



## Rural Development

Office of the Administrator

Rural Business–Cooperative  
Service

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**TO:** All RBCS National Office Staff  
Field Office Staff  
Rural Business Cooperative Service (RBCS)

**ATTN:** Leadership Designees  
Rural Development State Directors  
RBCS Operations Staff

**FROM:** J.R. Claeys  
Administrator  
Rural Business Cooperative Service

**Subject:** Strengthening Program Integrity in the Rural-Business Cooperative Service

### Purpose

The purpose of this Unnumbered Letter (UL) is to direct all Rural Business - Cooperative Service (RBCS) staff to review required procedures to strengthen internal controls and program integrity throughout the portfolio. To support these efforts, RBCS is proud to announce the issuance of a new [Servicing Manual](#), designed to aid staff in conducting their award monitoring duties. This guidance is intended to reinforce existing oversight responsibilities and ensure consistent application of internal controls across all RBCS grant, loan, and award programs. This UL does not establish new program requirements and does not constitute a determination regarding any specific applicant, borrower, or award recipient.

### Background

RBCS administers multiple grant and loan programs authorized under the Consolidated Farm and Rural Development Act and related statutes to support rural business development and economic growth. As stewards of federal funds, RBCS staff are responsible for ensuring that program resources are awarded, monitored, and disbursed in accordance with applicable laws, regulations, and internal controls.

EXPIRATION DATE:  
January 31, 2027

FILING INSTRUCTIONS:  
Community/Business  
Programs

Proactive portfolio management and risk assessment is important in order to prevent fraud, waste, and abuse in assistance programs. These findings underscore the need for agencies to regularly evaluate both pre-award and post award processes, as well as payment disbursement practices, to ensure program integrity and protect the taxpayer resources entrusted to us.

To reinforce these responsibilities and promote consistent oversight practices across all RBCS programs, the Agency is issuing this UL to ensure a strong foundation of program integrity and reduce the risk of fraud, waste, and abuse.

### **Implementation**

Effective immediately, all RBCS Staff shall conduct reviews within their respective portfolios focusing on the following areas:

1. Pre-Award Reviews.
  - i. Staff should assess current and pending applications to ensure:
    - Applicant eligibility is fully documented and verified.
    - Representations regarding business operations, ownership, and project scope are complete and consistent.
    - Financial, technical, and managerial feasibility determinations are adequately supported.
    - Any unusual, high-risk, or inconsistent application elements are appropriately elevated for further review.
    - Applicants must be screened in the Do Not Pay (DNP) portal and an active System for Award Management (SAM) registration is required. See [RD DNP Guidance](#).
2. Post Award Monitoring (see Servicing Manual for more details).
  - i. For existing awards, staff should evaluate whether:
    - Award recipients remain in compliance with programming requirements and award conditions.
    - Project activities align with approved scopes of work or loan purposes.
    - Required reporting and monitoring documentation is timely, complete, and accurate.
    - Performance concerns, material changes, or indicators of non-compliance are documented and addressed.

3. Payment Integrity.
  - i. Staff responsible for payment processing and oversight should review whether:
    - Disbursements are supported by appropriate documentation including a check of the DNP system prior to processing each disbursement.
    - Payments are consistent with approved budgets, loan purposes, and award terms.
    - Controls are in place to prevent duplicate, improper, or unsupported payments.
    - Any anomalies or irregularities are promptly reported through appropriate internal channels.

State Offices and Program Offices should incorporate this review into their ongoing program administration activities and coordinate with RBCS National Office on any identified concerns requiring additional guidance, referral, or corrective action. This UL is intended to supplement, but not replace, existing oversight, monitoring, and referral procedures.

This Unnumbered Letter is effective upon issuance and remains in effect until rescinded or superseded.

Questions regarding this Unnumbered Letter should be directed to Dominick Lombardi, Special Assistant to the Administrator at [dominick.lombardi@usda.gov](mailto:dominick.lombardi@usda.gov).