

BARS Alert – June 27, 2024

Revision to Continuing Compliance Requirements for USDAs Water and Waste Disposal Systems for Rural Communities (ALN 10.760)



Office of the
Washington
State Auditor
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This Alert applies to all governments that participate in the USDA Water and Waste Disposal Systems for Rural Communities (ALN 10.760).

On June 12, 2024, the USDA clarified the guidance for reporting the beginning of the period loan balances on the Schedule of Expenditures of Federal Awards. There are no continuing compliance requirements during the project, therefore the beginning of the period loan balance is not required to be reported on the SEFA in accordance with 2 CFR 200.502(b) during or after project completion.

The [GAAP](#) and [Cash](#) BARS manuals 4.14.5.130 have been updated to reflect the clarified guidance.

Original BARS Guidance:

Continuing Compliance Requirements for 10.760: Per the 2023 Compliance Supplement, USDA states in the years after program funds are expended and construction is completed, **after project completion**, the prior loan balances are not considered to have continuing compliance requirements (the beginning of the period loan balance is not required to be reported on the SEFA in accordance with 2 CFR 200.502(b)). It is implied **during the project**, the entity must report the beginning of the period loan balances, in addition to project expenditures, in accordance with 2 CFR 200.502(b). **However, note we are currently in discussion with USDA about this requirement and its interpretation.**

Update BARS Guidance:

Continuing Compliance Requirements for 10.760: Per the [2023 Compliance Supplement](#), USDA states in the years after program funds are expended and construction is completed, **after project completion**, the prior loan balances are not considered to have continuing compliance requirements. The USDA clarified on June 12, 2024, that there are no continuing compliance requirements **during the project** either. Therefore, the beginning of the period loan balance is not required to be reported on the SEFA in accordance with 2 CFR 200.502(b) during or after project completion.

For questions regarding your single audit, please contact your [audit team](#).

For questions related to BARS coding, accounting, or reporting please use the [SAO Helpdesk](#).