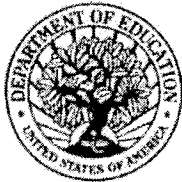


Enclosure B



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

June 1, 2006

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) has made in a number of areas to continue improvements in program and fiscal accountability. We would also like to recognize the leadership of Commissioner Rita Inos and her staff 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 will continue to offer technical assistance to the extent feasible when it is requested by CNMI PSS.

Grant awards made to CNMI PSS for FY 2006 will be awarded subject to the three special conditions enclosed, which the Department will incorporate into CNMI PSS's FY 2006 grant award documents. 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, such as: 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 Susan Benbow at (202) 260-5025.

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 so that no child in CNMI is left behind.

Sincerely,

A handwritten signature in black ink, appearing to read "Hudson La Force, III".

Hudson La Force, III
Senior Counselor to the Secretary

cc: Dr. Rita Hocog Inos
Commissioner of Education
CNMI Public Schools System

Mr. Herman T. Guerrero
Chairman
Board of Education

Enclosure

Commonwealth of the Northern Mariana Islands Public School System - Special Conditions

1. **Single Audits and Reports:** CNMI PSS shall continue to conduct single audits and submit reports on an annual basis in a timely and complete 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 the Department's contact person of the reason and extent of the delay as soon as possible.
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 a detailed report on a biennial basis that describes its administration of program funds, including expenditures, and progress of each significant aspect of the programs at the district and State levels. Specifically, CNMI PSS shall also demonstrate 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 each 6-month 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 restrict 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
400 Maryland Avenue, S.W.
FB-6, Room 7E320
Washington, DC 20202