



ALVAREZ & MARSAL

Third Party Fiduciary Agent

Guam Department of Education

In partial fulfillment of Contract: 011-2010

Monthly Project Status Report

Report 15

December 15, 2011

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## Overview of Accomplishments and Activities, December 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.

The highlights of the major focus for the month ending December 15, 2011 includes:

- 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.
- Activated the budget for the 2011 Consolidated Grant allowing users to enter requisitions against the budgets.
- Receive approval from the USDE effective Dec 15 for the CCAP. Several minor changes were requested by USDE with these corrections to be submitted by the end of December.
- Participated in the resolution of the issue regarding the carrying of weapons by the School Resource Officers with a decision from USDE that it is not allowed for any grant funds awarded by USDE to be used to procure weapons for these officers. A formal opinion will be released by the Office of Legal Counsel for USDE regarding the issue in the near future.
- It was determined by the parties involved that the installation of the FMIS System is substantially complete with sign off by FSAIS for the installation of the hardware and completion of the static testing by Tyler's technicians. It is anticipated that all



GDOE administrative departments will finalize the specification for the customization of the software to meet local operational requirements by the end of December.

- Completion of the initial inspection and tagging of all equipment purchased with USDE grant funds after Oct 1, 2006. This activity included items at GDOE as well as the Non-Public Schools that has been purchased with USDE grant funds.
- Obtained permission to use the Indirect Cost Rate for FY2009 for FY2010 and FY2011 until such time as an official rate can be submitted and approved for those years. If appropriate an adjustment for those years will be made once approved.

**Grant Status Highlights and Activity data**

2009 Consolidated Grant Closed to new obligations - An application for Waiver of Tidings has been submitted to USDE  
 2009 ARRA RLIS Grant Closed to new obligations - An application for Waiver of Tidings has been submitted to USDE.  
 2010 Consolidated Grant Opened to new obligations as part of carry forward program in unison with 2011 Consolidated.  
 2011 Consolidated Grant Opened to new obligations. Obligations must be finalized by September 30, 2012.

	Nov 2011	1 <sup>st</sup> Quarter FY12 to date	Total for FY12 to date
Requisitions Created	27	311	311
Purchase Orders Issued	6	9	9
Invoices Processed	598	2,173	2,173
Funds drawn for Payments	\$ 2,847,384	\$ 6,064,142	\$ 6,064,142



**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.

<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
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 <sup>st</sup> Draft Dec 31, 2010 2 <sup>nd</sup> 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 <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	Training Program Materials	Jan 31, 2011	New training programs



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	internal controls and Policies and Procedures	and Training Session attendance rosters showing 90% coverage of target population	And continuing to monitor for effectiveness.	developed for procurement management.
	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.	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	Maintenance of records sufficient to document the basis of in kind valuations	Jan 31, 2011 And continuing to monitor for effectiveness	On-Going, as needed.



<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
	grant reporting	through audit reviews		
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 payroll are occurring regularly. For the month of December, reimbursements total approximately \$1.8M (Consolidated & Discretionary Grants, \$1.3M; SPED \$538K).
	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	Dec 29, 2010	On-Going.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
		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	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	A&M uses a three way match to reimburse payroll costs. GDOE is improving their match error rate as a result of the error report reconciliations and emphasis on payroll system improvements at the school and division levels. Federal Roster and TDR processing is continuing to be the focus on payroll reimbursement processes.





<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
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.
	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	Publication and external auditor verification of	Jan 31, 2011	Developed 3 SOPs for procurement – Purchases



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	functions	compliance with SOPs		>\$100,000, Small Purchases, and Sole-Source Purchases. Made final revisions to SOPs for Treasury Management and other financial management SOPs.
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 the last 7 private schools was Completed.. All public and private schools, as well as all the GDOE Divisions have now had the first pass through of inventory completed. The search for missing assets of the various Divisions and Programs is continuing. Three hundred and eighty-two (382) new assets were received and tagged with USDOE asset tags.



<b>Performance Area</b>	<b>Activities</b>	<b>Final Evidence of Completion</b>	<b>Schedule Based upon Updated Performance Plan</b>	<b>Accomplishments</b>
	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.
	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	Reconciliation Reports	Complete	On-Going.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	monthly and quarterly basis	Monthly and Quarterly		
	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 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.



Performance Area	Activities	Final Evidence of Completion	Schedule Based upon Updated Performance Plan	Accomplishments
	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. Initial schedules have been provided to GDOE & Deloitte.
- Evaluation of interagency relationships to insure compliance with federal guidance and addition of any corrective actions to the Comprehensive Corrective Action Plan.
- Completing the calculations and submissions of the Indirect Cost Rates for FY2010, FY2011 and Projected FY2012.
- Apply for indirect costs for Fiscal Years 2009, 2010, 2011 using the provision rate recently approved by USDE.