



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 3

December 15, 2010



Overview of Accomplishments and Activities – November 15 – December 15, 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 the team on Guam. The team is at full strength and is continuing to invest a majority of its initial time and effort to standing-up the MUNIS system and bolstering GDOE's federal procurement efforts. The MUNIS system is operating and the first reimbursement in the amount of \$4,966,407 was made to GDOE on December 10, 2010. Four technology-related requisitions have been processed through the TPFA's procurement review processes and sent to GDOE legal counsel for final review and transmittal to the Guam Attorney General's Office.

The list below highlights accomplishments of the onsite team since November 15, 2010:

- Stood-up the MUNIS system; First reimbursement was issued to GDOE on December 10, 2010
- Placed GDOE technology-related scopes of work (SOW) into TPFA's ARRA-compliant Invitation for Bid (IFB) template; coordinated review of those IFBs with proper GDOE purchasing and IT parties to prepare them for review by GDOE Legal and Guam Attorney General
- Gathered information relevant to GDOE's outstanding requisitions and generated a procurement-tracking sheet that will allow GDOE to monitor the movement and progress of outstanding requisitions
- Continued drafting Standard Operating Procedures (SOP), with the next draft expected to be completed by December 31, 2010
- Gathered and reviewed payroll documentation (i.e., Time Distribution Reports (TDR), staffing lists, and labor cost reports) for federally-funded employees to verify correct reimbursement amounts
- Conducted a review of the existing Comprehensive Corrective Action Plan and began drafting the new Plan
- Continued evaluating GDOE's fixed assets controls by testing inventory records at additional schools



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.

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking Updates
Mobilization	Assemble team and begin operations on Guam	Staffing Roster	Oct 15, 2010	Complete; adjustments will take place according to evolving needs and developments
	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 Jan 15, 2011 released to GDOE and Guam Education Board for review Jan 31, 2011 released to GDOE as a working set of documents	2 nd Draft under development to be completed by 12/31
	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; USDOE approved TPFA FMIS 12/2/10; First reimbursement to GDOE on 12/10/10
Infrastructure Installation and Management	Stand up FMIS to accommodate 3 rd Party requirements	Release of system to production environment	Dec 15, 2010	TPFA FMIS "closed system" go-live approved by USDOE on 12/2/10; Training of GDOE staff to be conducted in Jan 2011
	Establish bank accounts	Bank accounts setup completions of test draws successfully arriving in bank account.	Oct 15, 2010	Complete; Accounts are established and test drawdowns have occurred; Test showed one account to be corrected; First successful drawdown occurred 12/10/10
	Build awareness of new internal controls and Policies and Procedures	Training Program Materials and Training Session attendance rosters	Jan 31, 2011	TPFA currently developing training schedule



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking Updates
		showing 90% coverage of target 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	By 10 th of the month after the first drawdown transaction	Development of general ledger template to begin soon
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 USDOE	Completion of first draft expected during the week of Dec 13, 2010
	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	May 15, 2011, first quarterly reports	Submission of CAP to USDOE scheduled on or before Feb 15, 2011
	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 continuing to monitor A-133 Audit conducted by Deloitte to understand audit requirements
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	Initial investigation is in progress
Transactional Support/Daily Operations	Perform inventory management	Inventory reconciliation reports Cycle Counts for 3 schools per month during open school sessions	Cycle counts will be conducted on a routine basis and a report of inventory findings will be presented on a quarterly basis; First report is expected Apr 30, 2011	Three additional cycle counts have been completed; A strategy for completing inventory for all schools and divisions is being developed
	Payroll	Clean drawdown request for payroll expenses	Dec 15, 2011	Completed payroll reimbursement of \$4,966,407 to GDOE on 12/10/10 (PPE's



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				6/4/10 thru 11/20/10)
	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	MUNIS standup is complete and USDOE and funds have been released to TPFA for drawdown; Payables transaction have begun running through MUNIS system
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011	Training materials will be developed during the second half of Dec; GDOE staff training to be conducted in Jan
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	All current records are being tracked in MUNIS
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	All current records are being tracked in MUNIS
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	Initial draft of Payroll SOP completed and undergoing review process for implementation on Jan 31 st
	Implement compliant payroll processes and system setup	Bi-weekly report of payroll exceptions	Dec 15, 2010	Begun in conjunction with the drafting and development of Payroll SOPs; targeted for completion by Jan 31, 2011
	Document and maintain records appropriately	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Begun in conjunction with the drafting and development of Payroll SOPs; targeted for completion by Jan 31, 2011
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.	Initial drawdown will occur after USDOE approval is obtained and test draws have been successfully completed	Bank reports are available for tracking online through Bank of Guam for account tracking and were reviewed after drawdowns occurred
	Confirm that reimbursement	Monthly report showing grant	Jan 10, 2011	



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking Updates
	requests are supported by appropriate documentation and documentation is maintained for an appropriate period of time.	status by organization, school or program		First report of activity will be presented in Jan 2011
	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	
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	
	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	Nov 15, 2010	Letters were sent to current GDOE vendors. Vendors have been following up related to planned procurements – trying to gain information on future actions.
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	
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	
	Through active oversight of the warehouse, procurement and inventory, oversee the management	Fixed assets inventory reconciliation report	Apr 30, 2011	A review of the Central Receiving Warehouse and Property management Office



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking Updates
	of all tangible personal property procured under the grants by the GDOE in accordance with the requirements			was completed
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	
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	
	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	
Reporting	Conduct reconciliations on a monthly and quarterly basis	Reconciliation Reports Monthly and Quarterly	Ten working days after end of month or quarter starting Jan 2010	
	Define other custom reports as necessary to support operations	Special reports and analyses	Sep 15, 2011	
	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.	Issue memos or emails; monthly program management reports	Monthly	Project management reports issued monthly



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Tracking Updates
	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			
Performance Improvements	Identified opportunities to streamline processes and increase operational efficiency	Presentation to GDOE with implementation plans	Sept 15, 2011	
Creation of Procurement as an added function	Draft procurement document templates that comply with ARRA and other federal requirements	Review and approval from Guam Attorney General's (AG) office		IFB template was presented to Guam AG's Office on 11/18/10; SOWs for four IT-related requisitions have been submitted to GDOE legal for review and transmittal to Guam AG
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG		In progress

Immediate Areas Requiring GDOE/A&M Attention

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

- Establish training schedule (MUNIS) for GDOE end-users
- Finalize and submit the 2nd draft of SOPs for GDOE review
- Send technology-related IFBs to the Guam Attorney General for review and approval; begin the bid process for those IFBs shortly thereafter
- Define any additional support required to support procurement activities
- Bring new GDOE attorney (recently hired/on-boarding around Jan 10, 2011) up to speed on procurement activities