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West Virginia Higher Education Policy Commission
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Clarence "Butch" Pennington
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Sarah Armstrong Tucker, Ph.D.
Interim Chancellor

August 26, 2016

Sherrie Bell
Compliance Manager
U.S Department of Education
Federal Student Aid/Program Compliance
Philadelphia School Participation Division
830 First Street NE, Room 72B3
Washington, DC 20202-5430

Dear Ms. Bell:

The West Virginia Higher Education Policy Commission and the West Virginia Community and Technical College System through this letter seek to appeal the August 22, 2016 notice of citation for failure to submit acceptable and timely compliance and financial statement audits.

The letters from the Department of Education were sent directly to our public institutions, but noted that Bluefield State College is the primary recipient, as the Department of Education has designated Bluefield as the school that covers single audits for all of our Title IV participating schools. We write this letter on behalf of all of the West Virginia's public higher education institutions under your division's purview, who have received those citation letters.

It is important to explain that the Single Audit for West Virginia public higher education institutions is included in the statewide single audit administered by the West Virginia Department of Administration. Its delayed submission was not due to the public higher education institutions. While the Department of Administration is sending a separate letter of appeal and explanation, we have been told that information has been shared with the Department of Education and other state agencies since March 2016.

We understand through your letter that the citation results in provisional certification for West Virginia's public higher education institutions and placement on a heightened cash monitoring payment method for a minimum of five years, in addition to other adverse actions that could be initiated by the Department of Education. Such actions would have significant negative impact for our agencies and for our schools, so your letter and this appeal are of tremendous importance to our state.

We respect and understand the Department's established deadlines for submission of financial statement audits and the State in the past has been timely in meeting those requirements. The 2016 submission date presented difficulties that were beyond our control due to a new statewide financial accounting system and a new governmental accounting standard for pensions.

The Fiscal Year 2015 single audit was delayed for several reasons:

1. The State of West Virginia installed a new enterprise resource planning (ERP) system in Fiscal Year 2015. Financial reporting issues were encountered by state agencies as they compiled information for the completion of the State's Comprehensive Annual Financial Report (CAFR).
2. New Pension Reporting Requirements. All state agencies were required to comply with the provisions of the Governmental Accounting Standards Board Statement Number 68 Accounting and Financial Reporting for Pensions. Subject to the provisions of this statement were pensions administered for county schools and public higher education institutions. These pensions are administered by the West Virginia Consolidated Public Retirement Board (CPRB). The CPRB was unable to compile the necessary actuarial data until November 2015. As a result, the process for the single audit was delayed.

In seeking this appeal, we wish to reiterate that the delayed release of the single audit was not caused by our higher education institutions, and we respectfully request that your agency reconsider its citation for failure to submit a timely audit this year.

The penalties outlined in the citation would have a major negative impact on public higher education institutions in West Virginia. A requirement to make our institutions expend funds for student financial aid in advance of reimbursement could render some of them insolvent, particularly those schools with a higher proportion of low-income students.

The West Virginia Higher Education Policy Commission and the West Virginia Community and Technical College System understand the necessity for colleges and universities to operate high-quality financial operations. West Virginia's public higher education institutions have a long history of compliance with Department of Education requirements and will continue to do so in the future.

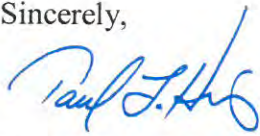
We anticipate that the new ERP system will ultimately result in better grant and financial management. This in turn should produce improved outcomes for federal financial aid programs.

We respectfully request an appeal of the citation and relief from the sanctions mentioned in your letter to the institutions. This will allow the West Virginia public higher education institutions to continue to deliver educational services supported by your Department.

August 26, 2016

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Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Hill".

Paul Hill, Ph.D.

A handwritten signature in blue ink, appearing to read "Sarah Armstrong Tucker".

Sarah Armstrong Tucker, Ph.D.

Cc: North Central Association of Colleges and Schools, Higher Learning Commission
West Virginia Public Colleges and Universities
Mary Jane Pickens, Secretary, West Virginia Department of Administration