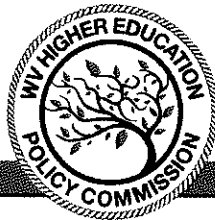


Bruce L. Berry, M.D.  
*Chair*



Paul L. Hill, Ph.D.  
*Chancellor*

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*Access. Success. Impact.*

West Virginia Higher Education Policy Commission

*1018 Kanawha Boulevard, East, Suite 700  
Charleston, West Virginia 25301  
www.wvhepc.edu*

March 15, 2017

Philadelphia School Participation Division  
Attention: Nancy Gifford, Division Director  
The Wanamaker Building  
100 Penn Square, East, Suite 511  
Philadelphia, PA 19107

**RE: West Virginia Public Higher Education Single Audit Submission**

Dear Ms. Gifford:

I write to share information related to my serious concern about the potential late submission of West Virginia's 2016 audit information to the Department of Education. Last year, the Office of Federal Student Aid provided a favorable appeal to West Virginia higher education institutions in light of circumstances surrounding a late 2015 single audit submission.

We are extremely appreciative of your Division's understanding last year. The presidents at all of our institutions and this agency have taken very seriously the reason for and warnings of potential Federal Student Aid sanctions if the single audit is again delayed.

The U.S. Department of Education requires public higher education institutions to submit their annual single audits by March 31 each year. The single audit for West Virginia higher education institutions is completed for the West Virginia Department of Administration by Ernst and Young. In addition to higher education, the State of West Virginia single audit includes all state agencies.

The Fiscal Year 2015 Single audit was not completed by the due date because pension liability data for the footnote required by GASB 68 was not available until late fall 2015. The audit of the pension liability data is contracted by the West Virginia Consolidated Public Retirement Board and includes pension information for higher education, other state agencies and county school systems.

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CHANCELLOR'S OFFICE  
*(304) 558-0699 phone • (304) 558-1011 fax*

For the Fiscal Year 2016 audit, the pension liability data again was not available until December 20, 2016. As a result, the final institutional audit was not complete until February 17, 2017. Ernst and Young did complete the single audit fieldwork by March 1, 2017. The institutional single audit representation letters reflect this March 1 date.

Although the West Virginia Department of Administration and its audit firm are well aware of the Department of Education due date, and are making every attempt to complete the audit within this timeframe, last week they informed us they most likely will not complete the State of West Virginia's financial and single audits by March 31.

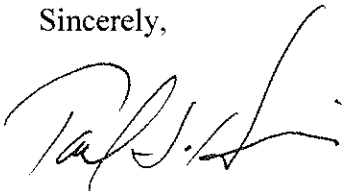
I am seeking administrative relief with regard to the March 31 deadline. As the coordinating agency for our state institutions of higher education, I speak on behalf of the schools and attest that we have done everything within our ability and purview to ensure the audit was completed in a timely fashion. While the completion of the statewide single audit is outside of our control, we have offered to the Department of Administration additional external audit firm resources to assist with the wrap up of the statewide audit by the due date. We also have asked if the state can complete a basic audit that does not include CAFR data, which could compress the time schedule.

I again emphasize that our institutions have taken the Department of Education's findings very seriously and, until last week, were confident that the audit submission by the state would be on time. We have not taken for granted the importance of the March 31 deadline. If the audit is late, we do not anticipate it will be delayed to the extent it was last year.

However, if the state's single audit submission is late and the Department of Education were to institute heightened monitoring and restrictive cash management processes, the consequences could be devastating for multiple West Virginia public colleges and universities. Some of the state's institutions with particularly low cash balances serve relatively high proportions of low-income students, and these penalties would render several of our institutions insolvent.

We appreciate suggestions for further actions that we might take that could prevent placement of restrictions by your Division. We respectfully request any margin of forgiveness with regard to the deadline that you may provide, and would be pleased to meet with you to discuss the issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul L. Hill". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul L. Hill  
Chancellor