



December 8, 2014

Brother James Gaffney
President
Lewis University
One University Parkway
Romeoville, IL 60446-2200

Certified Mail
Return Receipt Requested
7012 1640 0000 0216 1252

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 00170700
PRCN: 2015-1-05-28844

Dear Brother Gaffney:

From November 3, 2014 through November 6, 2014, Herschel D. Wallace III, Robin Reid, and Lytashia Davis conducted a review of Lewis University's (Lewis) administration of 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 purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was to determine Lewis' compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Lewis' policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2013-14 and 2014-15 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Lewis' specific practices and procedures must not be

construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Lewis of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The Chicago/Denver School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Findings and Final Program Review Determinations:

Finding #1: R2T4 Calculation Errors

Citation: The amount of title IV grant or loan assistance that is earned by the student is calculated by—(i) Determining the percentage of title IV grant or loan assistance that has been earned by the student and (ii) Applying this percentage to the total amount of title IV grant or loan assistance that was disbursed and that could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. [34 C.F.R. §668.22(e)]

For a payment period or period of enrollment in which courses in the program are offered in modules— (1) A student is not considered to have withdrawn if the institution obtains written confirmation from the student at the time that would have been a withdrawal of the date that he or she will attend a module that begins later in the same payment period or period of enrollment. [34 C.F.R. §668.22 (a)(2)(ii)(A)]

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period. [34 C.F.R. 668.22 (1)(2)(i)]

Noncompliance: The reviewers observed that on a systemic basis Lewis did not use the standard rounding rules for any of its R2T4 calculations. Due to the institution's software system limitations, all resulting calculations were rounded up to the nearest dollar even when standard rounding rules would require that the resulting calculation be rounded down. As a result, the institution returned larger amounts of Title IV funds for students whose R2T4 calculations return amounts should have been rounded down. Regarding rounding rules, the 2014-2015 FSA Handbook, Volume 5 Chapter 1, page 5-26 states:

Enter dollars and cents using standard rounding rules to round to the nearest penny. Final repayment amounts that the school and student are each responsible for returning may be rounded to the nearest dollar.

Percentages are calculated to four decimal places, and rounded to three decimal places. The third decimal place is rounded up if the fourth decimal place is five or above. For example, .4486 would be rounded to .449, or 44.9%.

In addition to the rounding errors, Lewis completed the R2T4 calculations incorrectly for Student #14 and Student #21.

Student#14: Lewis used the incorrect number for total days in the payment period for its spring 2014 Return of Title IV calculations. The total number of break days was calculated as 5 days; however, the correct number of break days is 8 days.

Regarding determining the length of a scheduled break, the 2014-2015 FSA Handbook, Volume 5 Chapter 1, page 5-74 states:

1. Determine the last day that class is held before a scheduled break— the next day is the first day of the scheduled break.
2. The last day of the scheduled break is the day before the next class is held.

Since Lewis did not subtract the correct number of break days from the total number of days in the payment period, the resulting the R2T4 calculation completed was incorrect. As a result, the institution returned a larger amount of Title IV funds for this student's R2T4 calculation than was required.

Student #21: Lewis used the incorrect number for total days in the payment period for this student. The student was registered for course(s) in both Module 1 and Module 2 of the Fall 2014 semester. Module 1 was an 8 week session with enrollment dates spanning the first 8 weeks of the 16 week semester. Module 2 was an 8 week session with enrollment dates spanning the last 8 weeks of the 16 week semester. The modules attendance dates did not overlap. The student officially withdrew from the institution during Module 1. Prior to the student's official withdrawal, Lewis did not receive a confirmation from the student that she would not attend Module 2. Additionally, at the time of withdrawal Lewis did not receive a confirmation from the student that stated that she would come back and attend Module 2. At the time of the student's official withdrawal the only knowledge of the student's attendance intentions were from the student's previous active registration for courses in both Module 1 and Module 2. For R2T4 calculation purposes the total number of calendar days in a payment period includes all days within the period that the student was scheduled to complete. The student was scheduled to complete Module 1 and Module 2 at the time of the official withdrawal. For this reason, the total number of days in the payment period used for the R2T4 calculation should have been the total of the number of days in Module 1 plus the total days in Module 2. Lewis only used the total days in Module 1 as the total number of days in the payment period. As a result, the institution returned a larger amount of Title IV funds for this student's R2T4 calculation.

The reviewers required that Lewis review all R2T4 calculations for the 2013-2014 and 2014-2015 award years and correct all rounding errors, break day calculation errors, and module total number of day errors.

Final Program Review Determination: The errors for this finding are one-time errors that result in minimal costs to the Department. Lewis concurred with the finding, understood the recommendations for corrective action, and stated that they will correct the R2T4 calculation process as requested. Therefore, Lewis may consider this finding closed; however, please be advised that repeat findings in future audits or program reviews or failure to satisfactorily resolve this finding, 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.

Finding 2: Student Credit Balance Deficiencies

Citation: Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but—(1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. [34 C.F.R. §668.164(e)]

If an institution obtains written authorization from a student or parent, as applicable, the institution may— (i) Use the student's or parent's Title IV, HEA program funds to pay for charges described in §668.164(d)(2) that are included in that authorization; and (ii) Except if prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any Title IV, HEA program, funds that would otherwise be paid directly to the student or parent under §668.164(e). Under this provision, the institution may issue a stored-value card or other similar device that allows the student or parent to access those funds at his or her discretion to pay for educationally related expenses. [34 C.F.R. §668.165(b)]

Noncompliance: In the fall term of 2014, Student #2's institutional charges were \$3330.00. The student received \$3,463 in Federal Direct Loan funds, creating a Title IV credit balance in the amount of \$133 on August 26, 2014. Lewis did not process the student's credit balance refund until almost 2 months later on October 22, 2014. An institution may hold credit balances for future charges if it obtains written authorization from the student (or parent in the case of a PLUS loan). Lewis did not obtain authorization from the student to hold her credit balance for future charges. Lewis indicated that they held the student's credit balance because they knew that the student had additional non-federal aid that had not yet disbursed to the student's account ledger. The reviewers required that Lewis discontinue the practice of holding credit balances while waiting for the disbursement(s) of additional financial aid funds.

Final Program Review Determination: The error for this finding was a one-time error that resulted in no costs to the Department. Lewis concurred with the finding, understood the recommendations for corrective action, and stated that student credit balances will be processed in the correct timeframe. Therefore, Lewis may consider this finding closed; however, please be advised that repeat findings in future audits or program reviews, 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.

Finding #3 Bank Accounts-Federal Funds Not Identified

Citation: An institution must maintain title IV, HEA program funds in a bank or investment account that is federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. For each bank or investment account that includes title IV, HEA program funds, an institution must clearly identify that title IV, HEA program funds are maintained in that

account by including in the name of each account the phrase "Federal Funds"; or (A) Notifying the bank or investment company of the accounts that contain title IV, HEA program funds and retaining a record of that notice. [34 C.F.R. §CFR 668.163]

Noncompliance: Lewis' bank accounts that contained Title IV funds did not have the words "Federal Funds" in the bank account titles. Also, Lewis could not produce documentation that proved that they sent notification to the bank that the accounts contained Title IV, HEA program funds.

The reviewers required that Lewis add the phrase "Federal Funds" to their bank account(s) or produce documentation that showed that the bank(s) were notified that the bank account(s) contained federal Title IV funds.

Final Program Review Determination:

Lewis concurred with the finding and provided documentation that the phrase "Federal Funds" was added to the appropriate bank account titles. Therefore, Lewis may consider this finding closed with no further action required by the institution; however, please be advised that repeat findings in future audits or program reviews, 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.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please contact Herschel D. Wallace III at (312) 730-1537.

Sincerely,

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Douglas Parrott,
Division Director

cc: Janeen M. Decharinte, Director of Financial Aid Services
Illinois Board of Higher Education
North Central Association of Colleges and Schools-CIHE (Higher Educ)