



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 24

September 15, 2012



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## Overview of Accomplishments and Activities, September 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 (USDOE) on September 20, 2010.

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

- The FMIS system is functional in the areas of General Ledger, Accounts Payable, Budgets, Procurement, Payroll and Human Resources. Some important activities that must be completed include the production of critical reports (time distribution, labor cost report and staffing pattern), closing the months from April (system go-live) through August, as well as the creation of the automated interface between the TPFA and GDOE MUNIS systems. The implementation team will also have to continue to work to roll out employee self-service to all employees so that time entry will be decentralized as planned.
- GDOE Federal Programs revised the 2012 Consolidated Grant Application based upon input from U.S. ED Title V program team and resubmitted application for approval.
- TPFA assisted GDOE federal programs team to review expiring grants to determine need for grant amendments. We are awaiting the approval of an amendment to the FY2010 Title V, Part A consolidated grant that was submitted to U.S. Ed.
- TPFA continues to work with Supply Management to monitor ongoing procurements to ensure successful completion in order to avoid lapse of expiring grant funds.
- A complete physical inventory including both locally funded assets and federally funded assets is underway. Onsite training on the use of the BMI scanners and software was conducted the first week of September. During the onsite visit, BMI trained appropriate GDOE and TPFA personnel on the use of the scanners and assisted in planning for the start of the physical inventory. GDOE Supply Management Administrator is directing the physical inventory with staff from Warbird and TPFA providing assistance.
- US Department of Education has granted GDOE and GovGuam an extension for the liquidation of existing obligations under the ARRA State Fiscal Stabilization Fund (SFSF). The last day for liquidation of the funds has been extended from October 31, 2012 to March 29, 2013 in order to allow GDOE to continue remaining training and support for the FMIS implementation.
- US Department of Education has also granted GDOE and GovGuam an extension of the deadline to obligate remaining available funds that are in the local Adequate Education trust. This obligation deadline has been extended from September 30, 2012 to September 30, 2013 in order to allow for the school improvement construction projects to continue.



### Grant Status Highlights and Activity Data

All current grants are available for obligation and payments.

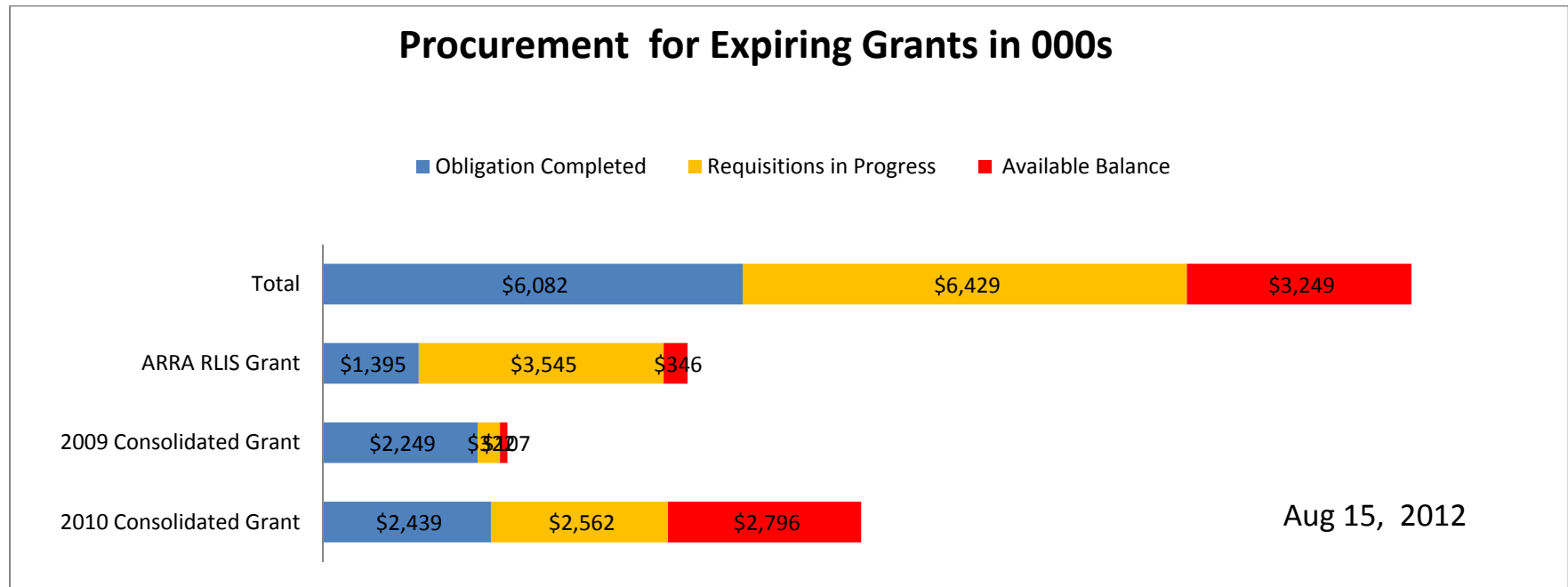
	<b>Aug-12</b>	<b><u>4th Quarter</u> <u>to Date</u></b>	<b><u>Total for FY12</u> <u>to date</u></b>
Requisitions Created	126	297	1090
Purchase Orders Issued	184	322	778
Funds drawn for Payments	\$ 4,681,711	\$ 8,964,674	\$ 48,865,225
Receipt of Fixed Assets	23	92	1034



### Tracking Procurement for Grants Expiring for Obligation September 30, 2012

Between April 15 and September 30, 2012 GDOE has \$14 million to obligate. A number of steps have been taken to expedite these procurement activities. GDOE has employed a third attorney. Additionally A&M has augmented its staff over the summer months to assist with meeting year-end deadlines.

Each bar in the chart will turn green as obligations are finalized. The chart starts with the remaining balance as of April 15, 2012. During the last 30 days \$2.3 million has been expended or otherwise obligated. First-in/first-out analyses of the 2009, 2010 and 2011 consolidated grants have been completed and contribute to the results below. An amendment request for the FY2010 Title V, Part A consolidated grant will be submitted to U.S. Ed on August 16, 2012 to request permission for budget revisions needed for technology purchases.



**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, for GDOE's review and finalization.

<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
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 <sup>st</sup> Draft Dec 31, 2010 2 <sup>nd</sup> 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 USDOE approval is obtained	Complete.
Infrastructure Installation and Management	Stand up FMIS to accommodate 3 <sup>rd</sup> Party requirements	Release of system to production environment	Dec 15, 2010	Complete.
	Establish bank accounts	Bank accounts setup	Oct 15, 2010	Complete.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
		completions of test draws successfully arriving in bank account.		
	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.
	Transfer all necessary data from the 3 <sup>rd</sup> 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 <sup>rd</sup> party financial records to GDOE's FMIS	By 10 <sup>th</sup> of the month after the first drawdown transaction.	Transfer of data from TPFA to GDOE system occurs monthly.  With the go-live of GDOE's FMIS, there is now focus on automation of the process of sharing information from 3 <sup>rd</sup> party system. Details regarding what will be shared (detailed vs. summary data) and frequency of data transfer are being discussed.
Compliance Management	Develop a compliance roadmap equivalent to a Corrective Action Plan	Developed and Approved Comprehensive Corrective Action Plan	Jan 31, 2011 submission to GDOE Feb 15, 2011 submission to USDOE	CCAP Officially accepted by USDOE on Dec 15, 2011.
	Perform quarterly tracking of CCAP	Documented tracking of progress against Plan and incorporation of any required changes based upon new	Next quarterly report is due effective November 30, 2012.	The third quarterly report was submitted on September 14, 2012 with input from all GDOE



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
		process and/or compliance changes		responsible parties.  CCAP committee meets twice monthly to discuss activities related to CCAP progress.
	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	TPFA provided audit support for the FY2011 audit. TPFA also responds to follow-up requests re: prior year audit findings as requested.
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	Jan 31, 2011 And continuing to monitor for effectiveness	On-going, as needed.
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 education grant funds after Oct 1, 2006 was conducted by TPFA.	USDOE Funded Assets - GDOE has the physical inventory of its fixed assets.  GDOE Office of Supply Management is directing the physical inventory with staff from Warbird and TPFA providing assistance.
	Payroll	Clean drawdown request for payroll expenses	Reimbursements for payroll occur regularly.	For the period of August 16 <sup>th</sup> thru September 15 <sup>th</sup> , approximately \$890K has been prepared for





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				reimbursement (SPED = \$890K).
	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.	Payables are processed daily and checkruns at least weekly. TPFA prepares drawdown request forms for GDOE personnel to process drawdowns in US Ed G5 system.
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness.	TPFA participates in weekly meetings to discuss progress on procurements related to education grant and local funds.
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	Records supporting payables, procurement, and payroll reimbursements are maintained electronically in TPFA financial management system.
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	TPFA performs daily and monthly bank reconciliations. Monthly reconciliations are documented, shared appropriate GDOE



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
				accounting personnel and maintained in TPFA repository.
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  SOPs for payroll systems are being revised with the FMIS implementation. New SOPs will be analyzed and recommendations provided as needed fall 2012.	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. Special Education has reduced their payroll reimbursement rate consistently to 0%. Federal Programs and Program Manager staff for the Consolidated and Discretionary Grants has reduced the payroll reimbursement errors to approximately 4%. Program Manager meetings with A&M to discuss payroll



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				reimbursement processes are regular. A&M will continue to focus on 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 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.



<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
	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.	TPFA prepares drawdown request forms for GDOE personnel to process drawdowns in US Ed G5 system.  Grant status reports are provided to GDOE monthly and updates can be generated as needed on demand.
	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	On-going.
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	On-going.
	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 until FMIS automated receiving is implemented.	Jan 31, 2011	On-going. Onsite training on the use of the BMI scanners and software was conducted the first week of September. During the onsite visit, BMI trained appropriate GDOE and TPFAs personnel on the use of the scanners and assisted in planning for the start of the physical inventory. Training included all GDOE warehouse and property management personnel with attendance and assistance from A&M.
	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.	USDOE Funded Assets – A total of 2086 fixed assets have now been loaded into the MUNIS Fixed asset Module. A total of 1248 assets have been received under A&M purchase orders.
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	In, early September introduced the BMI scanning system for receiving and in taking



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
				physical inventories. Procedures are being developed for effective use of this system as part of FMIS implementation. Finalizing draft of SOP for AssetTrak/TransTrak.
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	Ongoing population of TPGA 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	Reconciliation Reports Monthly and Quarterly	Complete	On-going.
	Define other custom reports as	Special reports and analyses	Sep 15, 2011	On-going.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	<p>necessary to support 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>And continuing to monitor for effectiveness</p> <p>Monthly</p>	<p>Updated status report is submitted to GDOE this period for review.</p>
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 (Supply Management Administrator).
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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	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 **critical activities and actions** require attention from the GDOE and A&M:

- Finalize large procurements including (interactive whiteboards, laptops and other technology) that are needed in order to obligate remaining \$9M in grant funds that are available under the FY2009 and FY2010 Title V, Part A and ARRA Rural and Low Income Schools (ARRA – RLIS) consolidated grants.
- Complete final examination of all grants to insure that first-in/first-out principles have been followed appropriately with any and all adjustments that are necessary are entered.
- Continue follow up with US Ed on the status of late liquidation requests for the Title V, Part A Consolidated Grants for FY2006, FY2007 and FY2008 as well as the Project Menhalom discretionary grant.
- Finalize and submit the FY 2011 Indirect Cost proposal.
- Continue to work toward finalizing the remaining implementation action items for the FMIS including reviewing and adopting new standard operating procedures (SOPs) that support the FMIS. GDOE is currently reviewing its options to extend contracts with Tyler Technologies and Warbird to receive the support needed to successfully complete the implementation of the FMIS.
- GDOE has begun a complete physical inventory for all assets. For assets under the TPFA’s purview, assets with an acquisition cost of \$500 or greater will be inventoried. For all locally funded assets and federally funded assets that are not under the TPFA’s purview, assets with an acquisition cost of \$5,000 or greater will be





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inventoried. We anticipate completing the physical inventory to be completed by end of September and the reconciliation to fixed asset records to be completed in October.

- The TPFA contract has been extended through October 31, 2012. Negotiations continue for the extension of the Alvarez & Marsal contract for a planned extension of one year through October 31, 2013. The scope of the contract is being reviewed by GDOE.