

**Nonfederal Audit
(annually)**

1. School or third-party servicer hires auditor and schedules audit

Federal Audit

1. ED selects and notifies school; ED sends its auditors

2. Auditor holds entrance interview

3. Auditor conducts on-site review of records

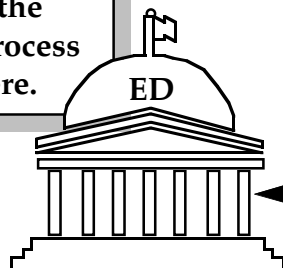
4. Auditor holds exit interview

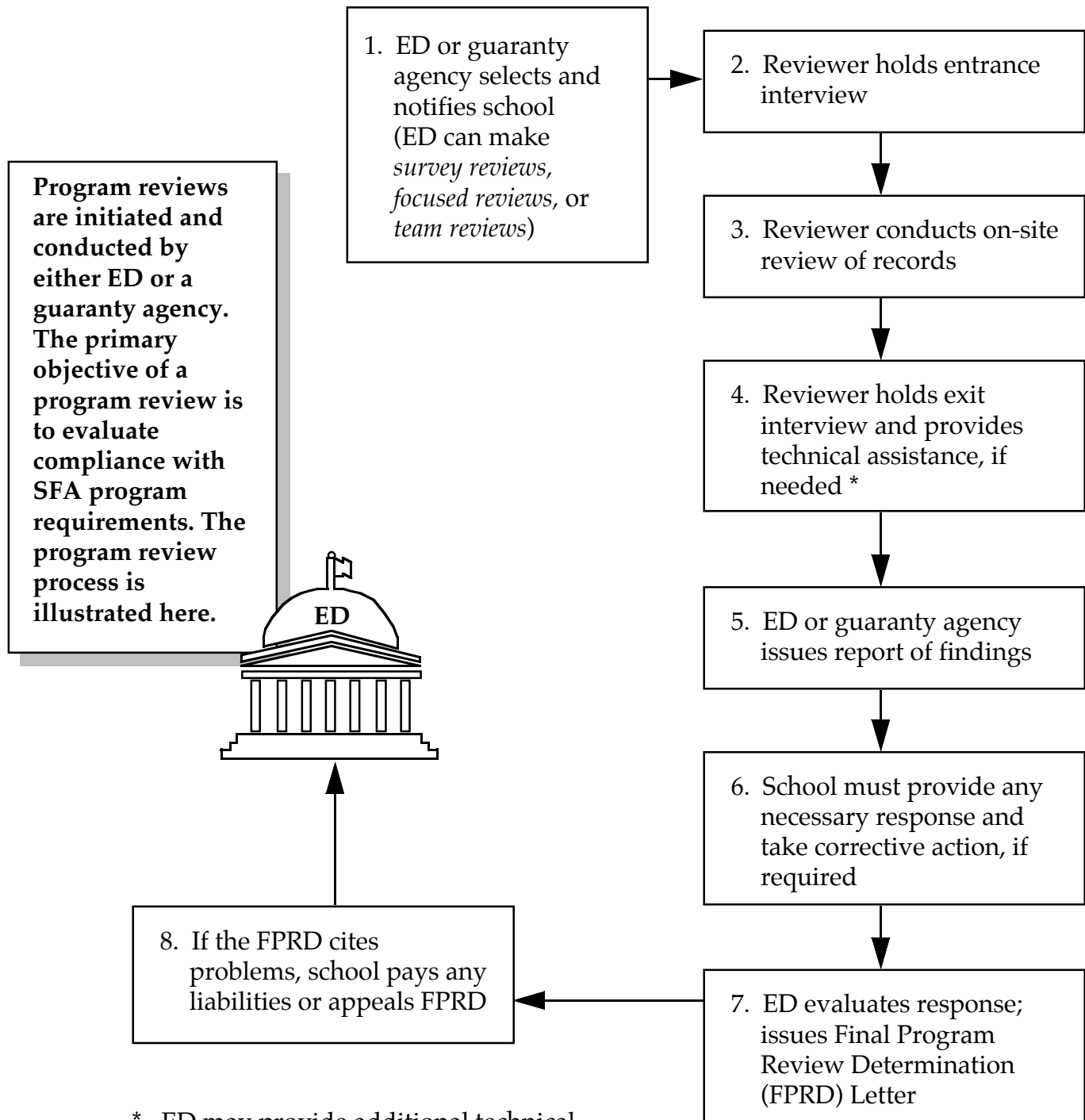
5. Auditor completes audit report (for nonfederal audit, includes school's corrective action plan if there is non-compliance)

6. ED reviews report (and any other relevant documentation, as necessary)

7. School must provide necessary response and take corrective actions (including paying liabilities), if needed, or files an appeal

There are two types of audits: nonfederal and federal. Both types follow the same basic process illustrated here.





* ED may provide additional technical assistance either on site or off site.