

subsidiary or affiliated company. For this reason RUS does not consider this information to be duplicative of similar RUS or GAAP reporting requirements. The information submitted with the RUS Form 479 is in the aggregate for all subsidiary companies.

Comment: Keisling also commented that similar disclosure requirements for investments accounted for on the cost method should not be required as such investments are typically not of a material nature. And if such investments were material they would be properly disclosed in the footnotes to the audited financial statements.

Reply: While investments accounted for on the cost method may or may not be material, RUS' purpose for including similar disclosures for investments accounted for cost method is to provide a means for RUS to track the RUS borrowers' investments in rural infrastructure. When called upon to provide this information from Congressional and government oversight agencies, RUS has not been able to readily gather and summarize such data. The disclosure of all investments in subsidiary and affiliated companies, whether accounted for on the cost or equity method, will provide the appropriate information for such inquiries.

Confirmation of Effective Date

This is to confirm the effective date of July 5, 2001, of the direct final rule 7 CFR Part 1773, Policy on Audits of RUS Borrowers; Management Letter, published in the **Federal Register** on May 21, 2001, at 66 FR 27829.

Dated: July 12, 2001.

Blaine D. Stockton,

Acting Administrator, Rural Utilities Service.

[FR Doc. 01-17933 Filed 7-17-01; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1773

RIN 0572-AB62

Policy on Audits of RUS Borrowers; Generally Accepted Government Auditing Standards (GAGAS)

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice of confirmation of direct final rule.

SUMMARY: The Rural Utilities Service (RUS) hereby gives notice that no adverse comments were received regarding the direct final rule 7 CFR part 1773, Policy on Audits of RUS

Borrowers; Generally Accepted Government Auditing Standards (GAGAS), and confirms the effective date of the direct final rule.

DATES: The direct final rule published in the **Federal Register** on May 21, 2001 (66 FR 27833) is effective July 5, 2001.

FOR FURTHER INFORMATION CONTACT:

Richard Annan, Chief, Technical Accounting and Auditing Staff, Program Accounting Services Division, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1523, Washington, DC 20250-1523. Telephone: 202-720-5227.

Background

The rule amends Part 1773 to incorporate two amendments to Generally Accepted Government Auditing Standards (GAGAS) adopted in 1999 by the General Accounting Office. Among other requirements the GAGAS amendments require the auditor to document in the working papers the basis for assessing risk when certain assertions are significantly dependent on computerized information systems; expands the requirements for the auditor's communication with the borrower; replaces the term irregularities with the term fraud; and requires the auditor to emphasize in the auditor's report the importance of the report on compliance and on internal control over financial reporting. In addition to the GAGAS amendments, this rule corrects errors and omissions in previous versions of Part 1773.

Confirmation of Effective Date

This is to confirm the effective date of July 5, 2001, of the direct final rule, 7 CFR Part 1773, Policy on Audits of RUS Borrowers; Generally Accepted Government Auditing Standards (GAGAS), published in the **Federal Register** on May 21, 2001, at 66 FR 27833.

Dated: July 12, 2001.

Blaine D. Stockton,

Acting Administrator, Rural Utilities Service.

[FR Doc. 01-17932 Filed 7-17-01; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Parts 506, 560, 563, 566, and 584

[No. 2001-51]

RIN 1550-AB42

Liquidity

AGENCY: Office of Thrift Supervision, Treasury.

ACTION: Final rule.

SUMMARY: The Office of Thrift Supervision (OTS) is adopting as final an interim rule that removed the regulation that required a savings association to maintain an average daily balance of liquid assets of at least four percent of its liquidity base, and retained a provision requiring a savings association to maintain sufficient liquidity to ensure its safe and sound operation. The interim rule implemented the statutory repeal of the percentage liquidity requirement.

DATES: Effective July 18, 2001.

FOR FURTHER INFORMATION CONTACT:

Josephine Battle, Program Analyst Trainee, Office of Corporate Governance and Controls, Office of Supervision Policy, (202) 906-6870; or Sally Warner Watts, Counsel (Banking and Finance), Regulations and Legislation Division, Office of Chief Counsel, (202) 906-7380, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552. Persons wishing to access any of these telephone numbers by text telephone (TTY) may call the toll-free Federal Information Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Background

Section 1201 of the Financial Regulatory Relief and Economic Efficiency Act of 2000 (Pub. L. 106-569, 114 Stat. 2944) repealed the statutory liquidity requirement for savings associations. See section 6 of the Home Owners' Loan Act (HOLA), 12 U.S.C. 1465 (1994). OTS published an interim rule implementing this repeal on March 15, 2001 (66 FR 15015). The interim rule removed part 566, which implemented the percentage of assets liquidity requirement of section 6 of the HOLA. The interim rule also moved a general requirement that each savings association must maintain sufficient liquidity to ensure safe and sound operations from part 566 to § 563.161 and made a few conforming changes.