USDA-Rural Development *Position 3*
MN 1942-A, Guide 4
(Rev. 10/2014)

ACCOUNTING, REPORTING SYSTEM AND AUDIT AGREEMENT APPROVAL

1. Borrower: _____
2. Type of entity (check one): ☐ Public Body ☐ Non-Profit
3. Type of financial report required:

A. **OMB Circular A-133 audit required for borrowers in years in which $750,000 or more in total Federal financial assistance is received.** It will be in accordance with OMB Circular A- 133 and USDA – Audit Program (GAGAS) and is due within 30 days from when borrower receives auditor's report or within 9 months of fiscal year end, whichever is earliest. OMB Circular A-133 audit (Single Audit Act Audit) is to be submitted to the Agency and the Federal Clearinghouse at: Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, Indiana 47132.

B. **Annual Financial Statements (Income & Expense Statement, Balance Sheet & Projected Budget) for borrowers who did not expend $750,000 or more in Federal Funds and have an outstanding loan balance.** Must have Rural Development's approval for this option and must meet requirements of 1942.17 (r) (1) (ii) (C). Financial statements are still required within 60 days of the fiscal year end in accordance with RD Instruction 1942-A.

C. **Quarterly Management Reports are required for all borrowers for a period of at least three years.** Quarterly Management Report includes: current balance sheet, year to date income & expense figures, and when applicable, a Workout Agreement per 7 CFR 1942.17 (q) (2). With the submission of the annual budget, you will be required to provide a current rate schedule and a current listing of the Board or Counsel Members and their terms. Quarterly Management Reports are due within 30 days of the end of each quarter. The Quarterly Management Reports may be waived after 3 years if the facility is viable, as determined by RD. Likewise, at the Agency's discretion, if the viability of the facility is in question, RD can again require Quarterly Management Reports. A year-end management report shall consist of: Form RD 442-3, "Balance Sheet", and Form RD 442-2, "Statement of Budget, Income and Equity", or forms that provide the information in a similar format. An annual audit report may be submitted in lieu of Forms RD 442-2 and 442-3. The audit report must be submitted no later than 150 days after the end of the borrower's fiscal year.

Please note: The Debt Service Reserve Account must be individually tracked in the annual financial records/audits of the organization, and identified as the Debt Service Reserve Account for the specific RD funded project.

Audit firm agrees to: Do the annual audit report in accordance with professional standards of AICPA, Submit the completed audit and accompanying letters to the Borrower 30 days prior to the date the audit is due to the Agency, Make all audit-related documents, including work papers available to the Agency upon request, and Immediately report in writing to the Borrower and the Agency all irregularities or illegal acts, whether material or not.

_____ _____
Audit Firm Name Phone Number

_____
Audit Firm Address

_____ _____
Auditor's Name (Printed) Date

_____
Auditor's Signature

_____ _____
RD Approval Date

Debarment/Excluded Parties Listing Check (Attach) _____ *(RD to complete)*
Date