



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

DATE: October 5, 2009

TO: Independent Public Accountants

SUBJECT: Amendment No. 2 to *Agreed-Upon Procedures (AUP) Attestation Engagement Guide for the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) Loan Participation Program and Loan Purchase Commitment Program for the 2008-2009 Academic Year (the Guide)*.

This notice makes the following amendments to the subject Guide, Second Edition, issued December 9, 2008.

Background

The Guide provides for AUP engagements of:

- (1) Sponsors participating in the Loan Participation Program for the 2008-2009 academic year, and
- (2) Sellers participating in the Loan Purchase Commitment Program for the 2008-2009 academic year.

Description of Amendments

The Guide is hereby amended to incorporate revised AUPs specified in the table below. In addition, conforming changes are made to the Illustrative Agreed-Upon Procedures and Results contained in Attachment 7 of the Guide.

AUP	Description of Amendment
§4.2(A)	Revisions are made to incorporate contact information for all servicers utilized by the Department to service loans purchased under the Loan Purchase Commitment Program.
§4.3(C) and (F)	Revisions are made to provide for instances where loans are sold to the Department out of a participation interest under the Loan Participation Program.
Attachment 7 at §4.4(G)	Revisions are made to Attachment 7 at §4.4(G) to note that the loan certifications are obtained from the seller or seller's servicer, not the sponsor's custodian or its designee.

Effective Dates

Changes at §4.2(A) and Attachment 7 at §4.4(G) are effective upon the issuance of this amendment. Changes at §4.3(C) and §4.3(F) are effective for all engagements submitted to the Department on or after October 31, 2009. Early implementation is permitted and encouraged.

Specific Changes to the Guide

To reflect this amendment, the following changes are made to the Guide:

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

AUP at §4.2(A) on page 29.

The table containing ED Servicer contact information is replaced with the following table.

ED Servicer Contact Information	
ACS, Inc.	
Name	Susan Manlove
Phone	(310) 847-5198
Email Address	Susan.Manlove@ACS-Inc.com
AES/PHEAA	
Name	Vicky Roganish
Phone	(717) 720-3515
Email Address	auditsupport@myfedloan.org
Great Lakes Education Loan Services, Inc.	
Name	Jill Leidl (Primary Contact)
Phone	(608) 246-1510
Email Address	JLeidl@glhec.org
Name	Tammy Kielhofer (Alternate Contact)
Phone	(608) 246-1462
Email Address	TKielhofer@glhec.org
Nelnet, Inc.	
Name	Tim Sabo
Phone	(207) 791-3611
Email Address	Tim.Sabo@nelnet.net
Sallie Mae Corp.	
Name	Esther Tikoyan (Primary Contact)
Phone	(703) 984-6243
Email Address	Esther.Tikoyan@salliemae.com
Name	Robert Leary (Alternate Contact)
Phone	(703) 984-6837
Email Address	Robert.Leary@salliemae.com

AUP at §4.3(C) on page 33.

Replace AUP at §4.3(C) with the following:

4.3(C). Using database or audit software, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that:

- 1) The Original Lender (Loan Level) contains only those LIDs specified in the seller’s and/or original lender’s NOI and the seller’s MLSA Adoption Agreement.
- 2) The Seller (Loan Level) contains only those LIDs specified in either of the following:
 - i) For loans sold directly by the lender to ED, the seller’s and/or original lender’s NOI and the seller’s MLSA Adoption Agreement; or
 - ii) For loans sold to ED out of a participation facility under the Loan Participation Program, the custodian’s LID specified in the email from ED to the sponsor notifying the sponsor that the custodian’s LID has been activated. (Practitioners will need to request a copy of this email from the sponsor.)

Report as a finding in the Schedule of Findings (Attachment 10) any instances of LIDs other than those specified in the seller’s and/or original lender’s NOI and Adoption Agreement or ED email issued upon the activation of the custodian’s LID, as applicable.

Attachment 7, AUP at §4.3(C) on page 71.

To conform to the changes in the AUP at §4.3(C) on page 33, replace AUP and Results at §4.3(C) with the following:

Agreed-Upon Procedures	Results
<p>4.3(C). Using database or audit software, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that:</p> <ol style="list-style-type: none"> 1) The Original Lender (Loan Level) contains only those LIDs specified in the seller’s and/or original lender’s NOI and the seller’s MLSA Adoption Agreement. 2) The Seller (Loan Level) contains only those LIDs specified in either of the following: <ol style="list-style-type: none"> i) For loans sold directly by the lender to ED, the seller’s and/or original lender’s NOI and the seller’s MLSA Adoption Agreement; or ii) For loans sold to ED out of a participation facility under the Loan Participation Program, the custodian’s LID specified in the email from ED to the sponsor notifying the sponsor that the custodian’s LID has been activated. (Practitioners will need to request a copy of this email from the sponsor.) 	<p>The Loan Schedule’s Original Lender and Seller loan level fields contain only those LIDs specified in the seller’s and/or original lender’s NOI and the seller’s MLSA Adoption Agreement or (for loans sold out of a participation facility), the custodian LID specified in the ED email issued upon the activation of the custodian’s LID, as applicable.</p> <p>Or</p> <p>The Original Lender and Seller fields contained LIDs not specified in the seller’s and/or original lender’s NOI and MLSA Adoption Agreement or in the ED email issued upon the activation of the custodian’s LID, as applicable. For specific details, see Schedule of Findings (Attachment 10), Finding No. [specify].</p>

AUP at §4.3(F) on page 34.

Replace AUP at §4.3(F) with the following:

4.3(F). For loan records where the seller is not the originating lender (i.e., records identified in step (D)(2), above) –

- 1) If the seller’s and originating lenders’ NOI dates are both on or before July 31, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date on or before April 30, 2008. Report as a finding in the Schedule of Findings (Attachment 10) any records indicating a First Disbursement Date on or before April 30, 2008.
- 2) If either the seller’s or originating lenders’ NOI date is on or after August 1, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date before the later of the seller’s or originating lenders’ NOI date. Report as a finding in the Schedule of Findings (Attachment 10) any records before the applicable NOI date.
- 3) For loans sold to ED out of a participation facility under the Loan Participation Program, the Seller (Loan Level) will contain a custodian’s LID (from §4.3(C)(2)(ii)). For those records associated with a custodian’s LID, query the Loan Schedule as follows:
 - i) If the originating lenders’ NOI date is on or before July 31, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date on or before April 30, 2008. Report as a finding in the Schedule of Findings (Attachment 10) any records indicating a First Disbursement Date on or before April 30, 2008.
 - ii) If the originating lenders’ NOI date is on or after August 1, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records before the NOI date. Report as a finding in the Schedule of Findings (Attachment 10) any records indicating a First Disbursement Date before the NOI date.

Attachment 7, AUP at §4.3(F) on page 72.

To conform to the changes in the AUP at §4.3(F) on page 33, replace AUP and Results at §4.3(F) with the following:

Agreed-Upon Procedures	Results
4.3(F). For loan records where the seller is not the originating lender – <ol style="list-style-type: none"> 1) If the seller’s and originating lenders’ NOI dates are both on or before July 31, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date on or before April 30, 2008 2) If either the seller’s or originating lenders’ NOI date is on or after August 1, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date before the later of the seller’s or originating 	First Disbursement Dates were on or after: <ol style="list-style-type: none"> (1) May 1, 2008, if (a) the seller’s and originating lenders’ NOI dates are both on or before July 31, 2008, or (b) the loan was sold out of a participation facility and the originating lenders’ NOI dates are on or before July 31, 2008; or (2) the applicable NOI date, if (a) the seller’s or originating lenders’ NOI date is on or after August 1, 2008, or (b) the loan was sold out of a participation facility and the originating lenders’ NOI dates are on or after August 1, 2008. Or [Specify number of] records had First Disbursement Dates on

Agreed-Upon Procedures	Results
<p>lenders' NOI date.</p> <p>3) For loans sold to ED out of a participation facility under the Loan Participation Program, the Seller (Loan Level) will contain a custodian's LID (from §4.3(C)(2)(ii)). For those records associated with a custodian's LID, query the Loan Schedule as follows:</p> <p>i) If the originating lenders' NOI date is on or before July 31, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records with a date on or before April 30, 2008.</p> <p>ii) If the originating lenders' NOI date is on or after August 1, 2008, query the Loan Schedule (i.e., from §4.2(A)(6)) to see that the First Disbursement Date (Loan Level) has no records before the NOI date.</p>	<p>or before:</p> <p>(1) April 30, 2008, if (a) the seller's and originating lenders' NOI dates are both on or before July 31, 2008, or (b) the loan was sold out of a participation facility and the originating lenders' NOI dates are on or before July 31, 2008; or</p> <p>(2) the applicable NOI date, if (a) the seller's or originating lenders' NOI date is on or after August 1, 2008, or (b) the loan was sold out of a participation facility and the originating lenders' NOI dates are on or after August 1, 2008.</p> <p>For specific details, see Schedule of Findings (Attachment 10), Finding No. [specify].</p>

Attachment 7, AUP at §4.4(G) on page 76.

Replace AUP and Results at §4.4(G) with the following:

Agreed-Upon Procedures	Results
<p>4.4(G). For loans in the sample, obtain from the seller or the seller's servicer the loan certifications from the student's school. Compare the following information contained in, or referenced by, the loan certification to the Loan Schedule:</p> <ol style="list-style-type: none"> 1) Loan Type (Loan Level), 2) Original Loan Amount (Loan Level), 3) Loan Period Begin Date (Loan Level) and 4) Loan Period End Date (Loan Level). 	<p>The information in the loan certifications agreed to the information in the Loan Schedule and the Certified Loan Amounts were more than or equal to the Original Loan Amounts.</p> <p>Or</p> <p>[Specify number of] loans contained information in the loan certifications that did not agree to the Loan Schedule and/or [specify number of] loans had a Certified Loan Amount less than the Original Loan Amount. For specific details, see Schedule of Findings (Attachment 10), Finding No. [specify].</p>

Questions

Questions about this amendment may be sent to Hugh M. Monaghan, Director, Non-Federal Audits, by email to hugh.monaghan@ed.gov or by fax at 215-656-6397.

Sincerely,

/s/

Keith West
Assistant Inspector General for Audit