



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 16

January 15, 2012

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Overview of Accomplishments and Activities, January 15, 2012

A&M officially started performance on the Third Party Fiduciary Agent (TPFA) contract on September 15, 2010 based upon final signatures (the Notice to Proceed was issued on September 13, 2010). Initiation of progress tracking is based upon initial mobilization and official kick-off with the U.S. Department of Education (US DE) on September 20, 2010.

The highlights for the month ending January 15, 2012 include the following:

- Liquidation of purchase orders continued through December 31, 2011. A total \$25 million dollars of procurement actions were completed during the calendar year 2011.
- The USDE approved the Late Liquidation Request for the State Fiscal Stabilization Fund (SFSF) grant in the first week of January. The Late Liquidation request included four vendors associated with two projects specifically the the Third Party Fiduciary and installation of the new FMIS system. Alvarez & Marsal Public Sector Services serves as Third Party Fiduciary Agent. Tyler Technologies is the prime vendor for the FMIS system with Huron Consulting Group serving as the project manager for the implementation effort. Data Management Resources was selected through a procurement process to provide computers in support of the FMIS system.
- The USDE approved the "Waiver of Tydings" request from GDOE during the first week of January. This allows the 2009 Title V, Part A Consolidated Grant and the 2009 ARRA Rural and Low Income Schools (RLIS) Grant to continue to obligate funds until September 30, 2012 with final liquidation by December 31, 2012.
- Continued to participate and monitor the progress of the installation of the FMIS system. Sign-off was obtained on December 15, 2011 that the system was successfully installed and ready for the conversion process to take the next steps in January. The goals to go live with the general ledger and procurement modules of the software on April 2, 2012 are on schedule. The payroll and human resources modules are targeted to go live on July 1, 2012.
- Officially transmitted the Comprehensive Corrective Action Plan (CCAP) to USDE with an official acceptance date of December 15, 2011.
- Participated in several conferences on the status of the Programman Inagoflie, formerly the Anti-Bullying program, via a sub-grant to the Judiciary of Guam. The Application is nearing approval by the Federal Programs Division.



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- Processed \$150,092,058 in Federal funds during the period December 8, 2010 and December 31, 2011 in vendor payments and payroll reimbursement.

Commented [I1]: What does "processed" mean in this context? Vendor payments?

Grant Status Highlights and Activity Data

All current grants are available for obligation and payments.

	Dec 2011	1 st Quarter FY12 to date	Total for FY12 to date
Requisitions Created	37	348	348
Purchase Orders Issued	28	34	34
Invoices Processed	831	3,004	3,004
Funds drawn for Payments	\$12,017,638	\$18,604,832	\$18,604,832
Receipt of Fixed Assets	76	565	565



Performance Plan Evidence of Completion Achievement

After evaluating the requirements of GDOE and working with USDE during the week of September 20, 2010, A&M proposed review of the performance management plan to re-prioritize efforts on standing up the FMIS as quickly as possible. This prioritization was based upon meetings with GDOE leadership, the Education Policy Board and the Guam Legislature which underscored the criticality of gaining USDE's approval to drawdown funds and reimbursing local funds. The tracking reflects proposed changes, for GDOE's review and finalization.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
Mobilization	Assemble team and begin operations on Guam	Staffing Roster	Oct 15, 2010 And continuing to monitor for effectiveness.	Complete.
	Establishing basic infrastructure for receipt and disbursement of grant funds	Standard Operating Procedures	Oct 15, 2010 1 st Draft Dec 31, 2010 2 nd Draft Issuing SOPs to GDOE as they are revised/completed	Complete.
	Evaluate backlog of completed grant funding eligible GDOE transactions and prepare drawdown requests to secure reimbursement.	Initial drawdown requests	X – Initial drawdown will occur immediately after USDE approval is obtained	Complete.
Infrastructure Installation and Management	Stand up FMIS to accommodate 3 rd Party requirements	Release of system to production environment	Dec 15, 2010	Complete.
	Establish bank accounts	Bank accounts setup completions of test draws successfully arriving in bank account.	Oct 15, 2010	Complete.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	Build awareness of new internal controls and Policies and Procedures	Training Program Materials and Training Session attendance rosters showing 90% coverage of target population	Jan 31, 2011 And continuing to monitor for effectiveness.	New training programs developed for procurement management were delivered in the fall of 2011
	Transfer all necessary data from the 3 rd party FMIS to GDOE's FMIS, communicating information to GDOE's FMS contractor and providing feedback to GDOE and the USDE on GDOE's implementation of the FMIS.	Reconciliation report confirming complete and accurate transfer of 3 rd party financial records to GDOE's FMIS	By 10 th of the month after the first drawdown transaction.	Ongoing
Compliance Management	Develop a compliance roadmap equivalent to a Corrective Action Plan	Developed and Approved Corrective Action Plan	Jan 31, 2011 submission to GDOE Feb 15, 2011 submission to USDE	CCAP Officially accepted by USDE on Dec 15, 2011.
	Perform quarterly tracking of CAP	Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance changes	March. 15, 2012, first quarterly reports	Per finalized CCAP, the first quarterly report is due to USDE on March 9, 2012
	Support for external audits and facilitating information requests, etc	Responses to information requests and meetings set with external auditors	2011 A-133 audit support when scheduled with external auditors by the Deputy Superintendent	A&M is providing support to GDOE's business office and has participated in meeting with the external auditor to support the A-133 audit.
In -Kind	Determine the basis for	Maintenance of records	Jan 31, 2011 And	Ongoing, as needed.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
Valuation Processes	valuations related to cost sharing and matching funds for grant reporting	sufficient to document the basis of in kind valuations through audit reviews	continuing to monitor for effectiveness	
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports Cycle Counts for 3 schools per month during open school sessions	Complete inventory of items purchased using grant funds after Oct 1, 2006 will be conducted after school starts in the fall of 2011.	USDE Funded Assets - Planning a physical inventory for later in the academic year.
	Payroll	Clean drawdown request for payroll expenses	Ongoing	Complete. Reimbursements for payroll are occurring regularly. For the month of December 15 to January 14 reimbursements total approximately \$1.56 million.
	Payables	Daily transactions listing support each request for a draw of grant funds by the Business Office	Immediately after release of funds by the USDE And continuing to monitor for effectiveness.	Ongoing.
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness.	Ongoing
	Records management	EDGAR compliant transaction	Dec 29, 2010	Ongoing.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
		document files		
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	Ongoing.
Payroll systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of payroll procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	SOPs are continuing to be reviewed and refined by key GDOE personnel.
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions	Dec 15, 2010 And continuing to monitor for effectiveness	Activities to improve GDOE payroll and personnel processes are currently underway, with emphasis on 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 And continuing to monitor for effectiveness	Specific examples include: 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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
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 Ongoing.	Provided GDOE with bank reconciliation reports monthly.
	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.	Ongoing.
	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	Jan 10, 2011 And continuing to monitor for effectiveness	Ongoing.
Procurement operations and systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of procurement procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	Ongoing.
	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 o procurement actions	Nov 15, 2010 And continuing to monitor for effectiveness	Have established numerous relationships with technology and other key vendors based upon planned procurements in grants including- FMIS, FMIS PM, Construction, etc. Participate in vendor management activities as appropriate.
	Establish procurement processes and system	Publication and external auditor verification of	Jan 31, 2011	Complete



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	functions	compliance with SOPs		
Fixed Assets /Inventory systems	Detailed specification of internal control standards and process improvement actions required by CAP	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 during the first half of 2011.)	Jan 31, 2011	Ongoing. We are now developing an understanding of the BMI Scanners and as the first steps in assisting GDOE in automating receipt of fixed assets, inventory tagging and physical inventory recording.
	Through active oversight of the warehouse, procurement and inventory, oversee the management of all tangible personal property procured under the grants by the GDOE in accordance with the requirements	Fixed assets inventory reconciliation report	Apr 30, 2011 Revised to October 31, 2011. Priority is after the task of procurement. Procurement process is continuing to be extensive and absorbing most time of staff.	USDE Funded Assets -All public and private schools, as well as all the GDOE Divisions have now had the first pass through of inventory completed, , The search for missing assets of the various Divisions and Programs is continuing. The existing inventory that was tagged totals 867 items. 30 additional items have been located and in the process of being tagged. 85 items are currently listed as missing and or stolen. 726 new assets purchased under the A&M P.O.'s have been received and tagged. 76 of those assets



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
				were received and tagged during this reporting period.
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Introducing a scanning system for receiving and in taking physical inventories. System is on order and is part of the implementation of the FMIS system. Procedures will be introduced for effective use of this system as part of FMIS implementation.
Records Management	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of records management procedure changes to be implemented	Jan 31, 2011 And continuing to monitor for effectiveness	Continue to manage a TPFA deliverables repository updating as standard operating procedures, training documents and other materials are implemented.
	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	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
	parties including GDOE executive and program offices.			
Reporting	Conduct reconciliations on a monthly and quarterly basis	Reconciliation Reports Monthly and Quarterly	Complete	Ongoing.
	Define other custom reports as necessary to support operations	Special reports and analyses	Sep 15, 2011 And continuing to monitor for effectiveness	Ongoing.
	Program management reporting - Standard monthly reporting will track status of performance results as well as operating information on drawdowns, 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	Updated status report is submitted to GDOE this period for review.
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency	Presentation to GDOE with implementation plans	Sept 15, 2011 And continuing to monitor for effectiveness	Specific performance improvement activities have focused on Procurement through development of training and a procurement improvement plan working in concert with Marc Pido.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
Procurement Support as an added function	Draft procurement document templates that comply with ARRA and other federal requirements	Accepted by GDOE Office of Supply Management		Complete. Providing additional procurement support and template-updating as necessary.
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG		Conducted procurement training for 69 GDOE professionals – project managers, program coordinators, and school administrators.

Immediate Areas Requiring GDOE/A&M Attention

The following reflect high priority activities and actions requiring attention from GDOE management and A&M:

- Support GDOE Supply Management in the re-issuing of a number of ARRA RLIS and 2009 Title V, Part A Consolidated Grant procurement solicitations. After a meeting with the Office of the Attorney General, it was determined that based upon the original deadlines included in the original procurements that an extension was not permissible under Guam procurement law and that new solicitations were required.
- Review of the subgrant and contracting relationships between GDOE and other agencies of the Guam government to determine if corrective actions are required and an inclusion those corrective actions in the CCAP if appropriate.
- Support GDOE, Tyler Technologies and Huron Consulting in the implementation of the new FMIS. Review the new SOPs for thoroughness and compliance with solid internal control procedures.
- Continue the resolution of error reports in processing of payroll reimbursements.
- Calculating the indirect cost rates for FY2010, 2011 and 2012 and insuring that applications are filed with the Department of the Interior and Department of Education.
- Developing a tracking and reporting system for the CCAP.



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- Filing a late liquidation request for the 2008 Consolidated Grant for a number of services and indirect costs. Filing late liquidation requests for the 2007 Consolidated Grant for the indirect cost that was never applied for by GDOE.
- Applying the provisional indirect cost rate to the consolidated grants as processed during FY 2010 and FY 2011.
- Assisting with the A-133 external audit.