



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 1

October 15, 2010



Overview of Accomplishments and Activities – September 15 - October 2010

A&M officially started performance on the Third Party Fiduciary Agent (TPFA) contract on 9/15/2010 based upon final signatures (the Notice to Proceed was issued on 9/13/10). Based upon their initial mobilization and official kick-off with the U.S. Department of Education (US DOE) on September 20th, they have prioritized standing up their financial management information system. Reimbursement and draw down of funds can only occur after US DOE has approved the TPFA's financial management information system.

In performance as the TPFA, A&M has assembled members of their team on Guam. Three personnel are currently working in space allocated by the GDOE. Three additional team members are mobilizing to join the team the weeks of October 18th and 25th. Additional time was required to facilitate their move from the mainland to the U.S. A&M is also planning to provide an additional team member to focus on critical ARRA funds procurement activities.

The list below highlights accomplishments of the onsite team since project start-up:

- Conducted meetings with GDOE's senior staff, the Education Policy Board and the Legislature
- Established an operating location within GDOE's central office
- Developed a staffing roster
- Evaluated technology and connectivity requirements associated with the financial management information system requirements
- Planned and procured support equipment
- Designed a chart of accounts which is compatible with the 14 mandates for education
- Evaluated the backlog of completed grant funding and eligible GDOE transactions for reimbursement
- Conducted initial planning sessions with GDOE's Payroll office and reviewed eligible payroll reimbursements from 2009 and 2010, and began to define reimbursement approach
- Drafted interim standard operating procedures which will be provided to GDOE for review on 10/16
- Conducted initial meetings and reviews of procurement and warehouse functions
- Conducted sessions with GDOE's internal auditor related to their oversight role and the transition to the TPFA
- Initiated bank account setup for three bank accounts with the Bank of Guam



- Defined the financial management information system project plan with a go-live date targeted of 12/3/2010. This go-live date is well in advance of the 90 day requirement of A&M’s contract. US DOE will authorize draw downs and reimbursements at go-live.
- Identified additional team support to assist on project mobilization and procurement related activities

Performance Plan Evidence of Completion Achievement

After evaluating the requirements of GDOE and working with USDOE 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 USDOE’s approval to drawdown funds and reimbursing local funds. The tracking reflects proposed changes, yet A&M and GDOE must review all dates to finalize.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking
Mobilization	Assemble team and begin operations on Guam	Staffing Roster	Oct 15, 2010	Provided with 10/15 Status Report
	Establishing basic infrastructure for receipt and disbursement of grant funds	Interim Standard Operating Procedures	Oct 15, 2010	Working Draft Provided with 10/15 Status Report For GDOE Review
	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 USDOE approval is obtained	Backlog evaluated Actual drawdowns only to occur after USDOE has approved the new FMIS environment
Infrastructure Installation and Management	Stand up FMIS to accommodate 3 rd Party requirements	Release of system to production environment	Dec 15 2010	Highest priority In progress
	Establish bank accounts	Bank accounts setup completions of test draws successfully arriving in bank account.	Oct 15, 2010	3 bank accounts established at the Bank of Guam
	Build awareness of new internal controls and Policies and Procedures	Training Program Materials and Training Session attendance rosters showing 90% coverage of target	Dec 15, 2010	



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking
		population		
	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 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	Dec 15 2010	
Compliance Management	Develop a compliance roadmap equivalent to a Corrective Action Plan	Developed and Approved Corrective Action Plan	Reprioritize to Nov 30, 2010	Initial review performed – in progress
	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	Reprioritize to Nov 30, 2010	
	Support for external audits and facilitating information requests, etc	Responses to information requests and meetings set with external auditors	TBD	
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	TBD	
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports	Reprioritize to align with drawdown – reports to be produced 10 days post drawdown	
	Payroll	Clean drawdown request for payroll expenses	Reprioritize to align with drawdown	
	Payables	Daily transactions listing	Reprioritize to align with drawdown – Listing to be produced 10 days after drawdown	
	Procurement	Monthly summary of completed purchases and procurement actions	Reprioritize to align with drawdown – Reports produced	



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking
			to be 10 days after drawdown	
	Records management	EDGAR compliant transaction document files	Reprioritize to align with drawdown	
	Cash management	Compliant daily bank balance reports	Reprioritize to align with drawdown	
Payroll systems	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of payroll procedure changes to be implemented	Reprioritize to align with drawdown	
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions.	Reprioritize to align with drawdown – Report starting 10 days post drawdowns	
	Document and maintain records appropriately	Publication and external auditor verification of compliance with SOPs	Reprioritize to align with drawdown	
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.	Reprioritize to align with drawdown – Report starting 10 days post drawdowns	
	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	Reprioritize to align with drawdown – Report starting month following post drawdowns	
	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	Reprioritize to align with drawdown – Report starting month following post drawdown	
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	Reprioritize to align with drawdown - to be produced 10 days after drawdown	
	Establish contacts and working relationships with prospective	Review of an authorized vendors list and monthly tracking o	Oct 30, 2010	



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking
	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.	procurement actions		
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Reprioritize to align with drawdown	
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	Reprioritize to align with drawdown following post drawdown – to be produced 10 days post drawdown	
	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	Reprioritize to align with drawdown following post drawdown – to be produced 10 days post drawdown	
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Align with Drawdown approval	
Records Management	Detailed specification of internal control standards and process improvement actions required by CAP	Checklist of records management procedure changes to be implemented	Reprioritize to Nov 30, 2010	
	Appropriate records management in compliance with EDGAR requirements and that supporting documentation is maintained for an appropriate period of time. This	Compliant financial transaction files	Reprioritize to align with drawdown	



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking
	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.			
Reporting	Conduct reconciliations on a monthly and quarterly basis	Reconciliation Reports Monthly and Quarterly	Reprioritize to align with drawdown – Report starting month following post drawdown	
	Define other custom reports as necessary to support operations	Special reports and analyses	Reprioritize to align with drawdown	
	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	Oct 15, 2010	Initial report provided
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency	Presentation to GDOE with implementation plans.	Sept 15, 2011	



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Immediate Areas Requiring Attention

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

- Finalize review of the performance management plan and update all contract postings
- Review draft contents of Interim SOPs for scope
- Review procurement support requirements

These actions will occur the week of 10/18/2010.