Joe Smith: My name is Joe Smith. I am with the Foreign Schools Team. I'm one of the two team leaders for the team and I'm here today with Kevin Roberts. I've been on the Foreign Schools Team for about 5 years, let's say. I haven't really counted. Days seem to go by quickly now. I've been in the department for almost 13 years. I started in the Regional Office in Boston, Massachusetts where I had lived for a long time but I've moved around all around the country and I've lived in Washington, and Maryland, and Chicago, and Memphis, and Seattle, and now in Maryland again, so, anyway, so I'm – I'm not movin' around anymore. I'm tired of it, tired of it. I'm here today with Kevin Roberts.

Kevin is new to the Foreign Schools Team. He's been with us for about 18 months. He comes to us from EdFund, a guarantee agency, in California. He spent 5 years at the EdFund, working on claims, and he would help resolve student issues with student borrower stuff, compliance issues, maybe some assertions of fraudulent loan certifications and then, before then, Kevin spent about 15 months as a senior financial aid representative at a post-secondary institution, so he knows what you're goin' through in terms of processsin' the aid. He also has been on the other side of the table in terms of being the subject of an audit, so he can be sympathetic with ya *[laughter]* and Kevin's gonna handle the compliance audits and I'll talk about the audited financial statement requirements.

Feel free at any time to jump in, if you have a question. We have a microphone. It would be preferable that you would come up to the microphone if you have a question so that your question can be reported for the mic and be visible to you later when you go back to your house and review all the fun stuff that happened here in the FSA conference. These presentations will be posted online so be aware of that. Okay, Kevin?

Kevin Roberts: Thanks, Joe. Good afternoon, everyone! How are you guys doing? Good! Wow! I'm sweatin' up here because Joe and just walked about a mile to get here. We were over by the West wing of the hotel, so that's quite a walk if some of you guys are residing over there, so, by a show of hands, how many of you are looking forward to your next Annual Compliance Audit?

Come on! A show of hands! Who's looking forward to it? No? No one's looking forward to it? I guess I'm the only one, so today's session agenda is gonna go like this.

We're gonna go over some general requirements. Then we're gonna go over some Foreign Institution Compliance Audit Reporting Requirements and then, lastly, I'm going to complete it by go over a Compliance Audit

Resolution and then I get to hand off the presentation to Joe Smith who will go over the final parts, which is our Audited Financial Statements and Statements of Financial Responsibility. Our next screen: This is going to be a pop quiz, so I love pop quizzes, so I hope you guys are ready because you guys have to participate. If you are a public or private non-profit institution and you certify at least $500,000.00 U.S. annually, do you submit, 1, your compliance audit, 2, your audited financial statement, or, 3, both?

So by a show of hands, 1, 2, or 3? 3? 2? 1? Anyone?

Come on! *[Laughter]* All right, if you guys chose 1, you'd be correct. If you certified at least $500,000.00, annually, in federal student loan dollars, you will only submit your alternative engagement compliance audit, both, at least. Questions? *[Laughter] [Crosstalk]* All right, submit both, at least, yes, both. Sorry guys *[laughter]* and then you wanna remember that your type of compliance audit that you're gonna submit is based upon your institution type and your annual federal student loan funding.

All right the next slide here is gonna go over our 2002 Foreign School Audit Guide and this is brought to you by our department's Office of Inspector General and they are an internal watchdog group. Now I know that Joe and I have gotten a lot of phone calls and emails inquiring when is a new Audit Guide coming? Unfortunately there's no update so, sorry guys. There's no new update to the Foreign School Audit Guide so we continue to ask you to use this Audit Guide and present it to you independent public auditors, okay?

[Crosstalk] Sure!

Audience: Auditor from Grant Thornton in the UK, so the question is in that Audit Guide, there are some model audit reports, which refer to the FFEL program. It's okay just to call those Direct Loan, is it and that's all you hafta do?

Joe Smith: Yeah, you can include references to both Direct Loan and then FFEL Loan Program if there are funds that are residual from the transition period, you can refer to both of those. The management assertions that the institution's gonna make are going to contain assertions that are relevant to both programs. There's no substantive difference between the two. There is a slight difference in the program award number, the CDFA number that's associated with the FFEL program, as compared to the Direct Loan program and that's CDFA 84.286 – 268, sorry.

Audience: Okay, thank you.

Kevin Roberts: Thanks, Joe. Question? Did you wanna *[crosstalk]* – okay.

Audience: When we were currently working on our 1011 audit, we asked what guidelines we were supposed to use and we were told to use these guidelines in addition to another set of guidelines that we were directed to use.

Kevin Roberts: What other guidelines were you directed to use?

Audience: Well, I can dig up the email and – but it was directed from ____.

Joe Smith: Right. *[Crosstalk]* When we've gotten questions from many of you, we have forwarded those questions to the OIG for their response and I'm aware that the OIG sent one email out indicating that the Compliance Supplement for the Annual Program Audit Guide that are used by domestic, public and private non-profit institutions, called the A133 Compliance Supplement, that was offered as an additional resource for an auditor to use and that was the OIG's response so that for ____ that A133 Compliance Supplement contains additional information about the inner workings about the Direct Loan program that you would wanna be attentive to during your inspection at an individual institution. We would also encourage you to become familiar -- and any auditor – to become familiar with the department's published literature about the Direct Loan program. We have a Direct Loan School Guide that's very useful. We also have a bluebook that is also useful for an auditor, so although this particular audit guide has not been amended to include particular references to the Direct Loan program, many of the requirements here are applicable because the loan programs are, essentially, identical to each other except for the method of funding and the source of the capital for the funds.

Kevin Roberts: Did that help? Does that help you out?

Audience: Well, I'll be _____ _____.

Kevin Roberts: Okay.

Audience: I mean, you're telling us we're supposed to follow this.

Joe Smith: Well, if you were to follow that literally, it would not be correct because you'd be dealing with funds that were Direct Loan program funds and we would not expect an auditor who's carrying out his or professional responsibilities correctly to rely on a – and – and knowingly rely on a report or a guide that's outdated. The expectation is these are professional auditors and they have professional standards that they're living up to.

Audience:	So I think you're telling us that we shouldn't be relying just on this.
Joe Smith:	Not – if they have questions about the particularities of the Direct Loan program.
Audience:	Right.
Joe Smith:	Yes, they should refer to that guide but the Student Eligibility criteria, the criteria for foreign institutions; these are all recited in this guide.
Kevin Roberts:	Okay, thanks, Joe. All right, within the Audit Guide, you will find – oh, question? Go ahead.
Audience:	I think one of the great concerns is that those of us who have had audits declined even on very simple things like 31 July, or July 31, auditors are therefore quite concerned if they're not told exactly what they have to do and what is the exact wording you can use back because most of us had things rejected because of minor wording differences.
Joe Smith:	Well, I'm not aware of any particular instance of a July 31 versus a 31 July statement being a *[crosstalk]* –
Audience:	That was in 2004. *[Laughter] [Crosstalk]* –
Joe Smith:	I sincerely – man, that's troubling. It's true, yeah.
Audience:	I take it that they're stapled.
Joe Smith:	Well, yes, your audit needs to be prepared on the letterhead of the audit firm. That prepares the report. If the report is separated from that institution – at the institutional auditor's letterhead, we would want to see the report with the letterhead, be presented with the letter head of the auditor who did the report, yes.
Kevin Roberts:	Okay, within the Audit Guide here, it gives you requirements for how to complete your financial statements and your compliance audit and, of course, your Audit Guide at our IFAP – at our – at that web address there, listed. On the next screen here we're gonna cover some of the players because we just want to emphasize that there are specific terms that we want you guys to understand and one of the most important terms is the definition of a independent public auditor or an IPA and now we haven't seen any issues with this and I'm not gonna read this definition to you because you probably have already read it while I was talking but, basically, what this is telling you is t hat your IPA must be independent of your institution or university. Therefore you cannot have your own internal accounting office perform this compliance audit for you. You

have to have someone that is completely independent of the university, okay? The next screen I'm gonna show you is the definition of an institution for – which relates to your compliance audit and auditing purposes.

Basically if you participate in the Title IV HEA programs, you are required to submit, annually, your Compliance Audit and your Audited Financial Statements, okay? And then lastly, what is the department's role? Our role is to ensure that you, as an institution, is administering the Title IV program appropriately to eligible American students and that you meet the standards of administrative capability and the standards of financial responsibility, in part, by submitting annually your Compliance Audit and Audited Financial Statements, as required. So when is your Audited Financial Statements due and your Compliance Audits due? Well, here's the next screen to show you.

Your Compliance Audit and Audited Financial Statements are due 6 months at the end of your fiscal-year end date so your Audited Compliance Audits and financial statements are due within 6 months of your fiscal year end date, so if your fiscal year end date is coming, which is December 31st, we want to see your Compliance Audit by June 31st – June 30th, thank you, so if you send it in June, we love it. If you send it in May, that's even better. If you send it in April, great, too, but we wanna – we wanna make sure that we get those reports in our hands within 6 months. Any questions on that? Go ahead.

Audience: What time should we allow ____ there for it to be counted in within 6 months, are institutions ___ provisional *[crosstalk]* --

Kevin Roberts: Mmm-hmm.

Audience: because I was late. I called the ____ I said, "I have the receipts, the FedEx receipts, they're like three, four days." "You didn't allow enough time for it to be counted in," so six months minus what?

Joe Smith: Six months.

Kevin Roberts: It's just six months. *[Crosstalk] [Laughter]* Any other questions regarding your due dates? No? And there's our Audit Submission address as well if you don't have it, so you can overnight mail it to that address. All right, this next screen covers the Compliance Audits and, again, the Compliance Audits are performed in accordance with our Foreign School Audit Guide that's prepared by the Office of Inspector General. It covers your Standard Compliance Engagement.

That's all for our high-volume institutions and then it also covers your Alternative Compliance Engagement, which covers our Low Volume Institutions and, again, I wanna emphasize that the Compliance Audit must cover your entire fiscal year, so if your fiscal year is from January 1st through December 31st, we want to see that whole year in your Compliance Report so there should not be any gaps within that Compliance Audit, so I just wanna emphasize that. It must cover your entire fiscal year and, of course, it must cover all Title 4 HEA transactions during that last audit year. All right, this is – the next 2 slides, I've received a lot of phone calls and emails regarding this, Student Listing for Audits. In your Audit Guide, it tells you that must submit a Self Request Letter to the department in accordance with Section 1.5.1 – no wait, 1.7 – 1.7.1 of the Foreign School Audit Guide and you must submit a listing to the department via mail or fax to us. Times have changed.

You've all been transitioned over to the Direct Loan program and you've all been given greater system access than before. Prior to the transition of the – prior to the transition of the Direct Loan program, you only had limited access but now you've been given a greater window. You know have CPS, you have SEIG, you have NSLDS, Edconnect, Direct Loan tools, all these wonderful options at your disposal and you can requires your own FFEL Direct Loan listing on your own and I'll show that to you on your next screen but the listing must include – and this all provided to you within the NSLDS Report, which I'll cover next. It will cover your student loans, your students that have loans originated or certified during a fiscal year, along with the amount of the loan that was certified and the total amount of all loans certified for all of your eligible American students for that fiscal year. This next screen – and this is a great screen – what you're going to do is you're going to request your direct loan, FFEL Direct Loan listing, via NSLDS under the Report tab, which is orange, and it's called your SCHLL1 Report, School Loan List. Within that criteria, you're going to – within that box, you're going to enter in your specific criteria for the year to be audited by your auditing firm, so you're going to enter tin the year, you're going to enter in the report type, which is going to be Direct Loan, you're gonna extract it and then you're gonna hit Submit and it'll be sent to your Edconnect mailbox or your TG mailbox.

It takes about 1-to-3 business days to get that report in your TG mailbox. Now I do wanna warn you, if you do request your report on a Friday, that report will not be available to you until the following week, at least Wednesday or Thursday. The reason why is we do a lot of system updates on that Friday, which will delay the processing of your report, and I have gotten a lotta phone calls regarding, "Why is my report not here? I requested it on Friday." That's because the additional delay.

We're running other important software updates so just be patient if you requested it on a Friday, okay? In addition, I have also included the contact numbers for technical support for CPSA and NSLDS. Unfortunately if there's a lotta technical issues, software issues, we at the Foreign Schools Team are unable to assist you but we will refer you to our contacts that handle CPSA, okay? So if you send us an email regarding software issues, we're gonna refer it on to our contractors who handle this issue and they will be in contact with you, either by phone or by email. Now here's another thing you wanna be careful of.

If you have a Destination Point administrator who has NSLDS, CPSA and, for whatever reason, they retire, they leave institution or they move on to a different place, you must replace that DPA and so you must obtain a new SEIG Enrollment Form and that form can be given to you from us at Foreign Schools Team. All you hafta do is just email or call us and we'll be happy to send you that SEIG Enrollment Form for your new Destination Point Administrator. That form will be sent to our contractors, Vangent. They're located in Des Moines, Iowa, and they will process that for you. They issue brand new visa ID's and temporary passwords for those systems, okay?

So not only do you update EAP for your Destination Point Administrator but you also have to update CPS SEIG and NSLDS, too.

Audience: What time – time – legal ____?

Kevin Roberts: Well, you're supposed *[crosstalk]* –

Audience: ____ time and ____ time.

Kevin Roberts: *[Laughter]* Well, when you – whenever there's a change in an official or a director that affects your Title 4 program at your institution, you must notify us within 10 days, so you wanna get the ball rolling within that 10 days and notify us by updating your EAP and also requesting your new SEIG Enrollment Form for you new Destination Point Administrator who will replace you.

Audience: How quick will they be?

Kevin Roberts: Uhm, I've heard turnaround times within about 72 hours. They're fairly quick at Vangent because they know how desperate you need to get access to those systems and get all that pertinent information that gets sent to your TG mailbox, all those Ed updates and if there's any delays, you can always call me or Joe or anyone on the Foreign School Team and we'll help expedite it, okay? Next screen, okay. This is a great screen and I think a lot of you have seen this before. If you attended the IEC, this screen was presented and so I hope that all of you will print this out and hang this on your cubicle or office walls.

This will tell you what you need to do, annually, based upon your institution type and your Annual Student Loan Funding level, so this is a great screen to use. Now there's a new provision that I want to go over and that's from 658.23 and that is if you certify less than $500,000.00. Here's the catch, though, to get this new provision, you have to be fully certified. Fully certified means that you hafta be – fully certified is 6 years instead of the provisional 3 years. In addition, you have to have submitted your Compliance Audits on time for the preceding 2 years in addition to your current year, so they must be submitted on time and there has been no history of late submission.

If you meet those criterias, we, at the department, will notify you that you will be eligible to submit 1 Compliance Audit covering 3 complete fiscal years. What do you guys think about that? Isn't that awesome? I love this new provision and I hope you guys do, too. However there's always an exception to a provision with the department.

You know how we love those exceptions. Here is the exception: If after you're receiving notification that you're eligible for a 3-year Alternative Compliance Audit and if your funding goes over that $500,000.00 mark, you must submit to us a Standard Compliance Audit covering that fiscal year where it's over $500,000.00 in addition to your Alternative Compliance for the preceding 2 years, so, for example, if Year 1, you're under $500,000.00, you're okay. Year 2, again, under $500,000.00, you're okay but Year 3, you cross over $500,000.00 mark, you have to submit those 2 Compliance Audits plus that Standard. Any questions on this exception? Yes?

Audience: ____?

Kevin Roberts: That is total funds received for the fiscal year. Okay, so a good tool to aim for – for coming up in these next couple years, is to get those Compliance Audits submitted to us on time because that is part of our Eligibility Review to determine whether or not you're on Provisional or Fully-Certified. We love it when we see institutions that are fully certified for 6 years because you're demonstrating to the department that you are administratively capable to administer the Title 4 program at your institution so we love that, okay? So that's great goal to aim for. Next slide.

Okay, this is a new slide and I really don't want to go into too much detail and I know it's hard to read so I apologize so I'm sure you're all reading it on your handout but basically we want you and your auditing firms to just be aware of any irregularities that are occurring at your institutions and if there are any type of irregularities or I hate to use the term fraud but we must, you must notify the department's Office of Inspector General, so we just want you to be aware that this is out there. We want you to look for it. We want your auditing firm to look for it and if you have additional questions regarding this particular slide, I would kindly request that you save it for later or when you go over to Ask-a-Fed booth, Joe Smith and I will be at the Ask-a-Fed booth after this is over, okay? So I don't wanna go into too much detail in this screen. Next slide, my favorite, *[laughter]* The Top 10 Audit Findings, and I hope you guys like 'em, too.

This is what we see in the course of over a year when you guys submit your Annual Compliance Audits and what's great about this is that all of these Top 10 Audit Findings can be easily resolved by using your new Direct Loan tools and COD. A lotta this stuff is already built into those systems for you, such as student -- Student Confirmation Reports filed. Well when you're in COD and you're going to originate a new loan, you're already going to certify whether or not the student is enrolled at your school, whether they're at half-time or full-time, so that's a great tool. Again, information students on file from this are inconsistent. Well, Student Aid Reports, they're already in COD, so isn't that fantastic?

It's that this information is already built into these new tools that you're currently using. Improper certification at FFEL, you can't do that anymore because COD, you already have a built-in award package system in there, so you can't improperly award any direct loans. Let's continue on to the next 5. Entrance and Exit Counseling, I know this was asked earlier. Your Entrance and Exit counseling are already built in to COD because when you see a promissory note, within COD, there's also a notification of whether or not the student has done their entrance counseling. In addition, you also notice if they did their exit counseling if they happen to withdraw from the institution or you can pull your NSLDS report as well.

Maximum and/or Punitive FFEL Award Exceeded or Direct Loan Exceeded, again, that's already built into your COD tool so you can't ever so you can't over-award you student, which is a great thing for all of you, so all these findings may possibly diminish at your institutions over the course of the next few years while using these new tools and systems, okay? All right, next section is your Compliance audit Resolution. Now when you submit to the department an Acceptable Compliance Audit, we have to review it. If there's any errors or findings within that audit and the Compliant Audit helps us to determine where you are lacking in certain aspects of administering the Title IV program and we can give you guidance on how to correct those findings or errors and provide you with the tools necessary so you won't have a reoccurrence, so during the

Compliance Audit Resolution process, what we will do is review that Compliance Audit, send out a preliminary Audit Determination Letter if we require additional information. A lotta schools who are high-volume submit CAPS, which are Corrective Action Plans.

They have the auditor's finding and the school's recommendation. What we will do is send out that letter and make sure that you are initiating that recommendation by the auditor so we will just ask for follow-up documentation to make sure you're following the recommendation in your CAP report. If you don't receive a Preliminary Audit Determination letter, that's fine because what will happen next is you will receive a Final Audit Determination Letter or, as we call it, a FAD -- excuse me for my voice – and this letter resolves all of your deficient audits, all of your findings for that year that we're reviewing. I do wanna let you know that if there are – so if your findings within that report, we may issue liabilities to your institution, okay? So you need to be aware of that.

That is within your Program Participation Agreement, so you must be aware, so I'll give you a general example that we see all of the time. Let's say you have an eligible American student and you accidentally award that student Title IV funds for an ineligible program, that program is not covered by e-card, that may indicate – that may – we may issue a liability against the institution to repay back those funds because you did award Title IV funds to an ineligible program, okay? You do have appeal rights. I don't wanna let you know that you guys can appeal these findings but you do have certain appeal rights. In addition if the actions are severe enough, we may, at our discretion, refer you to our AAASG, which is our Administration Actions and Service Group, where they may additional liabilities or fines. Any questions on this screen about your – about what we do, the Compliance Audit Resolution?

Well, okay, let's move on. All right, last one. I encourage all of you – all of you – to attend the Foreign School FSA Assessment. This is going to be held tomorrow. We did receive great feedback from the – I'm sorry?

It's on Thursday, excuse me. The Foreign School Assessment receive rave reviews at the IEC Conference so we're gonna offer it here and I hope all of you guys take advantage of it. This presentation will help you in either creating new policies or help you strengthen your current policy and procedures in administering the Title IV program, so I highly encourage you to attend. It is going to be Thursday, in Room 311, from 11:00 a.m. to 12:15 p.m. or you can take the second session, which is from 3:35 p.m. to 5:00 p.m. Any questions?

Yes?

Audience: Once your audit has been submitted, how long does it take to ____ _____ ____?

Kevin Roberts: In relation to the final audit determination or – go ahead, Joe. *[Laughter]*

Audience: I'm just asking because just before our last year, we ____ that ____ 2008 Audit is – we had problems with it.

Joe Smith: Yes, what we do is we have contractors who review each of the audits that come in and they will either respond to you by saying, "Something's wrong with the audit." It wasn't prepared to the standard of the Foreign School Audit Guide and that letter will typically go to your president and if we haven't heard from you and we have had had an effort recently to contact all of our schools who have either failed to submit a Compliance Audit to us or have submitted Compliance Audits to us but those audits were not fully prepared to the – to the highest standard here in the Foreign School Audit Guide, we have asked for you to take action to submit those reports or submit corrections to those reports so they are compliant with the terms of the Compliance Audit Guide. Yes, well, we send a letter to you and we didn't get a response, so yes, yep. A letter would've been sent by – yeah.

Audience: When I tried to recertify I, I enquired to that ____ where ____ certification ____. I've received notification that ____ that we submitted, which wasn't ____ or where those audits went. This is ____ contacted the auditor as we submitted them but there didn't seem to be a record anywhere so I resubmitted them again, including the one that I'm just getting a letter back from and I know there was an issue with the wording in the – the letter from the auditor ____ ____ standards of the audit ____ and I worked together with somebody to get the correct wording, so we redid all of our audits and sent them in and now I'm getting ____ back again and I've had ____.

Joe Smith: Yeah, without knowing what the particular date of the letter is or what it says I'm reluctant to speculate as – it's very well likely that we were working on collecting all of the audits that were due and, very recently, we did a comprehensive review of our database to see which audits had a status of either not being submitted or submitted but needing corrections and asking everyone who had an audit from 2005 to the present that was due to take action to correct those reports so it's possible that there was some date crossover, you know? Without knowing the particularities I really don't wanna speculate but that's – that's what's underlying a recent letter, if you've received one, and that's the motivation for that letter is to bring you all current with your audit requirements.

Audience: Can you help me understand how ___ come in ___ last year. I was informed the loan certification that three years of audits were ____ and I was required to have some redone and I sent a letter and I went through that whole process and I just went up and I asked the Fed and they were all accepted. ___ year were never rejected. I've just sent the ____ working with our auditors, redoing three years worth of audits, and I just found out.

Joe Smith: Well lemme look at that because we look with that very closely and we looked at a lot of schools so maybe there was a data error. I would think that we got that right but I'm not exactly sure what happened in your particular instance.

Audience: I did apply for a recertification so *[crosstalk]* –

Joe Smith: Oh, right, yeah.

Audience: You two are not talking to each other?

Joe Smith: That's not likely. We were looking at your institution's compliance with audited financial statements and your Submission of Compliance Audits before we're willing to recertify your institution and we're not willing to recertify your institution if your institution is behind in submissions of these required reports.

Audience: These were rejected.

Joe Smith: Right. Well, if the reports were not prepared to the Audit Guide standard they should be and would be rejected and one of the key standards of this Audit Guide is a requirement that the audit be conducted in accordance with the United States Government Auditing Standards. We frequently receive audits that are prepared to an International Auditing Standard, a Canadian Auditing Standard, Canadian Generally Accepted Auditing Standards; these are not what you have paid your auditor to do. You've paid your auditor to prepare an audit pursuant to the Foreign School Audit Guide. If they're giving you a report that's under a different auditing standard, you're not getting what you paid for.

Kevin Roberts: Are there any more questions? I mean if you do have – if you have received a letter recently notifying you of missing audits that the department has done that Joe Smith has enquired about, we can – you can meet us upstairs at the Ask-a-Fed booth and we'll be happy to check our systems because we do have access to our systems from here and we'll be happy to work with you in resolving them. My personal experience is it's great to have conference calls as well. I have set up a numerous amount of conference calls, three-way, with the school, with myself, with the auditing firm, in additional to our internal auditors as well, so we will be happy to do that for you, okay, if you have any of those issues and you need them to be resolved, and now I am proud to turn this over to my colleague, Joe Smith. *[Laughter]*

Joe Smith: Thank you, Kevin, for taking us through the basics of Compliance Audits. We're about halfway through and I know we wanna shift gears to talk about the other side of your auditing requirement, which is audit of your institution's financial position. We evaluate an institution's financial health because you are one of our – essentially one of our agents. You are our fiduciary on behalf of the United States Government and you are in custody of U.S. federal funds and you're expected to act with the highest standard of care and diligence that is expected of a fiduciary. It would be as if you are acting as a department employee in making an award to a student. You would do what the department would want you to do with making awards to students and we want to know that our partners are in a good financial condition.

As noted earlier our reports are – we're expecting to see your reports within six months of your fiscal year end date. I've made this note, six months after – on every of my note cards so subliminal messaging I hope will *[laughter]* be useful. Let's go on to the next slide. This slide is a summary of the Updated Audited Financial Submission Requirements for Institutions by their Institution Type and Funding Level. As you can see there are four tiers of funding and the requirement varies based on whether you are a private – private non-profit institution or you're a public institution or if you are one of our couple of for-profit medical or veterinary or nursing institutions.

In general if your funding is less than $500,000.00 on an annual basis and you're not participating with us for the first time, you're not on your initial certification with the department, you don't have to submit a Audited Financial Statement to us. Yeah, we are happy not to have that. If you're on your initial certification, you will have submitted to us at least 2 years financial statements with your Initial Certification Application and you will continue to submit your Audited Financial Statements written in English, if it's not already, for the time period under which you are participating under your initial certification and your initial certification is the time period of the first Program Participation Agreement, our first contract with you. Yes, a question?

Audience: Yes, if a document comes in English, sometimes we hafta get it certified and translated and other documents are actually being generated in English on the Auditors Report. Do you want that noted anywhere that the original language is English and that's why you're not getting a translated copy in English?

Joe Smith: No, no. We just need it in English format. It you want you may submit hour Hungarian Language or Polish Language Financials with the English Language translation. That might be helpful but you're not required to submit in a language other than English, yeah, or to note that no other language was used in preparing that report, which I recognize might be an issue in Canada with bilingual requirements, perhaps, and certainly for countries where English is not the native tongue, so less than $500,000.00, you're pretty free-and-clear with respect to the department's audited financial statement reporting requirements. Stepping up from $500,000.00 to less than $3 million, we're expecting to see you submit your audited financial statements pursuant to the auditing standards and accounting principles used in your home country.

If we step up from there, if – if you reach the magical $3 million mark in funding then we have triggered a requirement for the dual submission of U.S. GAAP GAGIS audit in addition to your Home Country Audited Financial Statement. U.S. GAAP is U.S. Generally Accepted Accounting Principles and GAGIS is shorthand for Government Auditing Standards, yeah, so you will have to submit 2 sets of financial statements to us on an annual basis once you reach the $3 million mark. There is a limited exception if you're less than $10 million but more than $3 million and that is you may submit your U.S. GAAP Financial Statement and then following – the next 2 years following the submission of your U.S. GAAP, you may omit your submission of a U.S. GAAP Financial Statement to us for 2 consecutive fiscal years and then in that following 3rd year, you will resubmit your U.S. GAAP concurrently with your Home Country Audited Financial Statement and – and in any year where you're at least $10 million, you're going to be submitting both types to us on an annual basis. Are there any questions about that set of requirements? Okay, that's good. There is one little note here at the bottom.

If we have reason to have worry about the financial statements we can, at our option, ask for a higher level of engagement or do something different here but I don't see anything that would require that but it's there in case we trip along something that might cause some interest by the department.

Audience: Excuse me, I've got a question.

Joe Smith: Yes?

Audience: Just wanna _____ you talk about government auditing standards, auditing on the U.S. GAS, so ___ the government. I know the government, if you have GAGIS, it's a lot more work that needs to be done.

Joe Smith: It needs to be GAGIS. It's not GAS.

Audience: Could you point me in the direction of where that can be determined? Because if there's 668 *[crosstalk]* –

Joe Smith: Yes.

Audience: 23, it doesn't refer to GAGIS anywhere.

Joe Smith: I believe it does and certainly the Audit Guide would refer to what we colloquially call The Yellow Book, which is the auditing standards that are published by the comptroller general of the United States, who is responsible fo the Government Accountability Office and they set forth the auditing standards that are used, government-wide, so it is a GAGIS standard. Next I just want to review with you maybe for the first time -- some of you may be seeing this for the first time – the Standards of Financial Responsibility and as I mentioned at the outset, the department is entrusting participating schools with custody of U.S. federal funds and we have regulations to help us ensure that our partners are capable of acting in the nature of the fiduciary and to protect the U.S. Federal fiscal interest in the transactions. The department's general responsibility – financial responsibility regulations are principally contained in Sub Part L of Part 668 of our Federal Regulations for the Department of Education, if you're so inclined to look that section up. In general, there is a general section. There is a section concerning numeric financial ratios, which help us evaluate the financial position of an institution relative to the numbers contained in your financial statement.

There's a refund or reserve standard concerning your ability to have enough funds on-hand to pay back unearned Title IV funds in the case of students who withdraw. There's requirements concerning the past performance of an institution and the persons who are affiliated with that institution as well as alternative standards and requirements of an institution does not meet the general standards. Yes, ratios and standards.

Audience: Has there been a requirement of our financial statements all along?

Joe Smith: These -- I'll get to there, actually. Let me get to that section and we'll talk about that, okay. Let's talk about the General Standards first and the purpose of these General Standards is to demonstrate to the department that your institution is financially responsible and these are applicable only to schools that are participating in our programs. That means you have an active contract, a Participating Agreement with us. These are not applicable to schools who may be offering ineligible program but have not elected to enter into an agreement with the department to administer the aid programs, so if I might, there's a distinction between eligible-only schools or schools that we've recognized for the purpose of acknowledging that they're an eligible higher educational institution and students who attend may receive the benefit of deferments of student loans so they don't have to repay while they're attending your institution versus engaging in a contract with us to make loan awards to students to help them actually pay the cost of attending your institution, okay?

So eligibility-only just loan deferments, no responsibilities, no title for aid, just signing off on a Deferment Form and then participation is making awards correctly, dealing with G5, getting into NSLDS, properly calculating awards, making disbursements timely to students, et cetera, things that need to be audited. Okay, we consider a school to be financially responsible if, among other things, its financial analysis ratios, which are weighted and strength-weighted and combined results a composite score of at least a 1.5 and we'll get to there – uhh, you have enough money on-hand to pay for any unearned returns of funds. You're currently meeting your debt payments, you're not going into bankruptcy, et cetera, and you're meeting your financial obligations. Pretty sensible stuff, I think and my thing's quit on me. Okay, public institutions have some new latitude, which we'll discuss a little bit but we consider a public institution to be financially responsible if the government where you are located has agreed to back your liabilities and acknowledges that you're a public institution in that jurisdiction. We are expecting that the audit opinions that accompany the numeric – numeric financial statement reports will contain an unqualified opinion about the accuracy of the information presented in those reports. We're hoping that the reports – the auditor is able to assert to us are fairly stated in all material respects.

If the auditor is not able to do that then there's a concern about the financial responsibility of the institution, the existence of a disclaimer, or a qualified opinion or an adverse opinion would be viewed negatively by the department. Also we're expecting that the financial statements will be prepared with a forward-looking view of the institution's continuing operations. That's to say that your institution will to continue to operate as a going concern. There's a different set of standards that are applied if an auditor has the expectation that your business is troubled and may wind up its operations within the next 12 months, there's a different set of principles that need to be applied in accounting for your assets, et cetera. There is one and we'll get to it. Yeah, we're gettin' there, I promise. Here's the teeth: If your institution is not submitting financial statements to us and the type that is required by the date that it is required to be submitted, the department can take further action, negative action, against your institution, to fine your institution for its failure to submit these reports or to limit or suspend or revoke your participation in the programs or terminate your programs, so it's a very important requirement. I don't think I can underscore the importance of this anymore.

This slide indicates to you that the department is very serious about an institution's submission of Audited Financial Statements.

Audience: Just applied to that is there any way – what easily happens is the letters, ultimately, *[laughter]* get sent to the President's Office, the president's problem, but _____, ______ those letters sent are _____whatever, 30 days or whatever. We get the Financial Aid late. Is there any way that you can just tie it – and like when you include the financial office on this ____ for the president and it would really be helpful _____ time person because oftentimes we get it within a couple and *[crosstalk]* –

Joe Smith: We can look into that and we send it to the president because that's the person who's in charge of all the operations and if the president's gone, they've gotta delegate somebody else to be responsible for pushing the paper around to the right offices, yeah, you know? We'll see what we can do. What we do is we UPS these things out to you and you don't put them in the mail because it goes to a foreign address and then, you know? Yeah.

Audience: ______ is that its concept is _____.

Joe Smith: Yeah.

Audience: _____ mail and it can sit there and -_____.

Joe Smith: Yeah and it would be very helpful to remind the president's office, too, if you see something with the Department of Education logo just to – yeah.

Audience: Whoever gets stuff to – jurisdictions, we get – we do 3,500 pages of student loans. We get stuff from all over like everywhere, so if *[crosstalk]* –

Joe Smith: Same?

Audience: anything, it, would be helpful.

Joe Smith: Okay, well we'll take a look at that and see w hat we can do. Will you write that down for me?

Kevin Roberts: Yeah.

Joe Smith: Okay, great. All right, what else? Did I go – is there sumpin' here? Okay, let's see. Great, okay, I've got here the Composite Score.

The Composite Score is a way that the department uses to numerically evaluate the health of an institution's finances and we use three different financial analysis ratios, which are weighted and then combined together to formulate a Single Numeric Composite Score of Financial Responsibility. The three ratios are the Primary Reserve Ratio, then at Income ratio and the Equity Ratio and then we're gonna go just talk a little bit about each of these things so that you walk away. You don't need to be a financial analyst walkin' outta here but you kinda get a sense of what we're lookin' at and – and why it's important to us. The Primary Reserve Ratio measures a school's expendable resources relative to its overall operating footprint. It's a measure of two fundamental elements of financial health – financial viability and liquidity.

The Primary Reserve Ratio examines an institutions Adjusted Equity – if you're a for-profit institution, you'll use that term equity – or, for not for-profit or public, you may see the term Expendable Net Assets in lieu of the term equity. When you look at that – the equity position of the school relative to the total expenses of the institution and this evaluation allows you to ascertain the degree to which your institution has sufficient reserves on hand to meet your current and your future operating commitments and the degree to which there's flexibility in the reserves to adapting to changing priorities at your institutions, so, to make it kinda concrete for you, let's suppose somebody loses their job and they've got money in the bank and what this is really asking is how long can that person continue to live the lifestyle that they've been living on just the bank account that they have left. That's sort of what we're asking here, how long can you survive if your revenue dries up? And I won't go into all the nitty-gritty on the slide here but that's what we're looking at, we're taking some adjustments out for related – unsecured related third party, uhh – related receivables and et cetera and intangible assets, things that aren't real. The second ratio is the Equity Ratio and this tells us something about your institution's ability to borrow and the extent to which your institution's assets are committed to other parties.

For example maybe they've been pledged as collateral on a loan or in a bond issuance to help support a financial transaction. The Equity Ratio includes for public and private non-profit institutions assets that may also be subject to some kind of restriction that is donor-imposed. Now you may have restricted assets, so we include those in the Equity Ratio for you institution. The Equity Ratio examines an institution's modified equity or modified net assets to its modified assets. The calculation does omit intangible assets and unsecured related party receivables and a concrete way of – to think about this is to contemplate a person who owns some real estate and the Equity Ratio is gonna tell us how much can this person mortgage their real estate for.

Is it a second mortgage or have they already first-mortgaged up to a lot? This sorta tells us how much they can borrow against their assets relative to the equity. The last ratio is the Net Income Ratio and this tell us something about the extent to which your institution is earning enough revenue to pay its operating expenses by comparing any excess in that earnings or sometimes deficits if you've gone in the red for the year but with the total revenue your institution earned during the year. It's telling us something about your institution's ability to operate within its means. The calculation compares your net income before taxes if you're a for-profit concern or your change in unrestricted net assets if you're a pubic or a private non-profit institutions and it compares that – those values – to your total revenues for the year and total unrestricted revenues if you're for profit – not-for-profit or public.

Do we have any questions about those – sorta the ratios? Was I kind of convoluting it a little bit? No? Okay, good. No questions.

Everyone understands. Yeah?

Audience: So these ratios, we don't include this in our Automated Financial Statements.

Joe Smith: Yeah, you don't do that. We do it, yeah. We look at your financial statements and it contains the data that we need to do these calculations so you don't hafta do this. We're figuring it out, okay?

Audience: Oh, I see.

Joe Smith: Yeah, okay, good, so we take the values and these ratios can give us some funny numbers so we give it some strength factoring and then we do some weighting to generate a score value and the score ranges from a -1, which is the worst possible score ever, to a +3, which is the best positive score ever and we view a score of 1.5 to be, sort of, the minimum healthy score for an institution. There is some latitude here. Anything technically below a 1.5 score is a Fail score but if you've been participating with us in the past and you've had a score that is at least a 1.5 or higher, your institution may qualify for what we call zone treatment. If it scores within a range of 1 to 1.4 that allows us – the department – to recognize that there is a range of marginal financial health that we can kinda worth and we'll keep a close eye on you and we'll let you continue to operate. You may have to do some additional reporting us, which we'll get to, but beneath the 1.0 score, we consider to be absolute to be in dire – well not quite dire but not-good straights, not good straights. Okay, is there some questions here, Arianna?

Arianna: Where do we find our score now?

Joe Smith: We will tell you if you have a bad score, so don't worry about finding your score. Yeah, yeah, no news is good news, yes, that's the – okay, so.

Arianna: So we're sending a letter to the president?

Joe Smith: We will send a letter to the president and we'll get to that, too, in a little bit. Okay, so but now we understand that there's a temperature. I like the coloration – green, "good," "go," red, "stop," "watch out," yeah, and yellow, sorta, "watch out here" but we'll put a little caution flag. All right now if you're in the zone, if you're not meeting our general standards we may – we will ask you to do additional reporting to us and we'll ask you to pay your students on what we call Heightened Cash Monitoring I, which is a system of self-reimbursement. You're kind of almost there with the Records-First Disbursements with COD. The difference is that you're going to apply funds to your student's account and then reimburse yourself after the fact for those funds. If you're not quite eligible for the zone treatment, you may be eligible for provisional certification.

You can only quality for zone treatment for as many as 3 consecutive fiscal years before you need to pop up to at least a 1.5 score. If you don't do that within 3 years, you don't qualify for zone treatment anymore, so, in that case, we have 2 other alternatives. One's called Provisional Certification and, under this alterative, you'd be asked to submit an Irrevocable Letter of Credit. That's an instrument issued by a financial entity, a bank, which guarantees the department access to funds in the event of something negative happening at your institution, like closure, so the bank is acting as a guarantor for the department. We can go to the bank and say, "Please give us X-number of dollars because your school wound up and we need to pay back students for their unearned funds.

On your Provisional Certification, you'll have the Zone Reporting Requirements and you'll also have a Restricted Method of Payment and those things will apply either a Heightened Cash Monitoring 1 or 2 and then if you're under a Restricted Method of Payment, we're gonna ask fo your auditor to make an attestation that your institution is complying with this requirement to pay student loan funds first and then reimbursing yourself with the request from G5 for funds and then, in certain circumstances, we can allow you to opt rather than to do the Provision Certification, you can post a 50 Percent Letter of Credit and this, sort of, wipes away all the sins, as it were. Your institution becomes deemed financially responsible and you don't have to do the Zone Reporting Requirements and there's no Restricted Method of Payment. Your 50 Percent Letter of Credit is a substitute for a failing score. For schools that are coming to us for the first time or for the first time again if we've been away from the department's programs and you're not meeting the minimum 1.5 score you don' t have the option for the Provisional Certification. You may only submit a 50 Percent Letter of Credit.

The department has the option to increase the Minimum Letter of Credit above 50 percent but, as a minimum, we generally stay to 50 percent and the following identify what's required under zone Reporting. You'd have to tell us within 10 days of the occurrence of any of the following events if there's been a – you've been subject to an adverse action by a creditor or you filed for bankruptcy or there was a realization of a material contingent liability. Let's say you took the wrong side of an options contract and somethin bad happened, you bet the wrong way on the euro, uhm, *[laughter]* you violated a loan agreement. Those are some of the things here so these things need to be reported to the department within 10 days of their event and we may also ask you to submit operations or parts to us or plans for improving your financial positions or they may also ask you to submit your financial statements to us earlier than your six-month due date. To the public institutions: Foreign public institutions one – that tells the Department of Education that it has been designated as a public institutions in your home country either by your national government or a subsidiary government agency that has the legal authority to make that determination that you are public so you provincial government in Canada, that might be the appropriate level of designation and you have provided to the department documentation from an official of that country or other government entity that confirms this and indicates that your school is a public institution and that your institution is backed by the full faith and credit of your country or your government.

This is something that's new. The department has not until very recently with the publication of the new Foreign Institution Regulations, we were not able to recognize the Full Faith in Credit of a different government. This regulation permits us to be able to do that. To take the Full Faith In Credit statement from your government *in lieu* of treating you only as a not-for-profit institution and so this means that if your public institution does not obtain a minimum 1.5 Composite Score, you don't hafta post a letter of credit. Okay, oh I just said that? Okay, however – this is a big question, I got this a couple of times – your designation as a Public Institution with the Full Faith in Credit of your government does not get you off the hook for submitting that U.S. GAP financial statement.

As much as you want it, not gonna happen, not gonna happen. You hafta submit that U.S. GAP Financial Statement based on your funding level for the year. That's it. Last thing, just a reminder, audits are due when? 6 months after the fiscal year end date. One more time?

Six months after the fiscal year end date. Okay, uhh, thank you for putting up with us. Do you have any questions for us at that time? Yes?

Audience: Erm, on the Composite Score Ratios, this third factor is in the relative weight. Do you think you could tell us what they are?

Joe Smith: I could. I'd hafta get my regulations out and look them up and it would be tedious. We could do that offline. We could do that at the off-line. We could do that at the Ask-a-Fed, but yeah.

Audience: Could you repeat the question?

Joe Smith: The question was could we discuss the weights and the strength factors for – that are applied to each of the Composite Score Ratios, to come up with the Composite Score, which I did not discuss here. I thought that was a bit too technical for this presentation but we certainly can talk about that at our Foreign School Ask-a-Fed. Over here, question, no? Yes?

Audience: You said that this ____ we do this and $500,000.00 ____, do you know any ___ final statement, only the ____

Joe Smith: Right, yeah, so the question was you said that the institutions don't have to submit the financial statement if they receive less than $500,000, only the audit, yes.

Audience: And these ______, do you look at all these things?

Joe Smith: Right, if you are exempt from submitting the financial statement, you are not subject to the Ratio Calculation to determine the 1.5-or-better score. We're not too concerned with that for you. It's not enough money that we think that there's enough risk to justify that evaluation for you. Now as your – as your funding steps up. We get more concerned and we want to be assured that your funding is appropriately safeguarded. Okay?

Audience: I misunderstood your Zone Alternative.

Joe Smith: Okay.

Audience: Yeah, first-year school in zone, do they still have that option?

Joe Smith: Okay, the question is can a first-year school who has a Zone Score qualify for zone? Okay, no. New schools do not quality for Zone Treatment. In order to qualify for a Zone Treatment, you have to be participating with the department and have at least a minimum 1.5 score already on record with us and then it's a subsequent submission of a financial statement which reveals a slippage in the financial position into the zone and at that point you would qualify if your score was at least a 1.0. Okay, yes?

Audience: ______ in fact if you're looking at a major overhaul of our Cost of Attendance calculations because they've not been done within the last few years and so it's time to update them.

Joe Smith: Okay.

Audience: Is this going to cause a problem for auditors to get a loan out into _____ more than what we are now?

Joe Smith: Okay for the audience, the question was if your institution has not updated the Cost of Attendance budget for your packaging, for loans, for several years, and you're going to do that now and it will result in a substantial increase in your probably living expenses. What's the increase?

Audience: The result is an increase of living _____ for travel cost and miscellaneous cost ____.

Joe Smith: Okay so non-institutional charges or non-institutional costs to the students are going to increase to reflect increases in travel costs and living expenses, et cetera and will that cause any problem for the auditor that was – not – I don't see any reason that it should cause a problem for the auditor unless the auditor ahs reason to question the validity of the numbers that you're using to calculate the budget. Now it may involve other challenges for you if those increased Cost of Attendance budgets results in you being allowed to award more funds to each of your individual students and then the consequence of that could be that you step up from less-than-$3 million to a $3 million position or from a less-than-$10 million to a $10 million and, in that case, you would be looking at heightened U.S. GAP auditing requirements. Yes, so that would not be a problem for your auditor but it would be something that your auditor would need to be aware of as well as you so that you could instruct your auditor to prepare and submit the appropriate type of financial statement to the department. Other questions, other questions?

Audience: Is there work at your school will – is there a U.S. school calculate those?

Joe Smith: Back to your question about the Zone Treatment? Yes, it's the regulations that are given – are applicable to all institutions regardless of foreign or domestic status. Okay, well, I hope this has been instructive for you. I'm also aware that our Office of Inspector General is planning to issue a Dear Colleague letter for auditors and I am given to understand that that letter for auditors will be issued before the end of this calendar year. The purpose of this letter will be to provide your auditor with interim guidance concerning the difficulties that have been credited by the out-of-date OIG Foreign School Audit Guide.

Audience0: So we shouldn't issue a report until we see that ___?

Joe Smith: If your report is due before the issuance of the letter, I would say to issue the report. We'll have to deal with any wrinkle that may emerge after that letter at that time. We'll have to look at it with the OIG. If the OIG is a little bit behind in terms of updating the sky so we'll have to work it out with the OIG to see what the appropriate response would be but be aware that we will – the department's OIG office will be issuing some guidance and then they will be taking a very comprehensive look at the narrative of the guide itself to update the requirements. That's – I don't know how quickly that's going to be done but that's what I was given to understand in a conversation with them. Yes?

Audience1: Okay and we'll be compensated -- ______ lots is going to have all the _____ working next to come and time in providence. Is the department going to take a reasonably forgiving attitude this year because there are timing issues, there are complications of what's actually coming out, information not available and the department said that this year is a reasonable year to accept that maybe six months isn't gonna happen. For those we'll sort of submit to you back ___ back there?

Joe Smith: I would like to say yes but our regulations don't provide for any latitude. That's the hard fact of the matter as perhaps our policy folks would be willing to take a look at that but I'm not willing to stand here before you and say, "We have the authority to do that" because I'm not aware of any authority and the regulations that would permit us to take a more relaxed approach given the circumstance so that they may be merited. I just can't do that. Tony would like to say a few words here and Tony is our – from the Office of Postsecondary Education, Tony Gargano, and he is – okay, okay.

Tony Gargano: ____ the requirement of the six months to have no – thank you. The policy of six months is gonna stand fast and there will be no exceptions. That's the status as it is right now and as far as the Audit Guide, I did have the opportunity to chat with people in the OIG. They have it in draft and they are going to be working on in diligently, I guess, between the holidays and, hopefully, we'll have it out soon. In the meantime there'll be a Dear Auditor letter so you would – you as schools may not see it necessarily as opposed to their auditors but it would be posted on their website.

Joe Smith: Yeah, and the OIG maintains a Resources Page for auditors that publish each of the guides that they have made available to audit all of our programs – not just the Title IV programs but all of the department's programs. We had to do a lotta funding in Elementary and Secondary Education, those programs need to be audited and a couple of years ago, we had the financial crisis and we had some unique financial ability to buy back loans from the FFEL lenders so that they could remain liquid and stay solvent so they publish a lotta different guides to help the ensure that the public's interest in these programs is well-guarded. Yes, Mark?

Mark: You mentioned earlier about paying off ____ and _____ saving money ____. How do you deal with the ____ issues, is ______ of Day 1, ____ exchange rate and _____. It's a limited exchange rate so I don't ____.

Joe Smith: Okay Mark's question was if I have to participate on a restricted method of payment where I have to reimburse my students after I've disbursed funds to their accounts, how do I deal with the exchange rate challenges that may come up? We've always said at the outset of this rollout of the Direct Loans for Foreign Institutions that the institutions were gonna bear the exchange-rate risk on that so, on one day, you may benefit from a delay and, on another day, you may not, you may go the other way so it – I don't know that there's any good way other than to say the risk is on you to do that. Yes?

Audience2: What schools would be privy to a Dear Auditor Letter?

Joe Smith: The Auditor Letter I believe would be published publically by the OIG so public information would be accessible by you, yes. Yes, sir?

Audience3: Is there a separate Audit Guide for foreign schools as opposed to U.S. schools?

Joe Smith: There is a separate guide. The guide was published in 2002. It's a derivative of the guide that was published in 2000 for domestic institutions that are in the for-profit sector and also for the servicers of institutions but what we did – what the OIG did was pull out and augment certain sections of those guides so that the foreign school auditor wouldn't hafta muddle through all of the domestic programs concerning Pell Grants and Perkins Loans and for all the things you don't hafta touch, we just made it condensed and relevant to an audit of the Student Loan Program for a Foreign Institution. Yes?

Audience0: Is there any indication that with the ___ 2012, if that guide will be updated now that ____?

Audience3: That's what Tony was saying that – yes *[crosstalk]* –

Tony Gargano: In our conversations with the inspector General Office, they're going to be coming out with a brand-new guide and then there'll be a yearly review of that guide to make sure that we have proper updates that are gonna be issued in timely basis to their independent auditors that are gonna be responsible and, as I understand it, there – not that it's germane to this crowd but – they're gonna be doing the same for the non-public private institution's audit guide and so all their audit guides are basically going to be revised probably within this next calendar year but at the moment the Foreign School Guide is their priority.

Joe Smith: Thanks for the many questions submitted by you. Any further questions because we think we're about out of time so seeing no more, if something occurs to you later on, come see us at the Ask-a-Fed for Foreign Schools. It's in Room 304 and 305 and we've got 2 swim lanes so come on down and see us. All right thank you very much for your attention.

[End of Audio]