

4.7 The institution is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended. (In reviewing the institution's compliance with these program responsibilities, the Commission relies on documentation forwarded to it by the U.S. Department of Education.) (Title IV program responsibilities)

Off-Site Committee's Response

A review of the audit revealed repeat findings related to Federal Financial Aid, several in partial correction status. For example, there is a repeat finding for incomplete liquidation of the Federal Perkins Loans. This finding was first identified in 2010 and continues to be identified as an ongoing issue. Correspondence from the Department of Education related to the liquidation of the Federal Perkins Loans was not provided.

Institution's Response

The Off-site Committee reported, "A review of the audit revealed repeat findings related to Federal Financial Aid, several in partial correction status." However, it should be noted that the Federal Perkins Loan has been the only re-occurring finding as a result of incomplete liquidation. A statement from the institution's auditor provides clarity in what has occurred with this item when they state:

The College has long ago ceased any student lending under the Federal Perkins loan program. Since 2010, the College has attempted to assign as many of the remaining loans to the government to reduce repayment liability. With the inclusion of the finding in the audits, the College has been awaiting on a final determination from the U.S. Department of Education.

It should also be known that a final determination date has yet to be established. Notwithstanding, the institution has engaged the audit firm to complete the final closeout audit of the Perkins loan program. The auditors also reported that the Perkins Loan Program is not a financial threat to the College. Moreover, it is reported by the audit firm that, "We believe that "...the College is in substantial compliance with SACSCOC Principles of Accreditation, FR 4.7 as the pending liability is clearly not a significant financial threat to the College." Attachment 4.7 is a copy of the audit firm's CEO and Managing Associate statement of support of the College's compliance to this standard.

Documentation:

Attachment 4.7: Statement from Murphy and Company, P.C., Audit Firm's CEO and Managing Associate

**Attachment 4.7: Statement from Murphy and
Company, P.C., Audit Firm's CEO and
Managing Associate**



MURPHY AND COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS STRATEGISTS
A MEMBER FIRM OF THE WESLEY PEACHTREE GROUP, CPAS

May 20, 2015

Mr. James Harris, CPA
Vice President for Fiscal Affairs
TEXAS COLLEGE
2404 N. Grand Avenue
Tyler, TX 75702

Dear Mr. Harris,

The College has long ago ceased any student lending under the Federal Perkins loan program. Since 2010, the College has attempted to assign as many of the remaining loans to the government to reduce the repayment liability. With the inclusion of the finding in the audits, the College has been waiting on a final determination from the U.S. Department of Education. We now understand that a final audit must be conducted to bring final closure to your participation in the Federal Perkins loan program. You have engaged us to complete the final closeout audit and we expect for this to be concluded within the next 45 to 60 days. The repayment liability is \$124,000 (as disclosed in the 2014 audit report), which is not considered fiscally material to your financial position and has already been reflected as a liability in the College’s financial statements as of June 30, 2014. We believe the College is in substantial compliance with SACSCOC *Principles of Accreditation*, FR 4.7, as the pending liability is clearly not a significant financial threat to the College. However, the College should be fully compliant with FR 4.7 within the next 45 to 60 days once the audit is submitted and any resultant liability has been paid.

We hope this helps explain the Perkins loan finding that has been repeated in the College’s compliance audits.

Very truly yours,

Donald Murphy, CPA, FCPA, CFE, CGFM, CGMA
CEO & Managing Associate

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