/28/15
DOE 15-0655

ALVAREZ & MARSAL PUBLIC SECTOR SERVICE, LLC

[Signature]
Managing Director
Its Authorized Representative

DATE: 10/6/2015

CERTIFIED FUNDS AVAILABLE AMOUNT: \$ 3,078,600.00

[Signature]
Certifying Officer, Department of Education
#20160003

DATE: 10/16/15

APPROVED

[Signature]
EDWARD J.B. CALVO
Governor of Guam

DATE: OCT 30 2015



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Attachment 1

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2015-16 activities will focus on building collaborative processes with GDOE, advancing and implementing the CCAP, supporting the transition plan, and supporting the overall objective of resolving the high risk designation.

Performance Section:

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. 2015-16 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. 2015-16 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 continue to be under discussion.
Compliance Management	Develop a compliance roadmap equivalent to a Comprehensive Corrective Action Plan.	Developed and Approved Comprehensive Corrective Action Plan. Developed a detailed activities report or ICAP (Internal Comprehensive Action Plan). Provided overall guidance to the GDOE in the development of a detailed transition plan.	Continued quarterly submission of the CCAP. Provide guidance and support on execution of the transition plan. 2015-16 Update CCAP as necessary based upon changes to GDOE's administrative structure and/or due to audit or management findings	CCAP officially accepted by USDOE on Dec 15, 2011. 2015-16 submissions and reconciliation of comments provided by USDOE.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Perform quarterly tracking of CCAP.	Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance changes.	related to the controls environments. 2015-16 Continue to manage the coordination of tracking and preparation of the CCAP for review.	2015-16 Support the submission of quarterly reports by GDOE.
External Audit Support	Support for external audits and facilitating information requests, etc.	Provide responses to information requests and meetings set with external auditors. Assist with internal audit department with identification of risk areas.	2015-16 A-133 audit support when scheduled with external auditors by the Deputy Superintendent. Review standard operating procedures (SOPs) and department policies to assist in development of audit plan. Assist with internal audit department with identification of risk areas.	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. 2015-16 TPFA will continue to provide support for external audit activities.
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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Transactional Support/Daily Operations	Perform inventory management.	Inventory reconciliation reports.		2015-16 TPFA to provide updated guidance for physical inventory of locally purchased assets.
	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.
Payroll systems	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. 2016 SOPs will be updated to integrate with



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Implement compliant payroll processes and system setup.	Bi weekly payroll reimbursement submissions and semi-annual true up adjustments.	Dec 15, 2010 Continuing to monitor for effectiveness	TDR Process implementation. Activities to improve GDOE payroll and personnel processes are currently underway. 2015-16 Improvements to the general ledger/labor cost analysis and creation of inter-department communication/efficiency.
	Document and maintain records appropriately.	Publication and external auditor verification of compliance with SOPs.	Jan 31, 2011 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.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	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 operations and systems	Detailed specification of internal control standards and process improvement actions required by CCAP.	Checklist of procurement procedure changes to be implemented.	Initial - Jan 31, 2011 Continuing to monitor for effectiveness. 2015-16 Work collaboratively with GDOE Supply Management to improve procurement processes	On-going. 2015-16 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.	Initial - Nov 15, 2010 Continuing to monitor for effectiveness. 2015-16 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. 2015-16 Identify and document improved practices related to

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Establish procurement processes and system functions.	Publication and external auditor verification of compliance with SOPs.	Initial - Jan 31, 2011	Complete. 2015-16 Support enhancements in procurement activities through updates to SOPs based upon organizational, systems and potential compliance requirements.
Fixed Assets /Inventory systems	Detailed specification of internal control standards and process improvement actions required by CCAP.	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.)	Jan 31, 2011	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. 2015-16 A&M's continued use of scanners in support of inventory and fixed assets. 2015-16 - Provide ongoing management
	Continued oversight of federal funded procurement and	Fixed assets inventory reconciliation report.	2015-16 Work with GDOE to align FA approaches	

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
	Inventory, oversee the management of all tangible personal property procured under the grants by the GDOE in accordance with the requirements.		and provide integration with the FMIS FA module.	through the FA module and coordinate with GDOE's FMIS and FA management approach to support transition of data and technical approach.
	Transition to decentralized warehouse management and receiving.	Continue training and operational procedures at school level.	Continuing to monitor for effectiveness.	Continue review of receiving operations at school level. 2015-16 Continue refining and training the GDOE on procedures and fixed asset management operational practices.
Records Management	Detailed specification of internal control standards and process improvement actions required by CCAP.	Checklist of records management procedure changes to be implemented.	2015-16 Work with GDOE Internal Audit team to improve internal controls and identify risk areas.	Ongoing population of TPF A 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	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.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Reporting	the integrated software system so that it is readily available for audit and or Inquiry by various parties including GDOE executive and program offices.	Reconciliation Reports Monthly and Quarterly.	Complete	On-going.
	Conduct reconciliations on a monthly and quarterly basis. Define other custom reports as necessary to support operations.	Special reports and analyses.	Initial - Sep 15, 2011 Continuing to monitor for effectiveness.	On-going.
Performance Improvements	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.	Issue memos or emails: monthly program management reports.	Monthly	2015-16 Continue to produce status reports and review with Federal Programs and management.
	Identified opportunities to streamline processes and increase operational efficiency and improve internal controls.	Provide leadership and guidance to the GDOE as it relates to updating SOPs upon process changes as part of the FMIS implementation effort.	Sept 2013-January 2014 Continuing to monitor for effectiveness.	2015-16 Ongoing. Review fiscal controls and provide guidance updating SOPs to reflect changes associated with FMIS implementation and identify opportunities to improve performance and

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments To Date and Planned
Procurement Support as an added function	Draft procurement document templates that comply with federal requirements.	Accepted by GDOE Office of Supply Management.	Complete.	compliance. Complete.
	Augment supply management staff as needed to ensure obligation of expiring grants funds.	Provide additional staffing for surge support for end of year processing. – 2015 summer GDOE handling internally. See Transition plan for detail.	GDOE handling during summer / fall of 2015.	2015-16 Review opportunities to improve small procurement and services contracts to increase efficiency of procurement processes. Awaiting response from USDOE legal department.
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.	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 – complete.	2015 – 16 Provide leadership to support goal setting, tracking, and project management – specific to transition plan.	Completed Activities report (ICAP) in January of 2014. 2015-2016 Continue to provide guidance on prioritizing tasks in the transition plan.

Updated Performance Updates and Tracking 2015-2016

October 2015

<p>Indirect Cost Analysis</p>	<p>Support development of the indirect cost package for submission to U.S. Dept. of Education and Interior.</p>	<p>Package for submission and analytical cost model as well as training for GDOE personnel on how to apply.</p>	<p>December 2015 -- perform internal review, review with DOI/USDOE and finalize FY'16 negotiations</p>	<p>Continue to train GDOE staff on submission and analytical cost model.</p>
<p>Transition Plan</p>	<p>Facilitate working sessions and provide guidance and support to address bottlenecks and ensure forward momentum towards the GDOE's projected objective / milestone completion dates.</p>	<p>Build project plan / excel tracking reporting for the GDOE and other constituents -- complete.</p>	<p>Transition project plan -- completed in May of 2015</p>	<p>On-going support and guidance. Weekly meetings being held. Bi-weekly communication with USDOE on progress and status.</p>

Cost Proposal

Updated Performance Updates and Tracking 2015-2016

October 2015

Category	Year 1 9/15/10 - 9/14/11 (ARRA)	Year 2 9/15/11 - 10/31/12 (ARRA)	Year 3 11/1/12 - 10/31/13 (GDOE)	Year 4 11/1/13 - 10/31/14 (GDOE)	Proj. Year 5 11/1/14 - 10/31/15 (GDOE)	Prop. Year 6 - 11/1/15 - 10/31/16 (GDOE)
Fees	\$3,486,326	\$3,697,946	\$2,347,180	\$2,908,403	\$2,685,000	\$2,728,600
Expenses - Personnel	\$528,674	\$526,880	\$367,280*	\$133,995	\$340,650	\$350,000
Expenses - Tyler	\$235,000	\$226,177	\$364,700**	\$0	\$174,350	\$0
Total***	\$4,250,000	\$4,451,003	\$3,079,160	\$3,042,398	\$3,200,000****	\$3,078,600

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

***Approximately \$8.7 million (52%) of the total fees and expenses of \$16.6 million (total fees incurred from year 1 - 5/31/15) were paid for with federal funds (ARRA) in the first two years of the TPFA contract. The remaining amount in years 3 - 5 have been paid with local GDOE funds.

****Payment to support Tyler Technology ASP services of \$174,350 for contract performance year 6 will be included in performance year 5 to reduce performance year 6 expected costs.

As with the original proposal, A&M assumes dedicated space within 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.