



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

October 26, 2021

Subject: **CPA-21-04** – Lender Federal Family Education Loan Program Compliance Engagement Example Practitioner's Reports Reflecting Changes for SSAE Nos. 19 and 21

Dear Certified Public Accountant:

This letter amends the September 2020 Lender Audit Guide, *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide) to replace example practitioner's reports, by

- Replacing Section D.8-3 of Chapter 2 to provide example practitioner's examination reports for periods after adoption of Statement on Standards for Attestation Engagements Number (SSAE No.) 21. ([Enclosure 1](#))
- Replacing Section D.6-1 of Chapter 3 to provide an example practitioner's agreed-upon procedures report for periods after adoption of SSAE No. 19. ([Enclosure 2](#))

Example Practitioner's Reports Applicability

SSAE No. 21 revised practitioner's examination reports and is effective for reports dated on or after June 15, 2022, with early implementation permitted. The example examination reports included in this letter as Enclosure 1 reflect changes from SSAE No. 21 and should be used for standard compliance attestation engagements performed in accordance with this Guide once you have adopted that standard. You should continue to use the example reports published in the Guide for periods before adoption of SSAE No. 21.

SSAE No. 19 revised practitioner's agreed-upon procedures reports and was effective for reports dated on or after July 15, 2021. The example agreed-upon procedures report included in this letter as Enclosure 2 reflects changes from SSAE No. 19 and should be used for alternative compliance attestation engagements performed in accordance with this Guide.

You should revise the example practitioner's reports as needed in different situations. Using professional judgment, you may adapt these examples to other situations not specifically addressed within the illustrations. Certain conditions that may make revisions necessary are described in the footnote to the example reports.

Contact for Questions

Questions pertaining to this letter may be directed to the Office of Inspector General's Non-Federal Audit Team via email to OIGNon-FederalAudit@ed.gov.

Respectfully,

/s/

Bryon S. Gordon
Assistant Inspector General for Audit

Replace Chapter 3, Section D.8-3 of the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Pages 61-66)

D.8. ILLUSTRATIVE STANDARD COMPLIANCE ATTESTATION ENGAGEMENT REPORTS, SCHEDULES, AND FORMS

D.8-3a Report on Management's Assertions on Compliance for the Federal Family Education Loan Program the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Unmodified Opinion on Management's Assertions on Compliance, No Reportable Findings)

Independent Accountant's Report

[Appropriate Addressee]

We have examined management of [Entity's] assertions that [Entity] complied with the compliance requirements regarding Interest Benefits and Special Allowance Payments; Loan Records and Administration; Payment Processing; and Due Diligence, Timely Claim Filing, and Curing Violations described in Chapter 2 of the 2020 edition of the U. S. Department of Education's *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide) relative to [Entity's] participation in the Federal Family Education Loan (FFEL) program, for the year ended [Date].¹ [Entity's] management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions about [Entity's] compliance with the compliance requirements referred to above, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions about compliance with the compliance requirements referred to above is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertions that [Entity] complied with the compliance requirements referred to above for the year ended [Date], are fairly stated, in all material respects.²

¹ Only those compliance requirements which are applicable to the lender, and therefore examined as part of the compliance attestation engagement, should be listed in this paragraph.

² The opinion should be modified, as appropriate, depending on the specific circumstances of the engagement.

The purpose of this report is to examine management's assertions about compliance with the compliance requirements referred to above relative to [Entity's] participation in the FFEL program, for the year ended [Date]. The report is not suitable for any other purpose.

[Practitioner's signature]

[Practitioner's City and State]

[Date of practitioner's report]

D.8-3b Report on Management's Assertion on Compliance for the Federal Family Education Loan Program Required by the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Unmodified Opinion on Management's Assertion on Compliance, Reportable Findings)

Independent Accountant's Report

[Appropriate Addressee]

We have examined management of [Entity's] assertions that [Entity] complied with the compliance requirements regarding Interest Benefits and Special Allowance Payments; Loan Records and Administration; Payment Processing; and Due Diligence, Timely Claim Filing, and Curing Violations described in Chapter 2 of the 2020 edition of the U. S. Department of Education's *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide) relative to [Entity's] participation in the Federal Family Education Loan (FFEL) program, for the year ended [Date].³ [Entity's] management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions about [Entity's] compliance with the compliance requirements referred to above, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions about compliance with the compliance requirements referred to above is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertions that [Entity] complied with the compliance requirements referred to above for the year ended [Date], are fairly stated, in all material respects.⁴

In accordance with *Government Auditing Standards* and this Guide, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control over compliance and noncompliance with provisions of laws, regulations, contracts or grant agreements and instances of fraud that are material to management's assertions about [Entity's] compliance with the compliance requirements referred to above. We are also required

³ Only those compliance requirements which are applicable to the lender, and therefore examined as part of the compliance attestation engagement, should be listed in this paragraph.

⁴ The opinion should be modified, as appropriate, depending on the specific circumstances of the engagement.

to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management's assertions about compliance with the compliance requirements referred to above are fairly stated, in all material respects, and not for the purpose of expressing an opinion on the internal control over compliance or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and this Guide, and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings and Questioned Costs.

The purpose of this report is to examine management's assertions about compliance with the compliance requirements referred to above relative to [Entity's] participation in the FFEL program, for the year ended [Date]. The report is not suitable for any other purpose.

[*Practitioner's signature*]

[*Practitioner's City and State*]

[*Date of practitioner's report*]

D.8-3c Report on Compliance for the Federal Family Education Loan Program Required by the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Qualified Opinion on Compliance, Reportable Findings)

Independent Accountant's Report

[Appropriate Addressee]

We have examined [Entity's] compliance with the compliance requirements regarding Interest Benefits and Special Allowance Payments; Loan Records and Administration; Payment Processing; and Due Diligence, Timely Claim Filing, and Curing Violations described in Chapter 2 of the 2020 edition of the U. S. Department of Education's *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide) relative to [Entity's] participation in the Federal Family Education Loan (FFEL) program, for the year ended [Date].⁵ [Entity's] management is responsible for [Entity's] compliance with the compliance requirements referred to above. Our responsibility is to express an opinion on [Entity's] compliance with the compliance requirements referred to above, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the examination to obtain reasonable assurance about whether [Entity] complied with the compliance requirements referred to above, in all material respects.

An examination involves performing procedures to obtain evidence about [Entity's] compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

As described in the accompanying Schedule of Findings and Questioned Costs, our examination disclosed [*describe condition(s) that, individually or in the aggregate, resulted in noncompliance material to the compliance requirements*].

In our opinion, except for the effects of the material noncompliance described in the preceding paragraph, [Entity] complied with the compliance requirements referred to above for the year ended [Date], in all material respects.

In accordance with *Government Auditing Standards* and this Guide, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal

⁵ Only those compliance requirements which are applicable to the lender, and therefore examined as part of the standard compliance attestation engagement, should be listed in this paragraph.

control over compliance and noncompliance with provisions of laws, regulations, contracts or grant agreements and instances of fraud that are material to the [Entity's] compliance with the compliance requirements referred to above. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether [Entity] complied with the compliance requirements referred to above, in all material respects, and not for the purpose of expressing an opinion on the internal control over compliance; accordingly, we express no such opinion. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and this Guide, and those findings, along with the views of responsible officials, are described in the attached Schedule of Findings and Questioned Costs.

The purpose of this report is to examine management's assertions about compliance with the compliance requirements referred to above relative to [Entity's] participation in the FFEL program, for the year ended [Date]. The report is not suitable for any other purpose.

[*Practitioner's signature*]

[*Practitioner's City and State*]

[*Date of practitioner's report*]

Replace Chapter 3, Section D.6-1 of the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Page 77)

D.6. ILLUSTRATIVE ALTERNATIVE AND AGREED-UPON PROCEDURES PORTION OF COMBINED COMPLIANCE ATTESTATION ENGAGEMENT REPORTING PACKAGE COMPONENTS

D.6-1 Agreed-Upon Procedures Report

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have performed the procedures set forth in the “Schedule of Agreed-Upon Procedures and Results” on evaluating [Entity’s] compliance with the requirements described in Chapter 3 of the 2020 edition of the U. S. Department of Education’s *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide) relative to [Entity’s] participation in the Federal Family Education Loan (FFEL) program, for the year ended [Date]. [Entity] is responsible for compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to the FFEL program.

[Entity] has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining [Entity’s] compliance with requirements applicable to the FFEL Program. Additionally, the U.S. Department of Education has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The accompanying “Schedule of Agreed-Upon Procedures and Results” sets forth the agreed-upon procedures and the results of applying these procedures.

We were engaged by [Entity] to perform this agreed-upon procedures engagement and conducted our engagement in accordance with this Guide; attestation standards established by the American Institute of Certified Public Accountants; and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on [Entity’s] compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of [Entity] and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the U.S. Department of Education and management of [Entity], and is not intended to be, and should not be, used by anyone other than the specified parties.

[Practitioner's signature]

[Practitioner's City, state or Province, and Country]

[Date of practitioner's report]