

Accounting and Auditing Compliance Requirements for ARRA Broadband Loan and Grant Recipients

Presented by

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Audit Requirements for Loan & Grant Recipients

- What kind of business are you?
 - For profit
 - Not for profit
 - State or local government
 - Tribal Authority

Loans and Grants

	<\$500,000	>\$500,000
For profit – incl. co-ops	7 CFR Part 1773	7 CFR Part 1773
Not for profit	No Audit Required	Circular A-133
State or Local Government	No Audit Required	Circular A-133
Tribal Authority	No Audit Required	Circular A-133

7 CFR Part 1773

Policy on Audits of RUS Borrowers

- Annual audit prepared by an independent auditor/audit firm
- Establish audit as of date within 12 months of the first advance/reimbursement
- Submit audits within 120 days of audit as of date

7 CFR Part 1773

Recipient's responsibilities:

- Auditor must be qualified, experienced and able to meet the deadlines
- Notification of selection of auditor
- Enter into audit engagement letter
- Ensure that auditor has not been debarred or suspended
- Submit audit within 120 days
- Submit plan of corrective action in response to any findings and recommendations of auditor

7 CFR Part 1773

Qualifications of CPA

- CPA in good standing with the state governing authority
- Independent
- Meet the Peer Review requirement

7 CFR Part 1773

Peer Review Requirements

- CPA must belong to and participate in a peer review program
- Must have undergone a successful peer review within the last 3 years unless a waiver is granted by the Rural Utilities Service
- Subsequent peer reviews must be completed at least every 36 months

7 CFR Part 1773

Peer Review Requirements

- CPA that receives a “Pass with deficiencies” or “Fail” must have another peer review performed within 18 months
- A CPA that receives consecutive “Pass with deficiencies” or “Fail” reports is not qualified to perform audits of ARRA Loan and Grant Recipients until undergoing a Peer Review that receives a “Pass”

7 CFR Part 1773

- Audit is performed in accordance with Generally Accepted Government Auditing Standards (GAGAS)
- CPA must make all audit-related documents, including auditors' reports, workpapers, and management letters available to RUS, its designated representative, or the OIG upon request and must permit RUS to copy all audit-related documents

7 CFR Part 1773

Annual audit prepared by an independent auditor/audit firm must include:

- Auditor's report
- Report on compliance and on internal control over financial reporting
- Management letter

(Examples are found in
Appendices A & B of 7 CFR Part 1773)

Electronic Filing

- Permit electronic filing of audits
 - Letter issued 2/19/09
- Portable Document Format (PDF)
- Email to rd-audits@wdc.usda.gov
- Will continue to accept paper audits
(3 copies)

Functions of Field Accountants

- Compliance Reviews
 - Verify receipt and disbursement of all loan and grant funds
 - Verify all loan and grant costs

Recordkeeping & Documentation

RUS shall have reasonable opportunity, at all times during business hours and upon prior notice, to have access to and the right to inspect the broadband system, and any other property encumbered by the mortgage or security agreement, and any or all books, records, accounts, invoices, contracts, leases, payrolls, timesheets, cancelled checks, statements, and other documents, electronic or paper of every kind belonging to or in the possession of the awardee or in any way pertaining to its property or business, including its subsidiaries, if any, and to make copies or extracts therefrom.

USDA



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