

TAIT, WELLER & BAKER LLP
Certified Public Accountants

**Finance Committee
Lancaster Bible College & Graduate School
Lancaster, Pennsylvania**

In planning and performing our audit of the financial statements of Lancaster Bible College & Graduate School (the "College") as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted the following deficiency in internal control during our 2010 audit:

Wire Transfers

Although used infrequently, it was noted that the same individual who initiates wire transfers also approves them. In order to strengthen segregation of duties, we recommend that two individuals be involved in the wire transfer process – one person who initiates the transfer and a second person who releases (approves) such transfers.

The following is the status of prior year's comments:

Payroll

The College outsources its payroll processing to a third-party service provider. In the prior year, it was noted that all information related to employee payroll is prepared and submitted by one individual. We recommended that in order to strengthen internal controls, someone independent of the payroll function review payroll subsequent to processing by the payroll service bureau. Although an independent review of the payroll now takes place prior to the final processing of payroll, we recommend that this review include all payroll changes (eg. new employees, terminations, pay rate changes, etc.) to ensure all changes are proper. In addition, we recommend that the final payroll register is reviewed to ensure accuracy and that no changes occurred subsequent to the initial review of payroll. This review will strengthen the controls over these disbursements.

Student Accounts Receivable

In the prior year it was noted that more timely analysis of student accounts receivable would result in prompt follow-up procedures allowing for better collections and improved cash flows to the College. During 2010, the process was improved in that accounts that are not expected to be collected are sent to collections on a timelier basis. Accounts with large past due balances are only retained if the student is on a payment plan and has interaction with the Business Office.

This communication is intended solely for the information and use of management, the Finance Committee, and others within the College, and is not intended to be and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

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**Philadelphia, Pennsylvania
October 16, 2010**