Mr. Robert G. Senneff
President
Graham Hospital School of Nursing
210 West Walnut
Canton, IL 61520-2497

AUG 22 2014

RE: Final Audit Determination
Audit Control Number (ACN): 05-2013-40893
FAC ACN: 05-2013-49175
OPE ID Number: 00893800

Dear President Senneff:

The U.S. Department of Education (Department) has reviewed a single audit report of GHSN Hospital School of Nursing (GHSN). This audit report, prepared by McGladrey, LLP, in accordance with the Office of Management and Budget Circular A-133, covers the period July 1, 2012 through June 30, 2013. This letter advises GHSN of the Department's final audit determination concerning the portions of the audit report that relate to the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs).

The Department has reviewed the corrective action plan and/or management's response provided with the audit report. Enclosed is the Department's final audit determination. Also enclosed is GHSN's response to this audit. Any supporting documentation submitted with the institution's written response is not included with this final audit determination, however, it will be retained and available for inspection by GHSN upon request. Copies of the final audit determination, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this final audit determination is issued.

Although the enclosures to this letter may not address each of the auditor's findings, the institution must take the necessary actions to correct all of the deficiencies noted in the audit report. Sections .315(b) and .320 (c) of OMB Circular A-133 require GHSN to prepare and submit as part of the reporting package a *Summary Schedule of Prior Audit Findings* that reports the status of prior audit findings. In preparing that Schedule, GHSN must comment on all actions taken to correct each finding noted in this audit report, including any action required in the enclosures to this letter.

This FAD contains one or more findings regarding GHSN's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime

Statistics Act (the Clery Act) at § 485(f) of the HEA, 20 U.S.C. § 1092(f)and 34 C.F.R. §§ 668.41 and 668.46. Because a Clery Act finding does not result in a financial liability, this finding may not be appealed.

Finding 2013-003 has been satisfactorily addressed as described in GHSN's Corrective Action Plan. Therefore, no further action is required for these findings.

The institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668, Subpart G.

This FPRD contains one or more findings regarding GHSN's failure to comply with the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. Because this *DFSCA* finding will not result in the assessment of financial liabilities, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about GHSN's appeal rights will be provided under separate cover.

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(l) and (e)(2).

GHSN's continued cooperation throughout the audit resolution process is appreciated. If the institution has any questions about the Department's review, please call Eric Miles at (202) 377-4095.

Sincerely,

[redacted]

Joseph Smith
Compliance Manager

Enclosures: Final Audit Determination
Corrective Action Plan

cc: Robert G. Senneff, (rsenneff@grahamhospital.org)
Mary K. Kepple, Financial Aid Director (mkepple@grahamhospital.org)
Accrediting Commission for Education in Nursing (NLNAC)
State of Illinois Department of Financial and Professional Regulation

ACN: 05-2013-40893

FINDING NUMBER: 2013-001 CONSUMER INFORMATION REQUIREMENTS NOT MET (REPEAT FINDING)

Page 1 of 1

AUDIT FINDING:

The auditor indicated that Graham Hospital Association did not make the required graduation rates available by the required deadline.
Questioned Cost: $0

FINAL AUDIT DETERMINATION:

An institution annually must prepare the completion or graduation rate of its certificate- or degree-seeking, first-time, full-time undergraduate students. In calculating the completion or graduation rate an institution must count as completed or graduated students who have completed or graduated by the end of the 12-month period ending August 31 during which 150 percent of the normal time for completion or graduation from their program has lapsed or an equivalent program, by the end of the 12-month period ending August 31 during which 150 percent of normal time for completion from that program has lapsed. See Under 34 C.F.R. § 668.45(a)(1)

Additionally, under 34 C.F.R. § 668.45(a)(5) an institution must make available its completion or graduation rate and, if applicable, transfer-out rate, no later than the July 1 immediately following the 12-month period ending August 31 during which 150 percent of the normal time for completion or graduation has elapsed for all of the students in the group on which the institution bases its completion or graduation rate and, if applicable, transfer-out rate calculations.

GHSN failed to take immediate corrective action on the finding noted in the report, which is an indication of a lack of administrative capability. A participating institution is expected to implement effective corrective actions to prevent the recurrence of compliance deficiencies. In making this final determination, the Department has considered the audit report and GHSN's Corrective Action Plan (CAP). In its CAP, GHSN indicated that there rates will be published in January each year on the institutions website and the information disclosed to the students by July 1st of each year. GHSN must ensure that it has corrected its procedures so that the program violation observed in this finding does not recur. This finding is considered closed.

ACN: 05-2013-40893

FINDING NUMBER: 2013-002 CRIME AWARENESS REQUIREMENTS NOT MET

Page 1 of 4

AUDIT FINDING:

The auditor's report stated that GHSN failed to conduct a biennial review to evaluate the effectiveness of its Drug and Alcohol Abuse Prevention Program (DAAPP) and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct related to drugs and alcohol. As a result, the institution also failed to produce a biennial review report and supporting documentation regarding the findings of the review.
Questioned Cost: $0

Failure to comply with the drug and alcohol abuse education and prevention program requirements deprives students, employees, and the institution of important information regarding the detrimental health risks and legal and disciplinary consequences of alcohol abuse and illicit drug use as well as information about the effectiveness of its own prevention programs. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime at GHSN.

It is with special concern that the Department must note that its May 1, 2013 Final Audit Determination (FAD) letter contained language reminding GHSN of its obligation to comply with the DAAPP and biennial review requirements. This letter resolved the findings identified by the institution's non-Federal auditor during the period from July 1, 2011 through June 30, 2012, including a violation of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*). That letter specifically underscored the importance of ensuring that a comprehensive DAAPP has been developed and implemented by GHSN and of the importance of conducting substantive biennial reviews and completing biennial review reports on the proper schedule. The FAD letter also provided GHSN with contact information for requesting additional information and assistance regarding these requirements. For these reasons, it is disconcerting that GHSN did not take immediate steps to bring its DAAPP into compliance with program requirements. Furthermore, the Department also notes with concern that GHSN's corrective action plan stated that the biennial review report would be completed by June 30, 2014; more than one year after the Department's letter was received by the institution. The Department also must point out GHSN's lack of urgency may indicate a serious administrative impairment and excessive laxity in its control environment.

ACN: 05-2013-40893

FINDING NUMBER: 2013-002 CRIME AWARENESS REQUIREMENTS NOT MET

Continued, page 2 of 4

FINAL AUDIT DETERMINATION:

The Drug-Free Schools and Communities Act of 1989 (*DFSCA*) and Part 86 of the Department's General Administrative Regulations require, as a condition of receiving Title IV, HEA program funds through the U.S. Department of Education or to receive any other form of Federal education funding, that an institution of higher education (IHE) must certify that it has adopted and implemented a comprehensive DAAPP. The certification process is completed as part of the Title IV, HEA institutional eligibility application and approval process. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.
The DAAPP disclosure must include all of the following elements:

- A written statement about an institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and alcohol abuse;
- A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,
- A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The DAAPP disclosure must be actively distributed to all employees and students enrolled for academic credit (except for continuing education credits) on an annual basis. The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The IHE must also produce a report of findings, maintain its supporting materials, and provide them to the Department upon request. *34 C.F.R. §§ 86.3, 86.100, and 86.103.*

ACN: 05-2013-40893

FINDING NUMBER: 2013-002 CRIME AWARENESS REQUIREMENTS NOT MET

Continued, page 3 of 4

In the report, the auditor stated that GHSN asserted that it does assess its DAAPP periodically but that those reviews are not documented. The auditor recommended that GHSN prepare the required report and supporting documentation on at least a biennial basis to show that the DAAPP has been reviewed. In its response and corrective action plan (CAP), GHSN concurred with the finding and indicated that it will ensure that a formal review of the DAAPP will be completed biennially and anticipated that the initial report would be completed by June 30, 2014. As part of the audit resolution process, Department officials acquired the biennial review report dated May 21, 2014.

The Department carefully examined the auditor's report and the institution's corrective action plan (CAP) and supporting documentation. Based on that review and GHSN's admission of noncompliance, the violation identified in the auditor's report is sustained. This examination also indicated that that GHSN's CAP and 2014 biennial review report meet minimum requirements. For these reasons, the Department has accepted the CAP and considers this finding to be closed for audit resolution purposes. Nevertheless, the officials and directors of GHSN are put on notice that the institution must take any additional action that may be needed to address the deficiency identified by the auditor and/or as may otherwise be needed to ensure that this violation does not recur.
Although this program review finding is now closed, GHSN is reminded that the exception identified by the auditor constitutes a serious violation of the *DFSCA* that by its nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. GHSN was instructed to develop a compliant drug and alcohol program and by doing so, has finally begun to address the conditions that led to these violations. GHSN has stated that it has brought its program and operations into compliance with the *DFSCA* as required by its Program Participation Agreement.

While this is an important first step, GHSN officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment, especially in light of the fact that more than 90% of all violent campus crimes involve the use of abuse of drugs and/or alcohol. All institutions that receive Federal education funds must implement a comprehensive DAAPP and then conduct substantive biennial reviews every two years and then prepare a thorough report. The compliance failures documented by the auditor deprived the College of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, GHSN is advised that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

ACN: 05-2013-40893

FINDING NUMBER: 2013-002 CRIME AWARENESS REQUIREMENTS NOT MET

Continued, page 4 of 4

Because of the serious consequences of such violations, the Department strongly recommends that GHSN re-examine its drug and alcohol prevention, campus safety, and general Title IV policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with Federal regulations. To that end, GHSN is reminded that it must take specific steps to ensure that comprehensive biennial reviews are conducted going forward and is specifically advised that its next biennial review report must contain substantially more information about the actual conduct of the review. Moreover, the findings and recommendations must be supported by valid evidentiary data. Please be advised that the Department may request information on a periodic basis to test the effectiveness of GHSN's new DAAPP policies and procedures.

May 3, 2013

Robert G. Senneff
President
Graham Hospital School of Nursing
210 West Walnut
Canton, Illinois 61520-2497

RE: Final Audit Determination
Audit Control Number (ACN): 05-2012-33843
FAC ACN: 05-2012-212735
OPE ID Number: 00893800

Dear Mr. Senneff:

The U.S. Department of Education (Department) has reviewed a single audit report of Graham Hospital School of Nursing (Graham Hospital). This audit report, prepared by McGladrey LLP, in accordance with the Office of Management and Budget Circular A-133, covers the period July 1, 2011 through June 30, 2012. This letter advises Graham Hospital of the Department's final audit determination concerning the portions of the audit report that relate to the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs).

The Department has reviewed the corrective action plan and/or management's response provided with the audit report. Enclosed is the Department's final audit determination. Also enclosed is Graham Hospital's response to this audit. Any supporting documentation submitted with the institution's written response is not included with this final audit determination. However, it will be retained and available for inspection by Graham Hospital **upon request**. Copies of the final audit determination, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this final audit determination is issued.

Although the enclosures to this letter may not address each of the auditor's findings, the institution must take the necessary actions to correct all of the deficiencies noted in the audit report. Sections .315(b) and .320 (c) of OMB Circular A-133 require Graham Hospital to prepare and submit as part of the reporting package a *Summary Schedule of Prior Audit Findings* that reports the status of prior audit findings. In preparing that Schedule, Graham Hospital must

comment on all actions taken to correct each finding noted in this audit report, including any action required in the enclosures to this letter.

Due to the serious nature of one or more of the enclosed findings, this final audit determination has been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, and/or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates action, Graham Hospital will be notified under separate cover of that action. AAASG's notification will also include information regarding the institution's appeal rights and procedures on how to contest that action. Please note that the appeal instructions contained herein apply only to the appeal of the monetary liabilities established in this final audit determination.

This FAD contains one or more findings regarding Graham Hospital's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41, 668.46, and 668.49. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(l) and (e)(2).

Graham Hospital's continued cooperation throughout the audit resolution process is appreciated. If the institution has any questions about our review, please call Dianne Mickey at (312) 730-1531.

Sincerely,

Earl Flurkey

Earl Flurkey
Compliance Manager

Enclosure: Final Audit Determination

cc: Ms. Mary Kepple, Financial Aid Administrator
National League for Nursing Accrediting Commission
State of Illinois Department of Financial and Professional Regulation

ACN: 05-2012-33843
FAC ACN: 05-2012-33843
INSTITUTION: Graham Hospital School of Nursing
FINDING: 12-III-A, Crime Awareness Requirements Not Met -Annual Fire Safety Report Deficiencies, Page 9

AUDIT FINDING:

The auditor noted that Graham Hospital's 2011 Annual Fire Safety Report (AFSR) did not include all required information. Specifically, the report did not include a list of the titles of each person or organization to which students and employees should report that a fire occurred. In addition, the AFSR only included fire statistics for one calendar year (2010) instead of the two years of data that were required based on the effective date of the regulations. The auditor also reminded the institution that its next AFSR must include fire statistics for the three most recent calendar years.

The auditor attributed the violation to a misinterpretation of Federal regulations and Department guidance. The auditor also recommended that management should revise the AFSR to include the omitted information.

FINAL AUDIT DETERMINATION:

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations at 34 C.F.R. § 668.49 require an institution that maintains any on-campus student housing facility to prepare, publish, and distribute an AFSR.

By October 1, 2010 and by October 1st of each year thereafter, an institution that maintains any on-campus student housing facility must prepare an AFSR that contains, at a minimum, the following information per 34 C.F.R.§ 668.49(b):

(1) The fire statistics described in paragraph (c) of this section.
(2) A description of each on-campus student housing facility fire safety system.
(3) The number of fire drills held during the previous calendar year.
(4) The institution's policies or rules on portable electrical appliances, smoking, and open flames in a student housing facility.
(5) The institution's procedures for student housing evacuation in the case of a fire.
(6) The policies regarding fire safety education and training programs provided to the students and employees. In these policies, the institution must describe the procedures that students and employees should follow in the case of a fire.
(7) For purposes of including a fire in the statistics in the AFSR, a list of the titles of each person or organization to which students and employees should report that a fire occurred.
(8) Plans for future improvements in fire safety, if determined necessary by the institution.

In its corrective action plan, Graham Hospital concurred with the finding and stated that it would take all necessary corrective action to ensure that its 2012 AFSR includes all required statistical, policy, and information disclosures. The institution also stated that it would include three calendar years of fire statistics in its next report.

During the audit resolution process, Department officials contacted Graham Hospital to request a copy of the new AFSR. The institution provided a copy of the September 14, 2011 report and a copy of the most recent report dated September 11, 2012. After careful review, it was determined that the most recent AFSR did include the previously-omitted material and that the statistical and policy disclosures included therein were at least minimally adequate. Graham Hospital also explained that it publishes its AFSR as part of its Student Handbook and submitted the two most recent editions of the handbook to the Department. Although an institution may publish and distribute its AFSR and Annual Security Report (ASR) as part of a larger publication, the Department reminds Graham Hospital that when these reports are published in this manner that the cover of the publication must clearly and conspicuously state that the ASR and AFSR are included therein and must note the page number where the reports can be found. Moreover, the institution must ensure that this publication is actively distributed to all current students and employees by October 1st of each year. The Department notes that a student handbook would not normally be distributed to employees and therefore, the institution must take additional steps to ensure that all employees do in fact receive the ASR and AFSR each year.

Notwithstanding this admonition, this finding is considered to be closed based on the Department's review of documents and the institution's representations that it has taken corrective action and understands its obligations under the *Clery Act*. Nevertheless, the Department strongly recommends that Graham Hospital re-examine its fire safety policies and procedures on an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are compliant with the *Clery Act*.

Although the finding is now closed, Graham Hospital is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. Graham Hospital was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to these violations. Nevertheless, Graham Hospital officials must understand that any failure to prepare, publish, and distribute an accurate and complete AFSR deprives students and employees of important fire safety security information and effectively negates the intent of the Act. For these reasons, Graham Hospital is advised that its corrective actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require other corrective measures.

Graham Hospital officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the *Clery Act*. The handbook is available online at: **www2.ed.gov/admins/lead/safety/handbook.pdf**. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finally, institutional officials are reminded to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and

Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the DFSCA. Therefore, it is essential that that the College makes sure that it develops and implements a comprehensive DAAPP and that it conducts substantive biennial reviews and completes its biennial review reports on the proper schedule. For assistance or more information on the *Clery Act* and/or the DFSCA, please contact your audit resolution specialist or another member of the Chicago/Denver School Participation Division.