§ 1773.2 Definitions.

As used in this part:

AA-PARA means Assistant Administrator, Program Accounting and Regulatory Analysis.

Administrator means the Administrator of RUS and, as provided in §1773.2 (b), Governor.

AICPA means the American Institute of Certified Public Accountants.

Audit means an examination of financial statements by an independent CPA for the purpose of expressing an opinion on the fairness with which those statements present financial position, results of operations, and changes in cash flows in conformity with generally accepted accounting principles (GAAP) and for determining whether the borrower has complied with applicable laws, regulations, and contracts for those transactions and events reflected in the financial statements.

Borrower means an entity that has an outstanding RUS, RTB, or FFB loan or loan guarantee, or that has received a grant for electric, telecommunications, distance learning, or telemedicine purposes under the act.

CPA means certified public accountant. The terms CPA and CPA firm are used interchangeably.

FFB means the Federal Financing Bank, an instrumentality and wholly owned corporation of the United States.
Fraud has the same meaning prescribed in SAS No. 82 entitled “Consideration of Fraud in Financial Statements”.

GAAP means generally accepted accounting principles.

GAGAS means generally accepted government auditing standards as set forth in Government Auditing Standards, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States.

GAO means the General Accounting Office.

Governor means the Governor of the RTB.

Illegal act has the meaning prescribed in SAS No. 54, entitled “Illegal Acts by Clients”.

OIG means the Office of Inspector General, United States Department of Agriculture.

OMB means the Office of Management and Budget.

Regulatory asset means an asset resulting from an action of a regulator as prescribed in Statement of Financial Accounting Standards (SFAS) No. 71, entitled “Accounting for the Effects of Certain Types of Regulation”.

Regulatory liability means a liability imposed on a regulated enterprise by an action of a regulator as prescribed in SFAS No. 71, entitled “Accounting for the Effects of Certain Types of Regulation”.

Related party has the meaning prescribed in SFAS No. 57, entitled “Related Party Disclosures”.

Related party transaction has the meaning prescribed in SFAS No. 57, entitled “Related Party Disclosures”.

Reportable condition has the meaning prescribed in SAS No. 60, entitled “Communication of Internal Control Structure Related Matters Noted in an Audit”.

RTB means the Rural Telephone Bank.


RUS Bulletin 1773–1, Policy on Audits of RUS Borrowers, is a publication prepared by RUS that contains the RUS regulation 7 CFR part 1773 and exhibits of sample audit reports, financial statements, and a management letter used in preparing audit of RUS borrowers. This bulletin is available from USDA, Rural Utilities Service, Program Development and Regulatory Analysis, 1400 Independence Ave., SW., Stop 1522, Washington, DC 20250, or available on the internet at http://www.usda.gov/rus/.

SAS means Statement on Auditing Standards as prescribed by the AICPA.

SEC Practice Section means the Securities and Exchange Commission Practice Section of the AICPA.


State means any state or territory of the United States, or the District of Columbia.

Uniform System of Accounts means, for telecommunications borrowers, the Uniform System of Accounts for Telecommunications Companies, prescribed by the Federal Communications Commission and published at 47 CFR part 32, as supplemented by RUS pursuant to 7 CFR part 1770, Accounting Requirements for RUS Telephone Borrowers, subpart B, Uniform System of Accounts, and for electric borrowers, as contained in 7 CFR part 1767, Accounting Requirements for RUS Electric Borrowers, subpart B, Uniform System of Accounts.

Subpart B—RUS Audit Requirements

§ 1773.3 Annual audit.

(a) Each borrower must have its financial statements audited annually by a CPA selected by the borrower and approved by RUS as set forth in §1773.4.

(b) Each borrower must establish an annual as of audit date within twelve