



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 7

April 15, 2011



Overview of Accomplishments and Activities – March 15, 2011 – April 15, 2011

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 functioned for approximately seven months. In February Bill Roberti and Melissa Glynn assisted in setting up meetings for Governor Calvo and Superintendent Underwood with a number of executives of the US Department of Education regarding the reprogramming of the SFSF grant. A tentative agreement was developed during these meeting that will allow the Governor's Office to reprogram approximately \$60 million dollars of the SFSF grant replacing various Capital Improvement Projects and Technology enhancement projects with support of personnel involved in classroom instruction for the period of October 1, 2011 through September 30, 2011. The Legislature of Guam is slowly processing a bill to facilitate the agreement to allow the reprogramming of the SFSF grant. The bill is currently expected to reach the floor for consideration during the first week of May 2011. The legislation must be passed and signed into law prior to final approval by the US DOE. Jim Pearson provided testimony regarding the proposed legislation in a legislative hearing on April 12, 2011. Dr. Underwood also provided testimony at the hearing.

The newly appointed Guam Board of Education has met and organized in a meeting on March 30, 2011. The Superintendent, Nerissa Bretania Underwood announced at that meeting that she would not apply for a contract extension when her contract expires in July 2011. The Board elected new officers and has held a number of working sessions to gather information and to review the budget for the upcoming fiscal year.

The list below highlights accomplishments of the onsite team since March 15, 2011:

- The RFP for the FMIS was publicized and submissions were received on March 3, 2011. Three potential vendors made day long presentations of the software offering and conversion methodology during the week of April 11. Additional questions have been asked of all vendors with a vendor selection meeting scheduled for April 25.
- Continued to work with the Superintendent to outline a reprogramming of the Technology in the Classroom implementation schedule to delay much of the equipment slated for the classroom until after the capital improvements in the schools provides a more secure environment.
- Continued to attend twice weekly procurement status meetings with the Superintendent to monitor track progress



- Continued drafting Standard Operating Procedures (SOP), with some parts being reviewed by GDOE staff.
- 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 an automated timesheet has been designed and is in testing.
- The draft of the Comprehensive Corrective Action Plan has been completed; the document will be provided to Christine Jackson for review in the next few days.
- Lia Beauvais participated in the technical planning session being held in Washington DC on March 23 -24. The meeting was hosted by Janelle Leonard’s team. She met with Jessie Levin and her staff to answer any questions regarding the reprogramming of the SFSF grant.
- Filed late liquidations for small draws requests that failed on Dec 30, 2010 as well as a couple of 2007 items. Three of these late liquidations have been approved with two other pending.
- Completed building an inventory of items purchased with US DOE funds costing more than \$500. Obtained property inventory tags and finalized procedures for taking inventory. A & M will start a systematic inventory of all schools over the next couple of weeks. The inventory will have a mid level priority assigned to the task so it will not be completed prior to the summer break for the schools. The physical inventory will be completed in early fall once school resumes.

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 And continuing to monitor for effectiveness.	Complete; Staffing 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 Issuing SOPs to GDOE as they	SOPs continue to be refined and adjusted as operational issues are resolved



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			are revised/completed	
	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 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
	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.	Initial training is complete. On-going
	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. .	A cross reference exists for the two computerized systems.
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	Draft was ready for review with USDOE Risk Management during a visit scheduled for April 11. With the trip cancelled a copy will be provide to Christine Jackson for her review.
	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	July 15, 2011, first quarterly reports	Initial reporting period per CCAP draft to begin February 1, 2011, with first report due to US ED on or before May 15, 2011; Submission of CCAP to US ED for



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				review and approval was initially scheduled for Feb 15, 2011. Revised date TBD at March 17 CCAP working session
	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 by Deloitte & Touche to understand audit findings. The preliminary audit findings have been presented to GDOE.
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	Initial investigation complete. Next steps will occur when need arises.
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	Inventory of items purchased since October 1, 2006 has been constructed. This inventory is being compared to that maintained by DGOE. A physical inventory procedure has been finalized and will start during early May. This inventory is being conducted by A & M with assistance of GDOE. Completion will not occur before summer break so completion will be early fall.
	Payroll	Clean drawdown request for payroll expenses	Dec 15, 2011	Completed Payroll Reimbursements to GDOE for CG-DG-SPED and ED JOBS; Total payroll reimbursements to GDOE to date is \$25,775,284.02
	Payables	Daily transactions listing support each request for a draw of grant	Immediately after release of funds by the USDOE	Complete. Processing occurring routinely.



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		funds by the Business Office	And continuing to monitor for effectiveness	
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness	Continued end-user support is provided to facilitate procurement-related transactions in MUNIS; Continued coordination with Director of Supply Management and Legal Counsel. Additional document templates have been drafted including construction IFB and a general RFI.
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	All records are being tracked in MUNIS
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	All 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 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	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



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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. Bank reconciliation occurs on a daily basis.
	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	Jan 10, 2011 And continuing to monitor for effectiveness	Reimbursement requests are reviewed to ensure adequate documentation exists; Documentation is electronically attached in MUNIS to invoice records, requisitions and purchase orders
	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	Monthly grant status report format has been finalized;
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	GDOE staff continues to work their way through significant improvements in the procurement process. This effort is led by Marcus Pido the new head of the department.
	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	Complete. Vendors will expand as procurement occurs.
	Establish procurement processes and system functions	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	On-Going



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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	Fixed Asset Inventory Management SOP submitted to Superintendent and Deputy on March 3. No discussion of comments received. Implementation on-going.
	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.	In progress
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	In progress
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	Records are retained by GDOE for adequate time periods.
	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	Complete



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Reporting	Conduct reconciliations on a monthly and quarterly basis	Reconciliation Reports Monthly and Quarterly	Ten working days after end of month or quarter	Copy of April report attached.
	Define other custom reports as necessary to support operations	Special reports and analyses	Sep 15, 2011 And continuing to monitor for effectiveness	We have three reports being developed by Tyler Technologies to assist with management of the grants and insure proper accounting records.
	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	In Progress; Monthly project management reports are being created for and reviewed by USDOE
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	Ongoing; Opportunities for improvement continue to be identified and discussed with GDOE on a regular basis
Creation of Procurement as an added function	Draft procurement document templates that comply with ARRA and other federal requirements	Accepted by GDOE Office of Supply Management		Ongoing. Completed several templates for use in procurement which have been accepted by the GDOE.
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG		In progress; Working with GDOE's new Director of Supply Management and Legal Counsel to develop procurement work flows and training procedures



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Immediate Areas Requiring GDOE/A&M Attention

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

- Provide CCAP to Christine Jackson for review and comment prior to official submission to USDOE.
- Establish processes and procedures for securing purchased goods at GDOE facilities.
- Continue working with GDOE's new Director of the Office of Supply Management (Marcus Pido) to establish procurement work flows and refine operating procedures, develop templates and standard contract forms.
- Continue working with GDOE's new Legal Counsel (Rebecca Santo Tomas) to refine procurement-related documents and move requisitions through the review process
- Finalize and submit the SOPs for GDOE review
- Work with the Federal Programs Office and the Bureau of Budget, Management and Research to finalize the reprogramming of the SFSF Grant.
- Work with the Federal Programs Office and the various Program Offices to finalize reprogramming of the ARRA RLIS grant and the 2010 Consolidated Grant to improve the scheduled introduction of technology in the classroom.