

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

**Health Resources and
Services Administration
Rockville MD 20857**

Bureau of Health Professions

DEC 12 1988

To: Lenders Participating in the Health Education Assistance
Loan (HEAL) Program

Subject: Biennial Audit of the HEAL Program - Lender Memorandum 88-19

Our Lender Memorandum of August 1, 1988 clarified whether corporate auditors reporting to a level of management higher than that of any individual bank qualify as "independent". Based upon the General Accounting Office Audit Standards, the Department's Office of the Inspector General (OIG) does not consider internal or corporate auditors independent.

However, an internal auditor may conduct the review of the compliance and financial aspects of the HEAL program and prepare the work papers. If this occurs, then an external auditor must review the work papers and conduct some limited testing in order to ensure that in his professional judgment, the work completed by the internal auditor was adequate and accurate. The external independent auditor must then offer an opinion as to whether the lender has satisfied the financial and compliance audit requirements of the HEAL Program.

We have received a number of inquiries requesting a copy of an audit format. The HEAL Audit Format may be obtained from the Department's Regional Offices. We have enclosed the addresses and telephone numbers of the Regional Offices. Please note that the addresses of the DIG list the Department of Health and Human Services (HHS). You must include the Department (HHS) when you use the appropriate Regional Office for a complete mailing address.

If you have any questions concerning the HEAL Audit requirement, please contact Mr. Carl M. Schmieg on (301) 443-1540.

Sincerely yours,

Michael Heningburg
Director
Division of Student Assistance

Enclosure

Page 2 - Regional Audit Offices

<u>Regions Numbers</u>	<u>Addresses/Telephone</u>
<u>VI</u> Human Services Arkansas, Louisiana, New Mexico, General for Audit Oklahoma, Texas General	Department of Health & Regional Inspector Office of Inspector 1200 Main Tower Dallas, TX 75202 (214) 767-2995
<u>VII/VIII</u> Human Services Iowa, Kansas, Missouri, Nebraska, General for Audit Colorado, Montana, North Dakota, General Utah, Wyoming	Department of Health & Regional Inspector Office of Inspector 1961 Stout Street Denver, CO 80294 (303) 844-4221
<u>IX/X</u> Human Services Arizona, California, Hawaii, General for Audit Nevada, Alaska, Idaho, Oregon, General Washington	Department of Health & Regional Inspector Office of Inspector Federal Office Building 50 United Nations Plaza San Francisco, CA 94102 (415) 566-7747