TO: INDEPENDENT PUBLIC ACCOUNTANTS OF FOREIGN SCHOOLS

SUBJECT: Amendment No. 1 to Foreign School Audit Guide

This notice makes the following amendment to our Foreign School Audit Guide (September 2002 Edition) (the Guide).

Background

The Guide provides for two types of compliance engagements:

(1) a Standard Compliance Engagement; and

(2) an Alternative Compliance Engagement for public and private nonprofit foreign schools that certified less than $300,000 of Federal Family Education Loan Program (FFELP) funds during the school's fiscal year.

Description of Amendment

The Guide is hereby amended to provide that the Alternative Compliance Engagement may be performed for public and private nonprofit foreign schools that certified less than $500,000 of FFELP funds during the school's fiscal year.

Effective Date

This change is effective as of the date of this notice for all engagements issued under the Guide on or after the date of this letter.

Specific Changes to the Guide

To reflect this amendment, the following pen-and-ink changes should be made to the Guide:

Page 1-1, Section 1.2

Change "$300,000" to "$500,000" in the paragraph describing Section 4.
Page 1-2, Section 1.3

In the 3rd Paragraph, change "$300,000" to "$500,000".

Page 1-3, Section 1.3

In the diagram on this page, in the large oval at the top of this diagram, change "$300,000" to "$500,000".

Page 3-1, Section 3.1

In the first paragraph, change "$300,000" to "$500,000" in both places where "$300,000" appears.

Page 4-1, Section 4.1

In the first paragraph, change "$300,000" to "$500,000".

Questions

Questions about this amendment may be directed to the contact listed in Appendix B, Section B-4 of the Guide.

Helen Lew
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