



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 8

May 15, 2011



### **Overview of Accomplishments and Activities – April 15, 2011 – May 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 20<sup>th</sup>, 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 nine 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 has passed a bill which implements the changes required for the reprogramming to be acceptable to the USDOE. The bill has been forwarded to the Governor for signature and was signed May 16..

The announcement soliciting applicants for the Superintendent of Education has been advertised locally. When the May 16 deadline for applications approached without any submissions the Board extended the deadline until June 30 and will advertise in several US based publications. The Board elected new officers and has held a number of working sessions to review and approve the budget for submission to the Guam Legislature for the upcoming fiscal year. Dr. Underwood has released a statement indicating that she will accept an extension of her contract to allow for a transition to a new Superintendent.

The Superintendent and Chairman of the Board of Education held meetings with the CIP project management team, both contractors and supporting administrative groups participating in the Capital Improvement Projects. Issues surrounding the work of both contractors and the project management team were discussed with the Superintendent scheduling weekly meetings with all players to insure that all members of the project are working together.

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

- The RFP for the FMIS progressed through the procurement process with three potential vendors making day long presentations of the software offering and conversion methodology during the week of April 11-15. Additional follow-up questions were asked of all vendors with the selected vendor receiving a notice of intent to award being issued on May 14.



- 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 and 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. Currently searching for a method to integrate with the current payroll system.
- Participated with the Governor’s Office, BBMR, GDOE and the Guam Legislature to facilitate the passage of a bill to set up a trust account and legal basis for the reprogramming of the SFSF grant to move \$60 of that grant into payroll reimbursement with the proceeds of the reimbursement going into a trust account to be used for CIP and Technology Improvements.
- Jim Pearson visited with Jessie Levin and other members of the USDOE during early May to discuss the reprogramming of SFSF.
- Jim Pearson visited with Janelle Leonard and Collette Fisher regarding status of the Consolidated Grants and ARRA RLIS Grant while in Washington DC.
- Attended the Superintendent’s weekly meeting for coordinating the Capital Improvement Projects.

**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<br>And continuing to monitor for effectiveness. | Complete; Staffing adjustments will take place according to evolving needs and developments |



| Performance Area                           | Activities  | Final Evidence of Completion  | Schedule Based upon Updated Performance Plan   | Tracking Updates   |
|--|---|---|--|--|
|  | Establishing basic infrastructure for receipt and disbursement of grant funds   | Standard Operating Procedures   | Oct 15, 2010 1 <sup>st</sup> Draft<br>Dec 31, 2010 2 <sup>nd</sup> Draft<br>Issuing SOPs to GDOE as they are revised/completed | SOPs continue to be refined and adjusted as operational issues are resolved  |
|  | 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 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<br>And continuing to monitor for effectiveness.   | Initial training is complete. On-going   |
|  | 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. .   | 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<br>Feb 15, 2011 submission to USDOE  | Deputy Superintendent Taitano is reviewing the draft with her staff to incorporate additional commitment in to the CCAP. |
|  | Perform quarterly tracking of CAP   | Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance | July 15, 2011, first quarterly reports   | Reporting will be quarterly after initial submission to USDOE.   |



| Performance Area                       | Activities  | Final Evidence of Completion   | Schedule Based upon Updated Performance Plan   | Tracking Updates   |
|--|---|--|--|--|
|  |   | changes  |  |  |
|  | 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  | The audit finding for 2010 have been release by the Superintendent.  |
| 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<br>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. | 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   | Complete. Reimbursements for payrolls are occurring regularly  |
|  | 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<br>And continuing to monitor for effectiveness                                       | Complete. Processing occurring routinely.  |
|  | Procurement   | Monthly summary of completed purchases and procurement actions                                       | Feb 5, 2011<br>And continuing to monitor for effectiveness   | Continued coordination with Director of Supply Management and Legal Counsel.   |
|  | Records management  | EDGAR compliant transaction  | Dec 29, 2010   | All records are being tracked in   |



| Performance Area | Activities   | Final Evidence of Completion  | Schedule Based upon Updated Performance Plan   | Tracking Updates   |
|------------------|--|---|--|--|
|                  |  | document files  |  | MUNIS  |
|                  | Cash management  | Compliant daily bank balance reports  | Dec 29, 2010   | Bank accounts reconciled on a daily basis.   |
| 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<br>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<br>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. A new concept to bring everyone to agree on a reconciliation process has been developed and is being implemented Week of May 16. |
|                  | Document and maintain records appropriately  | Publication and external auditor verification of compliance with SOPs                         | Jan 31, 2011<br>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   |
| 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   | Monthly report showing grant  | Jan 10, 2011   | Reimbursement requests are   |



| 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  | And continuing to monitor for effectiveness                 | 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<br>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<br>And continuing to monitor for effectiveness | A & M starting a project to prepare new SOP's and Training Materials for Office of Supply Management.  |
|                                    | 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<br>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   |
| 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  | Implementation on-going.   |
|                                    | Through active oversight of the   | Fixed assets inventory   | Apr 30, 2011  | In progress  |



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|--------------------|--|---|---|---|
|                    | warehouse, procurement and inventory, oversee the management of all tangible personal property procured under the grants by the GDOE in accordance with the requirements   | reconciliation report   | 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. |   |
|                    | 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<br>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<br>And continuing to monitor for effectiveness                                    | Complete  |
| 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 May report attached.  |
|                    | Define other custom reports as necessary to support operations   | Special reports and analyses  | Sep 15, 2011<br>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   | Issue memos or emails; monthly program management reports             | Monthly   | In Progress; Monthly project management reports are being   |





| Performance Area                         | Activities  | Final Evidence of Completion                   | Schedule Based upon Updated Performance Plan                 | Tracking Updates   |
|--|---|--|--|--|
|  | 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 |  |  | 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<br>And continuing to monitor for effectiveness | Ongoing; Opportunities for improvement continue to be identified and discussed with GDOE on a regular basis                                |
| 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   |  | Completed several templates for use in procurement which have been accepted by the GDOE. Revisions prepared as needed for unique projects. |
|  | Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements   | Final procurement documents accepted by AG     |  | A & M starting a project to prepare new SOP's and Training Materials for Office of Supply Management.                                      |



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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.
- Continue working with GDOE's new Director of the Office of Supply Management (Marcus Pido) to revise standard operating procedures, develop templates and provide training of staff and end users..
- 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.
- Prepare recommendations for improving the process for managing the Capital Improvement Projects.
- Assist GDOE in development of the Contract for Installation of the FMIS system. Mike McKenna will assist in this process working from his office in New York.