

March 28, 2001

To: Schools/Lenders/Service Providers Participating in the Health Education Assistance Loan (HEAL) Program

Subject: Revision/Cancellation of HEAL Forms and Lender Biennial Audit Requirements
School Policy Memorandum S-2001-2
Lender Policy Memorandum L-2001-4

Revision/Cancellation of HEAL Forms

The following HEAL forms have been revised or canceled. Those forms marked with an asterisk can be obtained by accessing the following web address, <http://forms.psc.gov/forms/HRSA/hrsa.html>. You may also contact the HEAL Program if you can not access the web address or need a large quantity of forms.

<u>Form Name</u>	<u>Form Number</u>	<u>Revision Date</u>
*Repayment Schedule (Variable)	HRSA 502-1	February 2001
Repayment Schedule (Fixed)	HRSA 502-2	February 2001
*Lender's Contract	HRSA 504	February 2001
*Borrower Deferment Form	HRSA 508	February 2001
*HEAL Claim Form	HRSA 510	February 1999
*Lender "Call" Report	HRSA 512	March 2001
*Preclaims Assistance	HRSA 513	April 1999
*Physician Certification-Disability	HRSA 539	February 1996
*Refinancing Application/ Promissory Note	HRSA 550	December 1998
Promissory Note-Variable	HRSA 500-1	Canceled
Promissory Note-Fixed	HRSA 500-2	Canceled
Promissory Note-Consolidation	HRSA 500-3	Canceled
Lender's Manifest	HRSA 505	Canceled
Loan Transfer Statement	HRSA 507	Canceled
HEAL Student Application	HRSA 700	Canceled

Clarification of Lender Biennial Audit Requirements

Paragraph #4 of HEAL contracts contain the following: "...Institutions of higher learning and other nonprofit holders must perform biennial audits in accordance with OMB Circular No. A-133 dated March 8, 1990 and June 24, 1997 and the OMB document, "Compliance Supplement of Audits of Institutions of Higher Learning and Other Non-Profit Institutions" dated October 1991.

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Holders that are State or local government agencies must complete biennial audits in accordance with the Single Audit Act and OMB Circular A-128 and OMB Circular No. A-133 dated June 24, 1997."

This provision of the Public Health Service Act has been further clarified by the Agency audit office. HEAL Secondary Market or Holder contract recipients are not required to complete biennial audits for the HEAL Program. The audit requirements state that all entities that disburse more than \$300,000 in Federal funds or make the Federal Government liable for more than \$300,000 in a given government fiscal year are required to perform biennial audits. Hence, HEAL Secondary Market or Holder contract recipients **are not** subject to the above requirements since they were not the original lender. Refinancing lenders **are** subject to these requirements if they disburse more than \$300,000 in refinanced loans in a given government fiscal year (October 1 - September 30). Secondary Market and Holder contracts will be amended in the near future to delete this provision. Although Secondary Market or Holder contract recipients are not "required" to perform biennial audits, the Agency and the HEAL Program strongly encourage all HEAL contract recipients to perform annual servicing audits to assure compliance with HEAL regulatory procedures and policy guidelines.

If you have any questions regarding the above items please contact Ms. Terri Ehrenfeld of the HEAL Program at (301) 443-1540 or TEhrenfeld@hrsa.gov. Thank you.

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