

**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

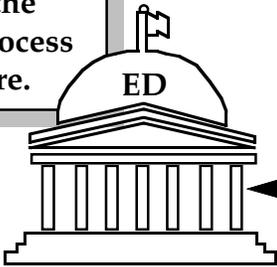
4. Auditor holds exit interview

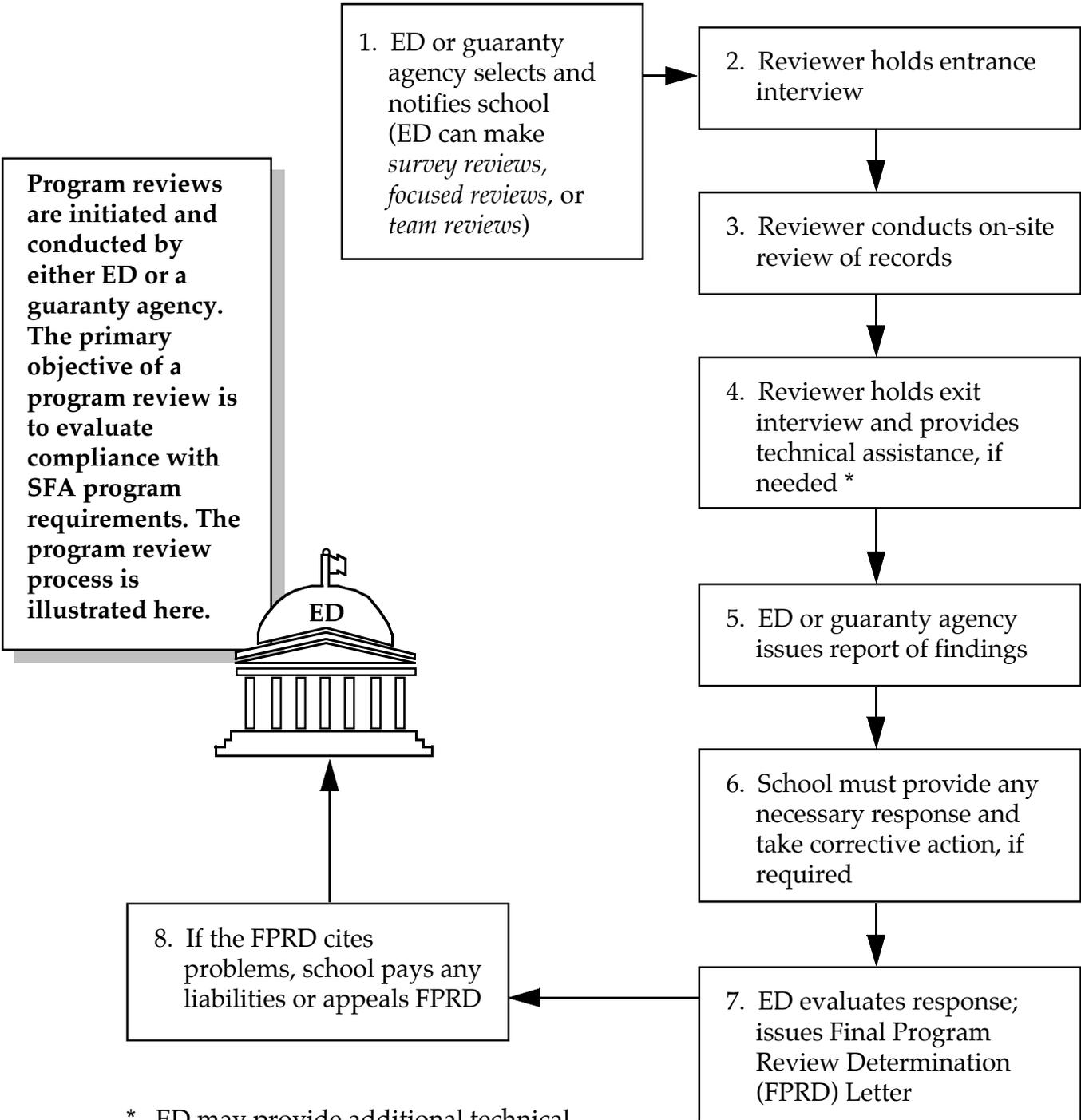
5. Auditor completes audit report (for nonfederal audit, includes school's corrective action plan if there is non-compliance)

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.