

RD AN No. 4457(1942-A)
(3575-A)
(3570-B)

July 9, 2009

TO: State Directors
Rural Development

ATTN: Community Program Directors

FROM: Tammye H. Trevino *(Signed by Tammye H. Trevino)*
Administrator
Housing and Community Facilities Programs

SUBJECT: OMB Circular A-133 Audit Reporting Requirements
Community Facilities Direct and Guaranteed Loan Borrowers
and Grant Recipients

PURPOSE/INTENDED OUTCOME:

This administrative notice provides guidance on Community Facilities direct and guaranteed borrowers and/or grant recipients required to submit audits conducted in compliance with OMB Circular A-133, "Audit of States, Local Governments, and Nonprofit Organizations".

OMB Circular A-133 was created after the enactment of the Single Audit Act Amendments of 1996 (Act) (31 USC 7501 et seq.). USDA implemented the provisions of OMB Circular A-133 in 7 CFR part 3052. Additional information is available in GAO publication, "Government Auditing Standards" revised July, 2007.

COMPARISON WITH PREVIOUS AN:

This AN replaces and updates RD AN No. 4382 (1942-A) dated August 6, 2008, which expired on August 31, 2009.

EXPIRATION DATE:
July 31, 2010

FILING INSTRUCTIONS:
Preceding RD Instructions 1942-A;
3575-A; and 3570-B

IMPLEMENTATION RESPONSIBILITIES:

Borrowers that expended \$500,000 or more in Federal financial assistance during the borrower's fiscal year must submit an audit report conducted in accordance with 7 CFR parts 3052. For Community Facility Projects, in years after the program funds are expended and construction is completed, and the only ongoing financial activity of the program is the payment of principal and interest on outstanding balances, the prior loan balances are not considered to have continuing compliance requirements under 7 CFR 3052.205(d) and Part 4 of the March 2009 OMB Circular A-133 Compliance Statement.

Prior loans which do not have continuing compliance requirements other than to repay the loans are not considered Federal awards expended and, therefore, are not required to be audited under 7 CFR part 3052. However, this does not relieve the non-Federal entity from filing financial reports (which are not required to be audited) or otherwise complying with program requirements, (e.g., maintaining insurance, depositing funds in Federally insured banks, obtaining prior approval for sale of the facility.)

For additional information, please contact Chad Parker at (202) 720-1502.