

RD AN No. 4821 (1942-A and 3570-B)

January 12, 2017

TO: State Directors
Rural Development

ATTN: Community Program Directors

FROM: Tony Hernandez /s/ *Tony Hernandez*
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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

COMPARISON WITH PREVIOUS AN:

This AN replaces and updates AN No 4680 dated September 28, 2012.

EXPIRATION DATE:
January 31, 2018

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

IMPLEMENTATION RESPONSIBILITIES:

Borrower's that expended \$750,000 or more in Federal assistance during the borrower's fiscal year must submit an audit report conducted in accordance with 2 CFR part 200. 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 2 CFR 200.502 (d) and Part 4 of the June 2016, 2CFR Part 200, Appendix XI Compliance Supplement.

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 2 CFR part 200. 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 Geoff Armes at (202) 720-1498.