UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

June 24, 2009

Honorable Benigno R. Fitial
Governor of the Northern Mariana Islands
Caller Box 10007
Saipan, MP 96950

Dear Governor Fitial:

We are pleased with the progress that the Commonwealth of the Northern Mariana Islands Public School System (CNMI PSS) continues to make to improve its programmatic and fiscal accountability. We would also like to recognize the efforts of the CNMI PSS staff under the leadership of Commissioner Rita Sablan to ensure fiscal accountability of Department funds, while continuing to implement corrective actions to address audit findings. The Department will continue to monitor the progress of CNMI PSS, and offer technical assistance, to the extent feasible, when it is requested by CNMI PSS.

Grant awards made to CNMI PSS for Federal fiscal year (FFY) 2009, including funds under the American Recovery and Reinvestment Act of 2009 (ARRA), will be awarded subject to the enclosed special conditions, which the Department will incorporate into CNMI PSS's FY 2009 grant award documents. Based on consistent progress that CNMI PSS has demonstrated, the frequency with which CNMI PSS must submit reports to the Department will be reduced from biannual to annual reporting. However, should appropriate corrective actions cease or fiscal or program accountability problems recur in the future, the Department reserves the right to take appropriate actions, which include: reinstating CNMI PSS's "high-risk" status and imposing additional special conditions to CNMI's grant awards.

If you have any questions or require further assistance, have your staff contact Christine Jackson, the primary contact for the Management Improvement Team within the Office of the Secretary, at (202) 260-2516 or via e-mail at christine.jackson@ed.gov.

We are hopeful that CNMI PSS will sustain its progress toward improving the use of, and accountability for, Department funds to support educational services to benefit its students. We look forward to continuing to work with you to improve the delivery of Federal education services.

Sincerely,

Philip A. Maestri
Director
Risk Management Service
Office of the Secretary

cc: Rita Sablan
Commissioner of Education
CNMI Public Schools System

Mr. Roman C. Benavente
Chairman
Board of Education

Enclosure

Commonwealth of the Northern Mariana Islands Public School System - Special Conditions
Federal Fiscal Year (FFY) 2009

1. **Single Audits and Reports:** The Commonwealth of the Northern Mariana Islands Public School System (CNMI PSS) shall continue to conduct single audits and submit complete reports to the Department on an annual basis in a timely manner. All single audits shall be completed and the reports published within nine months after the end of each fiscal year, as required by the Single Audit Act of 1984, as amended. If, for any reason, CNMI PSS expects an audit or report to be delayed and late, it shall notify as soon as possible the Department's contact person of the reason and extent of the delay.

2. **Updates on CNMI Web Site:** CNMI PSS shall continue to post information regarding its budget, applications, and reports on its website for access by the general public.

3. **Reporting Requirements:** CNMI PSS shall continue to provide to the Department a detailed report on an annual basis that describes its administration of program funds, including both direct and indirect expenditures, and progress of each significant aspect of the programs at the district and State levels. CNMI PSS shall also provide a detailed report that demonstrates how it is addressing the repeat audit findings associated with monitoring and evaluating Department programs, and tracking of property purchased with Department funds. These reports shall be signed by the authorized official of CNMI PSS and submitted to the Department no later than thirty days after the end of the FY 2009 budget period. If a report is not timely or is not considered acceptable by the Department, i.e., does not contain enough information to demonstrate progress, after consultation with CNMI PSS, the Department may take appropriate action, including restricting the amount of grant funds that can be drawn down, until sufficient documentation is provided.

   All required reports submitted by CNMI PSS to the Department under these special conditions should be submitted to:

   Christine Jackson
   Senior Consultant
   Risk Management Service
   Office of the Secretary
   400 Maryland Avenue, S.W.
   LBJ Building, Room 7E230
   Washington, D.C. 20202