



Enclosure B

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE DEPUTY SECRETARY

June 23, 2014

Honorable Lolo M. Moliga
Governor of American Samoa
Office of the Governor
Executive Office Building
Pago Pago, AS 96799

Dear Governor Moliga:

Enclosed are the special conditions that the U.S. Department of Education (Department) is imposing on all grants awarded to the American Samoa Government (ASG) agencies, including, but not limited to, the American Samoa Department of Education (ASDOE) and the American Samoa Department of Health (ASDOH) for Federal Fiscal Year (FFY) 2014. These special conditions also apply to all grants under the following programs awarded to any ASG agencies for FFY 2015: Vocational Rehabilitation program (Title I of the Rehabilitation Act of 1973, as amended (Rehabilitation Act)), Supported Employment program (Title VI-B of the Rehabilitation Act), Client Assistance Program (section 112 of the Rehabilitation Act), Protection and Advocacy of Individual Rights program (section 509 of the Rehabilitation Act), State Independent Living Services program (Title VII, Chapter 1, Part B of the Rehabilitation Act), and the Independent Living Services for Older Individuals Who Are Blind (Title VII, Chapter 2 of the Rehabilitation Act) (collectively, Rehabilitation Act programs). The special conditions will apply to all grants awarded by the Department to ASG on or after the date of these special conditions. Additionally, the special conditions apply to all grant funds previously awarded by the Department to ASG that are still available for obligation or liquidation on the date of these special conditions.

Based on the outcome of the onsite visit conducted by the Risk Management Service in August 2013, the Department determined that ASG made some progress in instituting corrective actions to address its systemic internal control deficiencies, however, there are still numerous deficiencies in grant management and fiscal accountability that ASG needs to address with respect to its Department grants. Specifically, ASG continues to demonstrate deficiencies in the areas of fixed assets, documentation, procurement, property management including inventories, reconciliations of various financial data and generally, the development and implementation of effective internal controls and reliable financial and accounting systems to ensure accountability for Federal funds. ASG has not to date demonstrated sufficient progress in implementing corrective actions outlined in both the comprehensive High Risk Corrective Action Plan (CAP) and Payroll Corrective Action Plan (PCAP) to correct its systemic control and fiscal deficiencies, and we encourage your continued efforts to improve your management and administration of the Department's program funds in accordance with applicable Federal requirements.

Please note that the special conditions require ASG to report semiannually to the Department on its efforts and initiatives to implement corrective actions and controls in accordance with the CAP, including the current status of ASG's implementation of the various measures and, if necessary, any changes in the targeted completion dates and/or person(s) responsible for ensuring that a particular corrective action is implemented. ASG is also required to submit a PCAP internal control maintenance report semiannually on its efforts to ensure that the internal controls, policies and procedures it implemented regarding its payroll and human resources operations are being followed and operating as intended.

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ASG needs to ensure that its PCAP internal control maintenance reports and CAP reports are submitted timely. All edits and updates to the CAP report from each of ASG's departments must be included in one consolidated CAP report. Reports that are submitted that are not consolidated into one report will not be accepted. The Department also requests that ASG refrain from submitting supporting documentation and materials for the CAP reports more than once. If documentation and materials have been submitted in a previous report, please reference those materials, giving the date of previous submission, and we will locate and review them in connection with the then-current report.

Because there are still numerous deficiencies that ASG has not satisfactorily addressed, its status as a "high-risk" grantee under 34 CFR § 80.12 remains in effect until such time as the Department determines that ASG is able to demonstrate that it has fully implemented sustainable financial and internal control systems in general accounting and program administration to satisfy the grant management and fiscal accountability requirements of the Federal education and other grants that it receives.

The Department is pleased with ASG's continued commitment in addressing its challenges and deficiencies and we hope to see these efforts continue until all corrective actions have been taken and all deficiencies corrected. We look forward to continuing to work with you to improve the delivery of Federal education and other services for students in American Samoa.

Sincerely,

Philip A. Maestri, Director
Risk Management Service

Enclosure

cc: Lemanu P. Mauga, Lieutenant Governor
Steven H. Watson, Legal Counsel to the Governor
Jerome Jerome, High Risk Coordinator
Office of the Governor