



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

July 1, 2019

Honorable Dr. Ruth S. Matagi-Tofiga
Director of Education
Post Office Box DOE
Pago Pago, American Samoa 96799

Dear Dr. Matagi-Tofiga:

We have approved American Samoa's application for Federal Fiscal Year (FFY) 2019 funds under Part B of the Individuals with Disabilities Education Act (IDEA Part B). Our approval is based on our review of the IDEA Part B application submitted by the American Samoa to the U.S. Department of Education (Department), Office of Special Education Programs (OSEP), on May 10, 2019, including the assurances provided in Section II and incorporated by reference to this letter as noted in Enclosure A.

American Samoa's FFY 2019 IDEA Part B grant award is also being released subject to the Department-wide Specific Conditions placed on all Department grants to American Samoa in order to ensure that American Samoa's awards are expended in accordance with applicable legal requirements and with appropriate fiscal accountability measures, management practices, and controls. The Specific Conditions and the specific reasons for imposing them are detailed in the enclosed Department's June 24, 2019 letter to American Samoa (which is Enclosure C and incorporated by this reference to this grant letter). These Department-wide Specific Conditions are imposed pursuant to the Department's authority in 2 CFR §§200.207 and 3474.10 (former 34 CFR §80.12) because of numerous significant deficiencies in internal controls and fiscal accountability. By accepting the enclosed grant award, American Samoa agrees to comply with the Specific Conditions identified in Enclosure C.

Please note that as part of your application for FFY 2019, American Samoa has provided a certification, pursuant to 34 CFR §76.104, that its application meets the requirements of IDEA Part B and that American Samoa will operate its Part B program in accordance with all of the required assurances and certifications. Any changes made by American Samoa, after OSEP approval, to information that is a part of American Samoa's Part B application, must meet the public participation requirements in 34 CFR §300.165.

Enclosed is American Samoa's FFY 2019 grant award for funds currently available under the Department of Education Appropriations Act, 2019 (Title III of Division B, Public Law 115-245) for the IDEA Part B Section 611 (Grants to States) program. These funds are available for obligation by States and entities from July 1, 2019, through September 30, 2021, in accordance with 34 CFR §76.709.

The amount shown in your award for the Section 611 program is only part of the total funds that will be awarded to you for FFY 2019. Of the \$12,364,392,000 appropriated for Section 611 in FFY 2019, \$3,081,009,000 is available for awards on July 1, 2019, and \$9,283,383,000 will be available for awards on October 1, 2019. Under the Section 611 formula, the Secretary reserves not more than one percent of the amount appropriated for FFY 2019 to provide assistance to the

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outlying areas in accordance with their respective populations of individuals aged three through 21 and to provide each freely associated State a grant in the amount that such freely associated State received in fiscal year 2003 under Part B of the IDEA.]

Enclosure B provides a short description of how Section 611 funds were allocated and how those funds can be used. In addition, Table I in Enclosure B shows funding levels for distribution of Section 611 funds and the parameters for within-State allocations.

In Section V of its IDEA Part B application, pursuant to the authority in IDEA Section 618(a)(3), the American Samoa was required to submit data on the total amount of the American Samoa financial support made available for special education and related services for children with disabilities in American Samoa's State fiscal year (SFY) 2017 and SFY 2018. If OSEP receives information through audits, fiscal monitoring or other means that raises questions about the data American Samoa has provided in Section V, OSEP will follow-up with American Samoa.

Section 604 of the IDEA provides that “[a] State shall not be immune under the 11th amendment to the Constitution of the United States from suit in Federal court for a violation of this [Act].” Section 606 provides that each recipient of assistance under the IDEA make positive efforts to employ and advance in employment qualified individuals with disabilities in programs assisted under the IDEA. Therefore, by accepting this grant, American Samoa is expressly agreeing as a condition of IDEA funding to a waiver of Eleventh Amendment immunity and to ensuring that positive efforts are made to employ and advance employment of qualified individuals with disabilities in programs assisted under the IDEA.

The enclosed grant award of FFY 2019 funds is made with the continued understanding that this Office may, from time to time, require clarification of information within your application, if necessary. These inquiries may be necessary to allow us to appropriately carry out our administrative responsibilities related to IDEA Part B.

We appreciate your ongoing commitment to the provision of quality educational services to children with disabilities.

Sincerely,

/S/

Laurie VanderPloeg
Director
Office of Special Education Programs

Enclosures

Enclosure A
Enclosure B
Enclosure C

cc: State Director of Special Education

State Name: American Samoa-B

Enclosure A

Section II

A. Assurances Related to Policies and Procedures

The State makes the following assurances that it has policies and procedures in place as required by Part B of the Individuals with Disabilities Education Act. (20 U.S.C. 1411-1419; 34 CFR §§300.100-300.174)

<p>Yes <i>(Assurance is given.)</i></p>	<p>No <i>(Assurance cannot be given. Provide date on which State will complete changes in order to provide assurance.)</i> <i>Check and enter date(s) as applicable</i></p>	<p>Assurances Related to Policies and Procedures</p>
<p>X</p>		<p>1. A free appropriate public education is available to all children with disabilities residing in the State between the ages of 3 and 21, inclusive, including children with disabilities who have been suspended or expelled, in accordance with 20 U.S.C. 1412(a)(1); 34 CFR §§300.101-300.108.</p>
<p>X</p>		<p>2. The State has established a goal of providing a full educational opportunity to all children with disabilities and a detailed timetable for accomplishing that goal. (20 U.S.C. 1412(a)(2); 34 CFR §§300.109-300.110)</p>
<p>X</p>		<p>3. All children with disabilities residing in the State, including children with disabilities who are homeless or are wards of the State and children with disabilities attending private schools, regardless of the severity of their disabilities, and who are in need of special education and related services, are identified, located, and evaluated and a practical method is developed and implemented to determine which children with disabilities are currently receiving needed special education and related services in accordance with 20 U.S.C. 1412(a)(3); 34 CFR §300.111.</p>
<p>X</p>		<p>4. An individualized education program, or an individualized family service plan that meets the requirements of section 636(d), is developed, reviewed, and revised for each child with a disability in accordance with 34 CFR §§300.320 through 300.324, except as provided in §§300.300(b)(3) and 300.300(b)(4). (20 U.S.C. 1412(a)(4); 34 CFR §300.112)</p>
<p>X</p>		<p>5. To the maximum extent appropriate, children with disabilities, including children in public or private institutions or other care facilities, are educated with children who are not disabled, and special classes,</p>

Yes <i>(Assurance is given.)</i>	No <i>(Assurance cannot be given. Provide date on which State will complete changes in order to provide assurance.)</i> <i>Check and enter date(s) as applicable</i>	Assurances Related to Policies and Procedures
		separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily in accordance with 20 U.S.C. 1412(a)(5)(A)-(B); 34 CFR §§300.114-300.120.
X		6. Children with disabilities and their parents are afforded the procedural safeguards required by 34 CFR §§300.500 through 300.536 and in accordance with 20 U.S.C. 1412(a)(6); 34 CFR §300.121.
X		7. Children with disabilities are evaluated in accordance with 34 CFR §§300.300 through 300.311. (20 U.S.C. 1412(a)(7); 34 CFR §300.122)
X		8. Agencies in the State comply with 34 CFR §§300.610 through 300.626 (relating to the confidentiality of records and information). (20 U.S.C. 1412(a)(8); 34 CFR §300.123)
X		9. Children participating in early intervention programs assisted under Part C, and who will participate in preschool programs assisted under this part, experience a smooth and effective transition to those preschool programs in a manner consistent with section 637(a)(9). By the third birthday of such a child, an individualized education program or, if consistent with 34 CFR §300.323(b) and section 636(d), an individualized family service plan, has been developed and is being implemented for the child. The local educational agency will participate in transition planning conferences arranged by the designated lead agency under section 635(a)(10). (20 U.S.C. 1412(a)(9); 34 CFR §300.124)
X		10. Agencies in the State, and the SEA if applicable, comply with the requirements of 34 CFR §§300.130 through 300.148 (relating to responsibilities for children in private schools), including that to the extent consistent with the number and location of children with disabilities in the State who are enrolled by their parents in private elementary schools and secondary schools in the school district served by a local educational agency, provision is made for the participation of those children in the program assisted or carried out under this part by providing for such children special education and related services in accordance with the requirements found in 34 CFR §§300.130 through 300.148 unless the Secretary has arranged for services to those

Yes <i>(Assurance is given.)</i>	No <i>(Assurance cannot be given. Provide date on which State will complete changes in order to provide assurance.)</i> <i>Check and enter date(s) as applicable</i>	Assurances Related to Policies and Procedures
		children under subsection (f) [By pass]. (20 U.S.C. 1412(a)(10); 34 CFR §§300.129-300.148)
X		11. The State educational agency is responsible for ensuring that the requirements of Part B are met including the requirements of 34 CFR §§300.113, 300.149, 300.150 through 300.153, and 300.175 and 300.176 and that the State monitors and enforces the requirements of Part B in accordance with 34 CFR §§300.600-300.602 and 300.606-300.608. (20 U.S.C. 1412(a)(11); 34 CFR §300.149)
X		12. The Chief Executive Officer of a State or designee of the officer shall ensure that an interagency agreement or other mechanism for interagency coordination is in effect between each public agency described in subparagraph (b) of 34 CFR §300.154 and the State educational agency, in order to ensure that all services described in paragraph (b)(1)(i) that are needed to ensure a free appropriate public education are provided, including the provision of such services during the pendency of any dispute under §300.154(a)(3). Such agreement or mechanism shall meet the requirements found in 20 U.S.C. 1412(a)(12)(A)-(C); 34 CFR §300.154.
X		13. The State educational agency will not make a final determination that a local educational agency is not eligible for assistance under this part without first affording that agency reasonable notice and an opportunity for a hearing. (20 U.S.C. 1412(a)(13); 34 CFR §300.155)
X		14. The State educational agency has established and maintains qualifications to ensure that personnel necessary to carry out this part are appropriately and adequately prepared and trained, including that those personnel have the content knowledge and skills to serve children with disabilities as noted in 20 U.S.C. 1412(a)(14)(A)-(E); 34 CFR §300.156.
X		15. The State has established goals for the performance of children with disabilities in the State that meet the requirements found in 20 U.S.C. 1412(a)(15)(A)-(C); 34 CFR §300.157.
X		16. All children with disabilities are included in all general State and districtwide assessment programs, including assessments described under section 1111 of the Elementary and Secondary Education Act of 1965, with appropriate accommodations and alternate assessments where necessary and as indicated in their respective individualized

Yes <i>(Assurance is given.)</i>	No <i>(Assurance cannot be given. Provide date on which State will complete changes in order to provide assurance.)</i> <i>Check and enter date(s) as applicable</i>	Assurances Related to Policies and Procedures
		education programs as noted in 20 U.S.C. 1412(a)(16)(A)-(E); 34 CFR §300.160.
X		17. Funds paid to a State under this part will be expended in accordance with all the provisions of Part B including 20 U.S.C. 1412(a)(17)(A)-(C); 34 CFR §300.162.
X		18. The State will not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year, unless a waiver is granted, in accordance with 20 U.S.C. 1412(a)(18)(A)-(D); 34 CFR §§300.163 through 300.164.
X		19. Prior to the adoption of any policies and procedures needed to comply with this section (including any amendments to such policies and procedures), the State ensures that there are public hearings, adequate notice of the hearings, and an opportunity for comment available to the general public, including individuals with disabilities and parents of children with disabilities. (20 U.S.C. 1412(a)(19); 34 CFR §300.165)
X		20. In complying with 34 CFR §§300.162 and 300.163, a State may not use funds paid to it under this part to satisfy State-law mandated funding obligations to local educational agencies, including funding based on student attendance or enrollment, or inflation. (20 U.S.C. 1412(a)(20); 34 CFR §300.166)
X		21. The State has established and maintains an advisory panel for the purpose of providing policy guidance with respect to special education and related services for children with disabilities in the State as found in 20 U.S.C. 1412(a)(21)(A)-(D); 34 CFR §§300.167-300.169.
X		22. The State educational agency examines data, including data disaggregated by race and ethnicity, to determine if significant discrepancies are occurring in the rate of long-term suspensions and expulsions of children with disabilities in accordance with 20 U.S.C. 1412(a)(22)(A)-(B); 34 CFR §300.170.
X		23a. The State adopts the National Instructional Materials Accessibility Standard for the purposes of providing instructional materials to blind persons or other persons with print disabilities, in a timely manner after the publication of the National Instructional Materials Accessibility

Yes <i>(Assurance is given.)</i>	No <i>(Assurance cannot be given. Provide date on which State will complete changes in order to provide assurance.)</i> <i>Check and enter date(s) as applicable</i>	Assurances Related to Policies and Procedures
		Standard in the Federal Register in accordance with 20 U.S.C. 1412(a)(23)(A) and (D); 34 CFR §300.172.
		23b. <i>(Note: Check either "23b.1" or "23b.2" whichever applies.</i>
		23b.1 The State educational agency coordinates with the National Instructional Materials Access Center and not later than 12/03/06 the SEA as part of any print instructional materials adoption process, procurement contract, or other practice or instrument used for purchase of print instructional materials enters into a written contract with the publisher of the print instructional materials to: <ul style="list-style-type: none"> • require the publisher to prepare and, on or before delivery of the print instructional materials, provide to the National Instructional Materials Access Center, electronic files containing the contents of the print instructional materials using the National Instructional Materials Accessibility Standard; or • purchase instructional materials from the publisher that are produced in, or may be rendered in, specialized formats. (20 U.S.C. 1412(a)(23)(C); 34 CFR §300.172)
X		23b.2 The State educational agency has chosen not to coordinate with the National Instructional Materials Access Center but assures that it will provide instructional materials to blind persons or other persons with print disabilities in a timely manner. (20 U.S.C. 1412(a)(23)(B); 34 CFR §300.172)
X		24. The State has in effect, consistent with the purposes of the IDEA and with section 618(d) of the Act, policies and procedures designed to prevent the inappropriate overidentification or disproportionate representation by race and ethnicity of children as children with disabilities, including children with disabilities with a particular impairment described in 34 CFR §300.8. (20 U.S.C 1412(a)(24); 34 CFR §300.173)
X		25. The State educational agency shall prohibit State and local educational agency personnel from requiring a child to obtain a prescription for a substance covered by the Controlled Substances Act (21 U.S.C. 812(c)) as a condition of attending school, receiving an evaluation under 34 CFR §§300.300 through 300.311, or receiving services under the IDEA as described in 20 U.S.C. 1412(a)(25)(A)-(B); 34 CFR §300.174.

B. Other Assurances

The State also makes the following assurances:

Yes	Other Assurances
X	1. The State shall distribute any funds the State does not reserve under 20 U.S.C. 1411(e) to local educational agencies (including public charter schools that operate as local educational agencies) in the State that have established their eligibility under section 613 for use in accordance with this part as provided for in 20 U.S.C. 1411(f)(1)-(3); 34 CFR §300.705.
X	2. The State shall provide data to the Secretary on any information that may be required by the Secretary. (20 U.S.C. 1418(a)(3); 34 CFR §§300.640-300.645.)
X	3. The State, local educational agencies, and educational service agencies shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds. (34 CFR §76.702)
X	4. As applicable, the assurance in OMB Standard Form 424B (Assurances for Non-Construction Programs), relating to legal authority to apply for assistance; access to records; conflict of interest; merit systems; nondiscrimination; Hatch Act provisions; labor standards; flood insurance; environmental standards; wild and scenic river systems; historic preservation; protection of human subjects; animal welfare; lead-based paint; Single Audit Act; and general agreement to comply with all Federal laws, executive orders and regulations.

C. Certifications

The State is providing the following certifications:

Yes	
X	<p>1. The State certifies that ED Form 80-0013, <i>Certification Regarding Lobbying</i>, is on file with the Secretary of Education.</p> <p>With respect to the <i>Certification Regarding Lobbying</i>, the State recertifies that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making or renewal of Federal grants under this program; that the State shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," when required (34 CFR Part 82, Appendix B); and that the State Agency shall require the full certification, as set forth in 34 CFR Part 82, Appendix A, in the award documents for all sub awards at all tiers.</p>
X	2. The State certifies that certification in the Education Department General Administrative Regulations (EDGAR) at 34 CFR §76.104 relating to State eligibility, authority and approval to submit and carry out the provisions of its State application, and consistency of that application with State law are in place within the State.
X	3. The State certifies that the arrangements to establish responsibility for services pursuant to 20 U.S.C. 1412(a)(12)(A)-(C); 34 CFR §300.154 (or 20 U.S.C. 1412(a)(12)(A); 34 CFR §300.154(a) are current. This certification must be received prior to the expenditure of any funds reserved by the State under 20 U.S.C. 1411(e)(1); 34 CFR §300.171.

Enclosure C



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF FINANCE AND OPERATIONS
OFFICE OF GRANTS ADMINISTRATION

June 24, 2019

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

Dear Governor Moliga:

The purpose of this letter is to convey to you the enclosed specific 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) 2019. These specific conditions also apply to all grants under the following programs awarded to any ASG agencies for FFY 2020: Vocational Rehabilitation (Title I of the Rehabilitation Act of 1973, as amended (Rehabilitation Act)), Supported Employment (Title VI of the Rehabilitation Act), Client Assistance Program (section 112 of the Rehabilitation Act), Protection and Advocacy of Individual Rights (section 509 of the Rehabilitation Act), and Independent Living Services for Older Individuals Who Are Blind (Title VII, Chapter 2 of the Rehabilitation Act) (collectively, Rehabilitation Act programs). These specific conditions apply to all grants awarded by the Department to ASG on or after the date of these specific conditions. These specific conditions also apply to all grants previously awarded by the Department to ASG that are still available for obligation or liquidation on the date of these specific conditions.

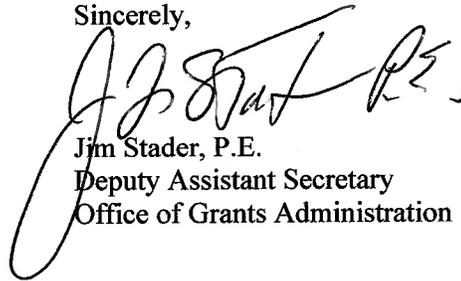
Successful implementation and maintenance of a comprehensive and reliable financial and accounting system is a key element in accomplishing effective fiscal management and administration of Department grants. In an effort to address systemic internal control deficiencies and limited capabilities of its core financial and accounting system, Integrated Financial and Accounting System (IFAS), at the beginning of fiscal year (FY) 2016, ASG initiated a two-year project - OneSolution upgrade for IFAS. Several years prior, in 2008, ASG had developed and received Department approval of a High-Risk Corrective Action Plan (HRCAP), which contains measures and action steps for ASG to take to address the Department's concerns about its management of, and accountability for, Department funds. Although ASG has made progress in addressing its systemic internal control deficiencies over the past several years, the Department has determined that ASG has yet to demonstrate sufficient progress in implementing the corrective measures outlined in the HRCAP. Specifically, although there have been some improvements as a result of implementation of some aspects of OneSolution, ASG continues to demonstrate deficiencies in internal controls in the areas of fixed assets and property management, procurement, and timely reconciliations of various financial and accounting data to source documents to generate reliable financial reports for management review. Therefore, ASG has not yet demonstrated full implementation of comprehensive financial and accounting systems that result in fiscal accountability for, and effective administration of, Federal funds. Accordingly, these specific conditions remain necessary, and ASG's status as a "high-risk" grantee remains in effect under the Department's authority in 2 CFR §§ 200.207 and 3474.10.

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In April 2018, ASG informed the Department of the possibility of some profound changes being contemplated within ASG to designate ASDOE as a semi-autonomous agency with an elected Board of Directors that would select the Director or Superintendent of the ASDOE. According to ASG, being semi-autonomous would also enable the ASDOE to internally maintain and manage its own treasury, budget, human resources, and procurement activities. The Department requests that ASG continue sharing its progress in moving forward with the proposed changes pertaining to ASG and ASDOE. Once the Department confirms that such changes are implemented successfully, ASG will be able to begin discussions with the Department about possible modifications to the current Department-wide specific conditions to accommodate the changes.

The Department is committed to assisting ASG in its delivery of Federal education services to the children of the territory through its continued improvement in the administration and management of the Department's grant funds. If you have any questions or require further assistance, please contact Mark Robinson at 202-245-8280 or via email at mark.robinson@ed.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Stader". The signature is fluid and cursive, with a large loop at the end.

Jim Stader, P.E.
Deputy Assistant Secretary
Office of Grants Administration

cc: Lemanu P. Mauga, Lieutenant Governor
Steven H. Watson, Legal Counsel to the Governor
Jerome Jerome, High-Risk Coordinator
Sagatea Filoiali'i, Deputy High-Risk Coordinator
Arona Maiava, Grants & Oversight Office

Enclosure

American Samoa Government – Specific Conditions
Federal Fiscal Years (FFY) 2019 and 2020¹

PREAMBLE: These specific conditions are imposed on all grants issued by the U.S. Department of Education (Department) to all recipient agencies of the Government of American Samoa (ASG) (including, but not limited to, the American Samoa Department of Education (ASDOE) and the American Samoa Department of Health (ASDOH)) on or after the date of these specific conditions. These specific conditions also apply to all grants under the following programs awarded to any ASG agencies for FFY 2020: Vocational Rehabilitation (Title I of the Rehabilitation Act of 1973, as amended (Rehabilitation Act)), Supported Employment (Title VI of the Rehabilitation Act), Client Assistance Program (section 112 of the Rehabilitation Act), Protection and Advocacy of Individual Rights (section 509 of the Rehabilitation Act), and Independent Living Services for Older Individuals Who Are Blind (Title VII, Chapter 2 of the Rehabilitation Act) (collectively, Rehabilitation Act programs). Additionally, the specific conditions apply to grant funds previously awarded by the Department to ASG (including, but not limited to, ASDOE and ASDOH) that are still available for obligation or liquidation on the date of these specific conditions. These specific conditions are applied to these program grants and funds in accordance with regulations governing specific conditions and “high-risk” grantees in 2 CFR §§ 200.207 and 3474.10 in the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The specific conditions are imposed to help ensure that ASG’s awards are expended in accordance with applicable legal requirements and with appropriate fiscal accountability measures, management practices, and controls.

I. EXPLANATION OF HIGH-RISK STATUS

Under the authority of the Uniform Guidance at 2 CFR §§ 200.207 and 3474.10, the Department has determined that ASG continues to be a “high-risk” grantee for purposes of these grant awards because of problems in ASG’s fiscal and program accountability and related areas. Our conclusion is based on the following:

- A. The Department continues to be concerned with the significant internal control deficiencies and material weaknesses in the operation of the internal control structure related to general accounting and grants administration reported in ASG’s fiscal year (FY) 2018 single audit and prior year single audits beginning with FY 2009. Due to the seriousness of the deficiencies, the auditors have issued either qualified or disclaimed opinions on both ASG’s audited financial statements and the report on Federal program compliance for one or more of the Department’s major grants for the same period discussed above, FY 2009 through FY 2018. The auditors specifically noted evidence of a failure of identified control? in preventing or detecting misstatements of accounting information and a lack of appropriate management oversight, review and approval of transactions. Even though ASG has shown some progress in addressing its internal control deficiencies the systemic internal control failures in ASG’s general accounting and program operations demonstrate an overall breakdown of fiscal and operational controls that are intended to protect Federal,

¹ These specific conditions are considered FFY 2020 specific conditions only for purposes of the following programs: Vocational Rehabilitation, Supported Employment, Client Assistance Program, Protection and Advocacy of Individual Rights, and Independent Living Services for Older Individuals Who Are Blind. For all other programs to which they apply, they are considered FFY 2019 specific conditions.

as well as local, funds from misuse. Because the breakdown of controls is widespread across ASG, it emphasizes the magnitude of the underlying fiscal and management problems (such as an inadequate system of internal controls to ensure compliance with the following requirements: activities allowed or unallowed; eligibility; allowable cost/cost principles; administrative requirements; standards for financial management systems; grant payment requirements; claims for reimbursement; equipment and real property management; retention and access requirement for records; special provisions; procurement and suspension and disbarment; matching, level of effort, and earmarking; and significant failures in the operation of the internal control structure related to general accounting and grants administration). All of the foregoing supports the Department's continued concerns about ASG's ability to properly administer and provide services with Department funds.

- B. Successful implementation and effective maintenance of a comprehensive and reliable financial and accounting system is considered one of the key elements for accomplishing effective fiscal management and administration of Department grants. In an effort to address systemic internal control deficiencies and limited capabilities of its core financial and accounting system, Integrated Financial and Accounting System (IFAS), at the beginning of FY 2016, ASG initiated a two-year project to upgrade IFAS and its capabilities – the OneSolution Upgrade for IFAS. The purpose of the OneSolution Upgrade for IFAS is to expand existing functionalities and capabilities and also implement various core and essential modules based on the analysis and redesign of workflows to optimize efficiency and effectiveness in business operation. ASG was able to complete phase one of the three-phase project in FY 2017. Although ASG was able to move forward with the “go live” date as scheduled during FY 2017, various issues and challenges, in the areas such as the purging of data, increase in personnel turnover, antiquated administrative regulations, and the aggravated disaster from Cyclone Gita, hampered its progress toward timely implementation of the OneSolution upgrade. Through continued collaboration between the OneSolution implementation team and the core departments and agencies, ASG was recently able to complete the upgrade of the fixed asset module of the IFAS and has begun to upload the legacy data into the OneSolution's Test Environment. ASG is continuing its efforts related to updating administrative regulations, strengthening controls to improve accuracy of data for inventories and fixed assets, updating several standard operating policies and procedures reflecting new and revised business processes and workflows, and searching for a qualified candidate for a Comptroller.
- C. Based on our ongoing monitoring of ASG's single audit findings and ASG's progress in addressing the corrective measures outlined in its HRCAP as reported in the semiannual HRCAP reports, the Department has determined that ASG has 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 administration of grants awarded by the Department. Although there have been some improvements as a result of implementation of some aspects of OneSolution, ASG continues to demonstrate deficiencies in internal controls in the areas of fixed assets and property management, timely reconciliation of various financial and accounting data to generate reliable financial reports for management review, and timely submission of required reports (e.g., ASG has failed to file the required reports for the Consolidated Grant to Insular Areas). Therefore, ASG has not demonstrated full implementation of comprehensive financial and accounting systems that result in fiscal

accountability for, and effective administration of, Federal funds. To this end, ASG's single audits for FY 2012 through FY 2018 continue to identify these as areas demonstrating significant deficiencies or material weakness in internal controls. Accordingly, the Department is again imposing these specific conditions for FFY 2019 and for FFY 2020 for Rehabilitation Act programs, as set forth below.

II. SPECIFIC CONDITIONS

A. High-Risk Corrective Action Plan

1. In accordance with section II.C of the FFY 2007 special conditions and section II.B of the FFY 2008 special conditions, ASG developed and obtained Department approval (on October 7, 2008) of a comprehensive HRCAP that outlines measures that ASG must implement to address and resolve the problems that led to its designation as a high-risk grantee and that will assist ASG and the Department in tracking ASG's progress in addressing and resolving these problems. ASG must continue its work toward implementing all corrective actions in the HRCAP. In the event that the Department or ASG determines that additional measures are required in the HRCAP to address the fiscal administrative deficiencies described in section I.A above, ASG must amend the HRCAP to include such measures, obtaining the Department's approval before proceeding with the additional measures.

ASG is required to continue to provide a semiannual report to the Department on its progress in implementing measures required pursuant to the HRCAP. The semiannual reports must include the current status of ASG's implementation of the various measures, including a description of activities and progress for each task during the reporting period, documentation of measures of performance and results, and other data or documentation as specified within the action steps for each task, and, if necessary, any changes in the targeted completion dates and/or person(s) responsible for ensuring that a particular corrective action is implemented. In addition, the semiannual report must include a description of ASG's progress on the upgrade of its core financial and accounting system, IFAS (see paragraph I.B above), and provide specific examples of the manner in which expanded IFAS functionalities and capabilities are assisting ASG in implementing measures required under the HRCAP and in addressing the fiscal and management deficiencies identified in paragraph I.A above. ASG must include in each semiannual report all edits and updates from each of its departments into one consolidated HRCAP report.

2. ASG must continue to submit the HRCAP reports to the Department no later than thirty days after the end of each semiannual period. Therefore, semiannual reports shall be submitted to the Department by April 30, 2020 for the period covering October 1, 2019 to March 31, 2020 and by October 31, 2020 for the period covering April 1, 2020 to September 30, 2020. ASG must ensure that its HRCAP reports are submitted timely. If a report is not timely or is not considered acceptable by the Department, it may result in the Department taking one or more additional actions or imposing additional remedial requirements, including the following, for any applicable program(s): the reinstatement of quarterly reporting; the imposition of further conditions; the recovery

of misspent funds; or the requirement for ASG to procure the services of a third-party fiduciary agent to provide fiscal management services.

3. Until such time as all of the corrective actions in the HRCAP referenced in paragraph A.1 above have been implemented and deficiencies and material weaknesses addressed, semiannual HRCAP reports will continue to be required as stipulated in paragraph A.2 above.

B. Payroll Attestation Corrective Action Plan

1. Because of ASG's high-risk status and demonstrated risk to Federal program funds, as noted in a number of its single audits, and in conjunction with the Department's serious concerns regarding payroll inaccuracies and reporting affecting Department grant funds, the FFY 2007 specific conditions required ASG to undergo an Attestation administered by an independent public accountant, covering all ASG employees paid with Department grant funds. R.C. Holsinger Associates (RCHA), P.C. Certified Public Accountants, conducted the Attestation in February/March 2008 and issued a final report to the Department that identified significant problems in the manner in which ASG accounts for Federal funds used for payroll costs and indicated that ASG is not in compliance with Federal requirements for using Federal funds for payroll costs.
2. Because of the significant problems identified in the attestation and their impact on the expenditure of Department grant funds for payroll cost, ASG was required to develop a payroll corrective action plan (PCAP) to address all deficiencies cited in RCHA's Attestation report. The Department approved the PCAP on March 16, 2009. The PCAP was used by ASG (and monitored by the Department) to develop and implement internal controls, policies and procedures to eliminate the significant deficiencies identified by the Attestation and to bring ASG into compliance with Federal requirements for using Department grant funds for payroll costs. Because ASG demonstrated to the Department that it had addressed the internal control deficiencies and material weaknesses outlined in the PCAP, ASG was no longer required as of the FFY 2011 special conditions to report quarterly to the Department on its efforts and initiatives to implement corrective actions and controls in accordance with the PCAP. However, ASG must continue to submit semiannually a PCAP internal control maintenance report that outlines its efforts to monitor its payroll operations and internal controls to ensure that they are operating as intended. ASG's PCAP internal control maintenance reports must include the following information, at a minimum, in narrative form:
 - The current status of ASG's monitoring efforts of its payroll and human resources operation, including a description of activities it has engaged in during the semiannual period;
 - any internal control weaknesses identified in its policies and procedures related to the operation of its payroll and human resources operations;
 - a narrative explanation of what caused the internal control weaknesses/failure;
 - a description of the action(s) taken to correct the internal control deficiencies identified during its monitoring operations; and

- copies of all revised policies and procedures and any other documentation (e.g., policies, forms, evidence of training, etc.) that support ASG’s monitoring efforts.

ASG must submit the PCAP internal control maintenance reports to the Department no later than thirty days after the end of each semiannual period. Therefore, semiannual PCAP internal control maintenance reports shall be submitted as follows:

- For the semiannual reporting period October 1st to March 31st – due April 30, 2020
- For the semiannual reporting period April 1st to September 30th – due October 31, 2020

4. ASG must ensure that its PCAP internal control maintenance reports are submitted timely. If a report is not timely or is not considered acceptable by the Department, it may result in the Department taking one or more additional actions or imposing additional remedial requirements, including the following, for any applicable program(s): the imposition of further conditions; the recovery of misspent funds; or the requirement for ASG to procure the services of a third-party fiduciary agent to provide fiscal management services.

C. Single Audits

ASG shall continue to ensure that single audits are conducted on an annual basis in a timely manner and that reports, along with data collection forms, are submitted to the Federal Audit Clearinghouse within nine months after the end of each fiscal year. As such, ASG must complete its FY 2018 single audit and submit it to the Federal Audit Clearinghouse by June 30, 2019, in accordance with the Single Audit Act of 1984, as amended. The Department will continue to rely on ASG’s single audits, along with monitoring conducted by the Department, to perform oversight of ASG’s administration of Department grants. If, for any reason, ASG expects an audit or report to be delayed, it shall notify the Department of the reason and extent of the delay as soon as possible. Based on the information provided, the Department may take one or more additional actions or impose additional remedial requirements, including, but not limited to, the imposition of further conditions, the recovery of misspent funds, or the implementation of a contract with a third-party fiduciary agent to provide services.

D. Program-Specific Conditions

Program-specific conditions may be imposed on FFY 2019 grant awards (or FFY 2020 grant awards for Rehabilitation Act programs) made under one or more Department programs, in addition to the specific conditions that are contained in this document. Each such program-specific condition will be contained in a separate attachment to the grant award notification document provided by the Department to ASG.

E. Prompt Access

ASG shall promptly provide the Department with access to any requested staff, locations, records, and information associated with Federal and matching funds related to programs administered by the Department.

F. Failure to Comply with Conditions or Other Requirements

If the Department determines that ASG has not made substantial progress in meeting the objectives of the programs, or has not met program requirements or the specific conditions contained in Sections II.A-E above, then the Department may consider not continuing the grant(s), taking further enforcement action steps, or applying additional conditions such as, but not limited to, the following:

1. ASG would receive no further funds under the grant award(s) or only on a reimbursement basis;
2. ASG would be required to prepare and submit a separate corrective action plan for each program in which problems have occurred or in which there is insufficient progress; and
3. ASG would contract with a third-party fiduciary agent, which must be approved by the Department, to provide services or financial management under the grant award(s). The third-party fiduciary agent would, at a minimum, assist in preparing the vouchers to be submitted to the Department for reimbursement, and would verify their accuracy and legitimacy as an appropriate expenditure under the grant award(s).

These terms and conditions do not preclude the Department from taking any otherwise authorized enforcement or other actions at any time.

III. OTHER TERMS

A. Submission of Reports

All reports and plans (including with respect to the HRCAP and PCAP) that are required to be submitted by ASG to the Department under these specific conditions shall be submitted in electronic file format to:

Mark Robinson, Director
Risk Management Services Division
Office of Finance and Operations
Office of Grants Administration
U.S. Department of Education
550 12th Street, S.W.
Room 6057
Washington, D.C. 20202

B. Reconsideration and Modifications

At any time, ASG may request reconsideration of the above specific conditions by contacting the Department and stating reasons why ASG believes particular conditions are no longer needed. Additionally, the Department may impose additional specific conditions or modify these specific conditions as appropriate. The Department will remove the

specific conditions at such time as ASG meets, to the Department's satisfaction, the conditions contained herein.

Dated: June 24, 2019