



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES

DATE: September 23, 2020

Dear Colleague:

This letter transmits the *Guide for Compliance Attestation Engagements of Lenders Holding Federal Family Education Loan Program Loans* (Guide). This Guide supersedes the January 2011 edition of the U. S. Department of Education's Audit Guide, *Lender Compliance Attestation Engagement Guide for Lenders Holding Federal Family Education Loan Program Loans*. The Guide is effective for fiscal years ending on or after June 30, 2021. Early implementation is permitted. The Guide is also available on our website at:

<https://www2.ed.gov/about/offices/list/oig/nonfed/lender.html>

A lender (other than a school lender) holding more than \$5 million in FFEL loans during its fiscal year must submit an annual compliance audit for that year. The required audit must examine the lender's compliance with the Higher Education Act of 1965, as amended (HEA) and applicable regulations as well as examine the lender's financial management of its FFEL Program activities (34 C.F.R. § 682.305(c)). The compliance audit requirement that applies to school lenders at section 435 of the HEA does not include an exception based on the amount of the lender's loan volume each fiscal year as defined in 34 C.F.R. § 682.305(c) for other eligible FFEL Program lenders. Therefore, schools that hold any FFEL Program loans during its fiscal year must submit a compliance audit for that year.

To satisfy the lender compliance audit requirement, this Guide requires either an examination-level attestation engagement or an agreed-upon procedures attestation engagement, or both, depending on whether the compliance functions addressed in this Guide are carried out in whole or in part by a lender servicer and whether the lender servicer provides a compliance audit or attestation engagement report that meets requirements.

The guidance and requirements in this Guide apply to the compliance attestation engagements of all lenders, except those that are State, local, or nonprofit organizations subject to Subpart F—Audit Requirements of Title 2 of the C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

We hope this guide will assist you as you fulfill your responsibilities for compliance attestation engagements of lenders. If you have any questions about this guide, please contact the Non-Federal Audit team at aignon-federalaudit@ed.gov.

Respectfully,

/s/

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