



Third Party Fiduciary Agent
Guam Department of Education
In partial fulfillment of Contract: 011-2010

Monthly Project Status Report
Report 13
October 15, 2011

Overview of Accomplishments and Activities –September 15, 2011-October 14, 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). Initiation of progress tracking is based upon initial mobilization and official kick-off with the U.S. Department of Education (US DOE) on September 20, 2010.

- Completed the September 30, 2011 closing of commitments for all ARRA and most 2009 originating grants. Liquidation of procurement activities will continue until December 31, 2011. USDE opened an opportunity to apply for a waiver of the Sept 30 deadline for obligations for the 2009 Consolidated Grant and the ARRA RLIS Grant. GDOE determined that it is in the best interest to apply for this “Waiver of Tidings” for both grants.
- As a result of the ability to apply for a “Waiver of Tidings” GDOE postponed the finalization of a number of major procurement activities in the technology arena. Part of the decision was based upon the failure of two RFP/IFB processes to receive any offerors of services. One of these failures was in the area of deployment of the teacher laptops which is a critical step in the modernization of the classroom based technology. With this failure it was determined that other steps in the process need to be delayed until such time as the gap is filled in with a responsible contractor.
- As TPFA we have successfully introduced a number of new vendors and improved relationships with some existing vendors. In particular we are working with GDOE and Pearson Education to improve that relationship which includes a number of critical services for GDOE including the Power School technology package.
- During this month the establishment and funding of the Capital Improvement Project bank account was finalized. After numerous discussions of how to set up a Trust account to manage these funds it was determined that the best approach was simply a bank account managed by GDOE. The account has been created and the draw down of \$60 million was completed and delivered to GDOE. The account that has been set up will carry 4 potential authorized signatory agents. These are Taling Taitano, Ric Ang, Lia Beauvais and Jim Pearson. Two signatures are required for issuance of a check one from GDOE and one from A & M. A&M signature is only conditional as a statement that the use of funds is in compliance with the original intent of the ARRA SFSF Grant.
- Activities to improve GDOE payroll and personnel processes are currently underway. The consolidated error report for the first 26 pay periods reimbursed by A&M has been reviewed by operating units of GDOE with an additional \$1.45 million recovered.
- Activities to improve GDOE procurement processes are currently underway. A training program for GDOE project directors has been developed and will be presented during the week of October 24-28. In addition to continual training, TPFA will be working with Marc Pido to identify areas for process improvements and work to develop a process improvement plan for GDOE to implement.



- The Guam Board of Education made the decision to reject both final applicants for the position of Superintendent of Education. The positions will be advertised again with Taling Taitano to continue to act as Interim Superintendent. The Guam Legislature passed an act that excluded Superintendent Taitano from the requirement that a designation "Acting" is limited to 90 days and cannot be extended.

Alvarez & Marsal has completed the first year of our contract with the following data being the highlights of the accomplishments.

	Sept 2011	4 th Quarter FY11	Total for FY11
Requisitions Created	189	986	1,931
Purchase Orders Issued	598	1,348	1,761
Funds drawn for Payments	\$ 67,233,656.34	\$ 72,078,897.91	\$ 118,226,934.38

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	Accomplishments
Mobilization	Assemble team and begin operations on Guam	Staffing Roster	Oct 15, 2010 And continuing to monitor for effectiveness.	4 Team members were added to support procurement activities during August & September 2011.
	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 are revised/completed	Complete.
Infrastructure Installation and Management	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.
	Stand up FMIS to accommodate 3 rd Party requirements	Release of system to production environment	Dec 15, 2010	Began year-end system clean-up activities – removed remaining 2011 requisitions (200+) and converted to new year, 2012, requisitions. Year-end closing estimated for week of October 17 th .
	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	Jan 31, 2011 And continuing to monitor for effectiveness.	New training programs developed for procurement management.

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	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.	<p>population</p> <p>Reconciliation report confirming complete and accurate transfer of 3rd party financial records to GDOE's FMIS</p>	By 10 th of the month after the first drawdown transaction.	On-Going.
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	CCAP was updated based upon comments from USDOE. Final edits are required from GDOE with an expectation to resubmit by Oct 31 st .
In -Kind Valuation Processes	Perform quarterly tracking of CAP Support for external audits and facilitating information requests, etc	Documented tracking of progress against Plan and incorporation of any required changes based upon new process and/or compliance changes Responses to information requests and meetings set with external auditors	Oct. 15, 2011, first quarterly reports 2011 A-133 audit support when scheduled with external auditors by the Deputy Superintendent	Will initiate once CCAP is finalized. Ongoing meetings have occurred with the external auditor in advance of audit performance.
	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.

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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 grant funds after Oct 1, 2006 will be conducted after school starts in the fall of 2011.	USDOE Funded Assets - Inventories for 12 Public Schools were completed this period. In addition, the search for missing assets from completed inventory of the various Divisions and Programs is continuing. Thirty four New assets were received and tagged with USDOE asset tags.
	Payroll	Clean drawdown request for payroll expenses	Ongoing	Complete. Reimbursements for payrolls are occurring regularly. A consolidated error report has been prepared and reviewed by GDOE, of which approximately \$1.45 million has been reimbursed. Total payroll reimbursements to date is approx. \$106M (including Consolidated, Discretionary, SPED, and SFSF Grants.
	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	On-Going.
	Procurement	Monthly summary of completed purchases and procurement actions	Feb 5, 2011 And continuing to monitor for effectiveness	Created project director training materials; Supplemented procurement staff over the last few weeks to move requisitions through the system and review bids/proposals received.
	Records management	EDGAR compliant transaction	Dec 29, 2010	On-Going.

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		document files		
	Cash management	Compliant daily bank balance reports	Dec 29, 2010	On-Going.
Payroll systems	Detailed specification of internal control standards and process improvement actions required by CAP Implement compliant payroll processes and system setup	Checklist of payroll procedure changes to be implemented Bi-weekly report of payroll exceptions	Jan 31, 2011 And continuing to monitor for effectiveness Dec 15, 2010 And continuing to monitor for effectiveness	SOPs are continuing to be reviewed and refined by key GDOE personnel. 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	A&M uses a three way match to reimburse payroll costs. To this point in time GDOE has not resolved any of the match failures. As a result of the error report reconciliation being completed by GDOE we will have several improvements made to the data collection going forward. The employee roster of federal employees will receive a great deal of future attention to eliminate a number of errors in the process. Also TDR processing will receive a renewed focus.
Cash Management	Implement a system of cash management that provides for cash	Daily bank balance reports and completion of test draws arriving in	Complete. Monitoring is on-going.	Provided GDOE with bank reconciliation reports from

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	<p>– neutral or limited use of general funds for federal programs.</p> <p>Confirm that reimbursement requests are supported by appropriate documentation and documentation is maintained for an appropriate period of time.</p>	<p>appropriate bank account.</p> <p>Monthly report showing grant status by organization, school or program</p>	<p>Complete.</p>	<p>account inception through September 30, 2011.</p> <p>On-Going.</p>
	<p>Confirm that account balances are monitored to prevent the failure to timely obligate and liquidate funds and prevent the lapsing of funds.</p>	<p>Grant award status report and monthly reporting</p>	<p>Jan 10, 2011 And continuing to monitor for effectiveness</p>	<p>On-Going.</p>
<p>Procurement operations and systems</p>	<p>Detailed specification of internal control standards and process improvement actions required by CAP</p> <p>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.</p>	<p>Checklist of procurement procedure changes to be implemented</p> <p>Review of an authorized vendors list and monthly tracking of procurement actions</p>	<p>Jan 31, 2011 And continuing to monitor for effectiveness</p> <p>Nov 15, 2010 And continuing to monitor for effectiveness</p>	<p>On-Going.</p> <p>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.</p>
	<p>Establish procurement processes and system functions</p>	<p>Publication and external auditor verification of compliance with SOPs</p>	<p>Jan 31, 2011</p>	<p>Developed a procurement process improvement plan that will be discussed and presented to GDOE during the week of October 24-28.</p>

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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.) Fixed assets inventory reconciliation report	Jan 31, 2011	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		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 - Inventories for 12 Public Schools were completed this period. In addition, the search for missing assets from completed inventory of the various Divisions and Programs is continuing. Thirty four new assets were received and tagged with USDOE asset tags.
	Awareness building and training of personnel on all management processes	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Introducing a scanning system for receiving and in taking physical inventories. System is on order and is part of the implementation of the FMIS system. Procedures will be introduced for effective use of this system as part of FMIS implementation.
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	Began population of TPFA deliverables repository and will continue to update as standard operating procedures, training documents and other materials are implemented.

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Reporting	<p>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.</p>	<p>Compliant financial transaction files</p>	<p>Dec 31, 2010, as inclusion in the training materials for GDOE MUNIS users And continuing to monitor for effectiveness</p>	<p>Electronic record storage will be implemented as part of the FMIS system.</p>
	<p>Conduct reconciliations on a monthly and quarterly basis</p>	<p>Reconciliation Reports Monthly and Quarterly</p>	<p>Complete</p>	<p>On-Going.</p>
	<p>Define other custom reports as necessary to support operations</p> <p>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</p>	<p>Special reports and analyses</p> <p>Issue memos or emails; monthly program management reports</p>	<p>Sep 15, 2011 And continuing to monitor for effectiveness</p> <p>Monthly</p>	<p>On-Going.</p> <p>Updated status report is submitted to GDOE this period for review.</p>
Performance Improvements	<p>Identified opportunities to streamline processes and increase operational efficiency</p>	<p>Presentation to GDOE with implementation plans</p>	<p>Sept 15, 2011 And continuing to monitor for effectiveness</p>	<p>Specific performance improvement activities have focused on Procurement through development of</p>

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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		training and a procurement improvement plan working in concert with Marc Pido.
	Conduct procurement training for GDOE Supply Management staff consistent with federal compliance requirements	Final procurement documents accepted by AG		Supported GDOE's procurement efforts over the last month, including: requisition creation, requisition review, bids/proposals received evaluation, etc. Developed procurement training materials for GDOE buyers and project directors.

Immediate Areas Requiring GDOE/A&M Attention

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

- Insuring delivery of all open purchase orders with receipt and payment of all orders by December 31 for expiring grants.
- Assisting and monitoring the installation of the FMIS system.
- Finalizing procurement for the Technology in the Classroom projects including laptops for teachers and electronic whiteboards.
- Providing training in the area of procurement for various end user programs as well as procurement staff.
- Improve the error review process for all payroll reimbursements as well as improvement to tracking roster changes.
- Assist with the A-133 audit for FY2011.