

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Service

Public

Resources and

Health

Services Administration

Rockville MID 20857

Bureau of Health Professions

August 1, 1988

To: Lenders Participating in the Health Education Assistance Loan
(HEAL) Program

Subject: 1) Independent Auditors - HEAL Lender Policy Memorandum 88-9
2) Litigation NPRM

We have received a number of inquiries about our HEAL Lender Policy Memorandum 88-5 (May 3, 1988). Specifically, lenders are asking whether they may use internal or corporate auditors to perform the biennial Health Education Assistance Loan (HEAL) Program audit.

We asked the Office of Inspector General (OIG) whether corporate auditors reporting to a level of management higher than that of any individual bank qualify as "independent". Based upon the General Accounting Office Audit Standards, the OIG does not consider these auditors independent.

Lenders also asked whether the HEAL audit requirement may be satisfied by an audit performed in accordance with provisions of the Single Audit Act. The OIG suggests that the public accounting firm performing the audit of lenders' general purpose financial statements include the review of compliance requirements as presented in HEAL Memorandum 88-5.

The OIG suggested that we change the title of the HEAL Audit Guidelines to read Compliance Requirements for HEAL Audits. We have enclosed a new title page for you to insert with your copy of HEAL Memorandum 88-5.

Also enclosed is a copy of a reprint from the Federal Register of July 25, 1988. This reprint is a Notice of Proposed Rulemaking to clarify the litigation requirements for all lenders and holders of HEAL loans (see enclosed). Your comments on this notice are welcome.

If you have any questions concerning the audit requirements, please contact Carl Schmiege at (301) 443-1540.

Sincerely yours,

Michael Heningburg
Director
Division of Student Assistance

Enclosures