



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 14

November 15, 2011



Overview of Accomplishments and Activities, November 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). 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.

- Liquidation of purchase orders will continue until December 31, 2011 for grants that closed to new obligations on September 30, 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. The application for the waiver has been submitted and is awaiting approval.
- 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 procurements need to be delayed until such time as the gap is filled in with a responsible contractor.
- Continued working with the Tyler Technology and Huron Consulting teams to assist in implementation of the FMIS.
- Participated with GDOE Federal Programs in a training event held at a local hotel to prepare the various 2011 Grant Recipients for the institution of the new 2011 Consolidated Grant. These budgets have not been made available to the programs.
- Entered the 2011 Consolidated Grant budgets in the Federal MUNIS system and revised the 2010 Consolidated Grant budgets for the new allocation among programs. These budgets have not been made available to the programs pending approval of the 2011 Consolidated Grant revision recently submitted.
- Met with GDOE’s Business Office staff to prepare for the 2011 departmental and A-133 audits. Developed a list of schedules needed to assist GDOE’s Business Office in preparing for the audit and have delivered several of these schedules.
- Assisted Huron Consulting in establishing themselves as the Project Manager for the FMIS installation project. Continuing to support Huron in their efforts to manage the project so that it is completed on time and within budget.
- Coordinated the CCAP to respond to comments from the previous submission to USDE. The revised CCAP was submitted to USDE by the GDOE Superintendent on November 14.



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- Received the reimbursement of the SFSF grant from the GDOE fund established to manage the Capital Improvement Projects. Bids have been received for a significant amount of CIP work in the area of roof replacements with GDOE now working through the process of dealing with the procurement protest prior to awarding.
- Conducted three procurement training sessions for 69 GDOE project managers, program coordinators, and school administrators. Training focused on introducing the tenets of the procurement cycle, distinguishing between the RFP and IFB, the Attorney General’s Checklist, and ethics in procurement.
- Met with representatives from Tyler Technologies to discuss FMIS implementation and process improvement efforts. Focus was placed on ways to improve and streamline current GDOE processes through the use of the FMIS rather than manual workarounds.
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Alvarez & Marsal has completed the first year of our contract with the following data being the highlights of the accomplishments.

Note: The following grants are closed to new obligations for the listed reasons.

- 2011 Consolidated Grant. A revision has been requested by USDE and is awaiting approval.
- 2010 Consolidated Grant. The grant is on hold pending the approval of the 2011 Consolidated Grant
- 2009 Consolidated Grant An application for Waiver of Tidings has been submitted to USDE
- 2009 ARRA RLIS Grant An application for Waiver of Tidings has been submitted to USDE.

	Oct 2011	1 st Quarter FY12 to date	Total for FY12 to date
Requisitions Created	284	284	284
Purchase Orders Issued	3	3	3
Funds drawn for Payments	\$ 3,216,758	\$ 3,216,758	\$ 3,216,758



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Final Totals for FY 2011

Funds distributed in behalf of GDOE \$ 131,541,604

Purchase Orders Issued 1,761 Purchase orders with total value of \$ 34,973,410

Unpaid Balance of FY2011 Purchase Orders as of 11/16/2011 is \$ 20,871,695

Total unpaid balance associated with ARRA SFSF is \$ 9,894,427 (FMIS, STEM, A & M, Tyler Technologies & Huron Consulting)



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.	Complete
	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.
	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.	New training programs developed for procurement management.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	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.	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 final submission to USDE occurred on Nov. 15. .
	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	Oct. 15, 2011, first quarterly reports	Will initiate once CCAP is finalized.
	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	Ongoing meetings have occurred with the external auditor in advance of audit performance.
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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
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 - See special report at the end of this report.
	Payroll	Clean drawdown request for payroll expenses	Ongoing	Complete. Reimbursements for payrolls are occurring regularly. For the month of October reimbursements total approximately \$2M (Consolidated & Discretionary Grants, \$500K; SPED \$1.5M).
	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	Developed training materials and provided procurement training to 69 GDOE professionals.
	Records management	EDGAR compliant transaction document files	Dec 29, 2010	On-Going.
	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	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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	CAP			
	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	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 – 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.	Provided GDOE with bank reconciliation reports from account inception through September 30, 2011.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	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.	On-Going.
	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 functions	Publication and external auditor verification of compliance with SOPs	Jan 31, 2011	Developed 3 SOPs for procurement – Purchases >\$100,000, Small Purchases, and Sole-Source Purchases. Made final revisions to SOPS for Treasury Management and other financial management SOPs.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
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	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.	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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	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 necessary to support operations	Special reports and analyses	Sep 15, 2011 And continuing to monitor for effectiveness	On-Going.
	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	Updated status report is submitted to GDOE this period for review.
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

Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
				training and a procurement improvement plan working in concert with Marc Pido.
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.
	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 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.



Special report on status of building the inventory of items purchased with USDE funds in FY2007 and subsequent years.

Inventory Status Report – November 15, 2011

In rebuilding the inventory, it was determined that there are 953 USDOE funded assets costing \$500 or more that were purchased from 2007 to May 2011 - GDOE received 564 and the Private Schools received 389.

TPF has completed the physical inventory of GDOE. The results are as follows: 454 assets were found and re-tagged; 98 assets, or 25% of the inventory, were either missing or have not been located to date; and 12 assets were reported as stolen. The TPFA is now revisiting the various schools and divisions/programs in an effort to locate the 98 assets. It should be noted that the existing 2010 GDOE inventory was found to be very inaccurate and unreliable.

The Acting Deputy Superintendent responsible for school operations sent out two emails, with an attached rebuilt inventory for each of the schools, notifying all principals of the scheduled TPF inventory visits; however, 5 of the principals either ignored or disregarded the emails. When the TPF arrived for the scheduled inventory, the 5 schools were not prepared resulting in several hours of wasted time.

In comparison, 6 private schools and the Catholic Schools Office, with a total inventory of 110 assets, have been inventoried to date. Only 4 assets or 3.1% of the inventory was found to be missing. The schools have all been well prepared. The private schools have a much more reliable and well organized inventory. The inventory of the private schools is scheduled to be completed by December 8th.

During this status period, an additional 94 assets have been received and tagged. Since June 2011, a total of 168 assets have been received and tagged.