

STATE OF NEW JERSEY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2022

**Independent Auditors' Report on the
Schedule of Expenditures of Federal Awards**

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of the Schedule of Expenditures of Federal Awards
Performed in Accordance with *Government Auditing Standards***

**Independent Auditors' Report on Compliance
for Each Major Federal Program and Report on
Internal Control Over Compliance
Required by the *Uniform Guidance***



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INDEPENDENT AUDITORS' REPORT

The Governor
State of New Jersey

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the accompanying Schedule of Expenditures of Federal Awards (the Schedule) of the State of New Jersey for the year ended June 30, 2022, and the related notes to the Schedule.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of New Jersey for the year ended June 30, 2022, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the State of New Jersey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

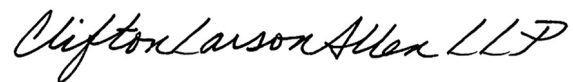
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Governor
State of New Jersey

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 on our consideration of the State of New Jersey's internal control over financial reporting of the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of New Jersey's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of New Jersey's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
April 28, 2023



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Governor
State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of federal awards and related notes of the State of New Jersey (the Schedule), for the year ended June 30, 2022 and have issued our report thereon dated April 28, 2023.

Our report on the Schedule included an emphasis of matter paragraph describing the basis of accounting described in Note 2 of the Schedule.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of New Jersey's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of State of New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

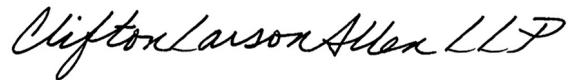
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether State of New Jersey’s Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
April 28, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Governor
State of New Jersey

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of New Jersey's (the State) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2022. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinions on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the programs for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinions on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Program	Assistance Listing	Noncompliance	Finding Number
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Reporting – FFATA	2022-002
Unemployment Insurance	17.225	Eligibility	2022-003
WIOA Cluster	17.258, 17.259, 17.278	Reporting – FFATA	2022-007
Emergency Rental Assistance	21.023	Reporting	2022-008
Homeowner Assistance Fund	21.026	Reporting – FFATA	2022-009
Aging Cluster	93.044, 93.045, 93.053	Reporting - FFATA	2022-012
Immunization Cooperative Agreements	93.323	Reporting - FFATA	2022-013
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Reporting - FFATA	2022-015
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Allowable Costs/ Cost Principles	2022-016
Low-Income Home Energy Assistance	93.568	Reporting - FFATA	2022-017
CCDF Cluster	93.575, 93.596	Reporting - FFATA	2022-020

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State’s federal programs.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004, 2022-005, 2022-010, 2022-011, 2022-018, 2022-019, 2022-021, 2022-022, 2022-023, and 2022-024. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain

deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, 2022-007, 2022-008, 2022-009, 2022-012, 2022-013, 2022-014, 2022-015, 2022-016, 2022-017, and 2022-020 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-004, 2022-005, 2022-006, 2022-010, 2022-011, 2022-018, 2022-019, 2022-021, 2022-022, 2022-023, and 2022-024 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
April 28, 2023

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 2,246,520	\$ -
Market Protection and Promotion	10.163	4,152	-
Specialty Crop Block Grant Program - Farm Bill	10.170	677,790	229,922
Organic Certification Cost Share Programs	10.171	38,043	-
Homeland Security Agricultural	10.304	17,238	-
State Mediation Grants	10.435	17,624	-
SNAP Fraud Framework Implementation Grant	10.535	190,974	-
Child Nutrition-Technology Innovation Grant	10.541	103,889	-
COVID-19 - Pandemic EBT Food Benefits	10.542	1,623,468,980	-
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	2,801	-
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program	10.551	1,510,449,873	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	6,168,480	6,168,480
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		<u>144,523,941</u>	<u>122,428,720</u>
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>150,692,421</u>	<u>128,597,200</u>
<i>Total SNAP Cluster</i>		<u>1,661,142,294</u>	<u>128,597,200</u>
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	207,725,851	207,725,851
COVID-19 - National School Lunch Program	10.555	55,702,191	55,702,191
National School Lunch Program		<u>645,499,002</u>	<u>645,499,002</u>
Total National School Lunch Program	10.555	701,201,193	701,201,193
Special Milk Program for Children	10.556	90,615	90,615
Summer Food Service Program for Children	10.559	86,307,286	84,372,615
Fresh Fruit and Vegetable Program	10.582	5,459,316	5,389,284
<i>Total Child Nutrition Cluster</i>		<u>1,000,784,261</u>	<u>998,779,558</u>
COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5,554,557	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children		<u>136,371,302</u>	<u>29,645,640</u>
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>141,925,859</u>	<u>29,645,640</u>
COVID-19 - Child and Adult Care Food Program	10.558	9,334,873	9,334,873
Child and Adult Care Food Program		<u>77,414,256</u>	<u>75,710,954</u>
Total Child and Adult Care Food Program	10.558	<u>86,749,129</u>	<u>85,045,827</u>
State Administrative Expenses for Child Nutrition	10.560	6,674,847	-
<i>Food Distribution Cluster</i>			
COVID-19 - Summer Food Service Program for Children	10.565	23,357	23,292
Commodity Supplemental Food Program	10.565	438,823	399,666
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	2,806,405	2,018,832
Emergency Food Assistance Program (Administrative Costs)		<u>2,618,946</u>	<u>1,876,777</u>
Total Emergency Food Assistance Program (Administrative Costs)	10.568	<u>5,425,351</u>	<u>3,895,609</u>
COVID-19 - Emergency Food Assistance Program (Food Commodities)	10.569	7,693,473	-
Emergency Food Assistance Program (Food Commodities)		<u>22,804,520</u>	<u>-</u>
Total Emergency Food Assistance Program (Food Commodities)	10.569	<u>30,497,993</u>	<u>-</u>
<i>Total Food Distribution Cluster</i>		<u>36,362,167</u>	<u>4,295,275</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture (continued)			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	\$ 502,165	\$ -
Senior Farmers Market Nutrition Program	10.576	854,974	29,918
SNAP Partnership Grant	10.577	75,000	-
WIC Grants To States (WGS)	10.578	3,505,931	469,716
Child Nutrition Discretionary Grants Limited Availability	10.579	543,360	543,360
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	687,321	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	6,800,033	1,663,290
Cooperative Forestry Assistance	10.664	936,216	32,750
Forest Health Protection	10.680	139,126	-
State & Private Forestry Cooperative Fire Assistance	10.698	152,669	32,610
Partnership Agreements	10.699	91,336	-
Total U.S. Department of Agriculture		4,574,718,056	1,249,388,358
U.S. Department of Commerce			
Interjurisdictional Fisheries Act of 1986	11.407	205,244	-
Coastal Zone Management Administration Awards	11.419	2,308,099	25,000
Cooperative Fishery Statistics	11.434	579,629	-
Regional Fishery Management Councils	11.441	424,152	-
COVID-19 - Unallied Management Projects	11.454	3,533,230	-
Unallied Science Program	11.472	19,437	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	478,806	-
State and Local Implementation Grant Program	11.549	-	-
Total U.S. Department of Commerce		7,548,597	25,000
U.S. Department of Defense			
Military Construction, National Guard	12.400	354,015	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	37,239,276	-
National Guard ChalleNGe Program	12.404	1,757,215	-
Troops to Teachers Grant Program	12.620	91,840	49,748
Contractual Agreements	12.CON	308,715	142,065
Total U.S. Department of Defense		39,751,061	191,813
U.S. Department of Housing and Urban Development			
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	503,859	476,323
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		5,139,997	4,829,289
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	5,643,856	5,305,612
COVID-19 - Emergency Solutions Grant Program	14.231	18,824,577	13,273,527
Emergency Solutions Grant Program		2,210,075	2,200,823
Total Emergency Solutions Grant Program	14.231	21,034,652	15,474,350
Supportive Housing Program	14.235	774,304	-
Home Investment Partnerships Program	14.239	3,304,381	1,998,576
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	45,797	-
Housing Opportunities for Persons with AIDS		1,615,773	-
Total Housing Opportunities for Persons with AIDS	14.241	1,661,570	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development (continued)			
Continuum of Care Program	14.267	\$ 1,143,638	\$ -
<i>CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster:</i>			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	92,022,456	35,386,479
National Disaster Resilience Competition	14.272	3,935,578	120,194
<i>Total CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster</i>		<u>95,958,034</u>	<u>35,506,673</u>
Housing Trust Fund	14.275	5,100,105	4,853,469
<i>Section 8 Project-Based Cluster:</i>			
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	4,534,421	-
<i>Total Section 8 Project-Based Cluster</i>		<u>4,534,421</u>	<u>-</u>
<i>Housing Voucher Cluster:</i>			
COVID-19 - Section 8 Housing Choice Vouchers	14.871	3,662,933	237,750
Section 8 Housing Choice Vouchers		279,031,832	(223,176)
Total Section 8 Housing Choice Vouchers	14.871	<u>282,694,765</u>	<u>14,574</u>
COVID-19 - Mainstream Vouchers	14.879	55,196	-
Mainstream Vouchers		1,972,607	-
Total Mainstream Vouchers	14.879	<u>2,027,803</u>	<u>-</u>
<i>Total Housing Voucher Cluster</i>		<u>284,722,568</u>	<u>14,574</u>
Family Self-Sufficiency Program	14.896	112,935	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	299,904	166,440
Total U.S. Department of Housing and Urban Development		<u>424,290,368</u>	<u>63,319,694</u>
U.S. Department of the Interior			
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	3,322,884	-
Wildlife Restoration and Basic Hunter Education	15.611	9,208,458	-
<i>Total Fish and Wildlife Cluster</i>		<u>12,531,342</u>	<u>-</u>
Coastal Wetlands Planning, Protection and Restoration	15.614	674,489	-
Cooperative Endangered Species Conservation Fund	15.615	68,266	-
Clean Vessel Act	15.616	39,834	-
Sportfishing and Boating Safety Act	15.622	226,474	-
State Wildlife Grants	15.634	1,527,049	-
National Cooperative Geologic Mapping	15.810	30,014	-
National Geological and Geophysical Data Preservation	15.814	12,178	-
Historic Preservation Fund Grants-In-Aid	15.904	2,026,173	179,348
Outdoor Recreation Acquisition, Development and Planning	15.916	3,930,241	-
Total U.S. Department of the Interior		<u>21,066,060</u>	<u>179,348</u>
U.S. Department of Justice			
Missing Alzheimer's Disease Patient Assistance Program	16.015	12,850	-
Sexual Assault Services Formula Program	16.017	571,511	568,511
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	3,134,952	40,062
Equal Employment Opportunity	16.101	92,387	-
Juvenile Justice and Delinquency Prevention	16.540	775,940	520,915
Missing Children's Assistance	16.543	612,071	-
Crime Victim Assistance	16.575	61,965,922	52,231,370

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (continued)			
Crime Victim Compensation	16.576	\$ 2,741,729	\$ 1,419,686
Crime Victim Assistance/Discretionary Grants	16.582	346,427	336,781
Violence Against Women Formula Grants	16.588	4,672,009	3,945,818
	16.590	9,502	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			
Residential Substance Abuse Treatment for State Prisoners	16.593	175,275	76,092
State Criminal Alien Assistance Program	16.606	5,202,985	-
Public Safety Partnership and Community Policing Grants	16.710	2,182,598	153,632
Special Data Collections and Statistical Studies	16.734	773,950	487,404
PREA Program: Strategic Support for PREA Implementation	16.735	44,536	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3,735,940	1,896,143
DNA Backlog Reduction Program	16.741	535,166	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	614,562	75,236
Capital Case Litigation Initiative	16.746	114,938	-
Support for Adam Walsh Act Implementation Grant Program	16.751	165,734	-
Economic, High-Tech, and Cyber Crime Prevention	16.752	115,574	-
Harold Rogers Prescription Drug Monitoring Program	16.754	392,387	-
Second Chance Act Reentry Initiative	16.812	8,951	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	49,532	-
Children of Incarcerated Parents	16.831	33,724	20,000
National Sexual Assault Kit Initiative	16.833	217,119	-
Body Worn Camera Policy and Implementation	16.835	1,051,176	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	139,947	85,773
STOP School Violence	16.839	273,218	65,243
Contractual Agreements	16.CON	40,539	-
Total U.S. Department of Justice		90,803,151	61,922,666
U.S. Department of Labor			
Labor Force Statistics	17.002	1,614,589	-
Compensation and Working Conditions	17.005	393,182	-
<i>Employment Services Cluster</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	20,174,102	-
Jobs for Veterans State Grants	17.801	2,803,856	-
Local Veterans' Employment Representative Program	17.804	1,025,187	-
<i>Total Employment Services Cluster</i>		<u>24,003,145</u>	<u>-</u>
COVID-19 - Unemployment Insurance	17.225	3,945,196,516	-
Unemployment Insurance		2,058,098,315	-
Total Unemployment Insurance	17.225	<u>6,003,294,831</u>	<u>-</u>
Senior Community Service Employment Program	17.235	2,518,397	-
Trade Adjustment Assistance	17.245	3,624,237	1,004,236
<i>WIOA Cluster:</i>			
WIOA Adult Program	17.258	26,331,474	20,630,287
WIOA Youth Activities	17.259	20,861,806	20,247,213
WIOA Dislocated Worker Formula Grants	17.278	29,218,573	20,852,063
<i>Total WIOA Cluster</i>		<u>76,411,853</u>	<u>61,729,563</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Labor (continued)			
WIOA Pilots, Demonstrations, and Research Projects	17.261	\$ 412,485	\$ 412,485
Work Opportunity Tax Credit Program (WOTC)	17.271	252,811	-
Temporary Labor Certification for Foreign Workers	17.273	505,829	-
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	4,495,693	4,361,511
WIOA National Dislocated Worker Grants / WIA National Emergency Grants		<u>967,125</u>	<u>892,415</u>
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	<u>5,462,818</u>	<u>5,253,926</u>
Apprenticeship USA Grants	17.285	363,836	47,223
Occupational Safety and Health State Program	17.503	2,123,623	-
Consultation Agreements	17.504	2,015,873	-
Mine Health and Safety Grants	17.600	89,478	-
Total U.S. Department of Labor		<u>6,123,086,987</u>	<u>68,447,433</u>
U.S. Department of Transportation			
COVID-19 - Airport Improvement Program	20.106	69,000	-
Airport Improvement Program		<u>664,591</u>	<u>-</u>
Total Airport Improvement Program	20.106	<u>733,591</u>	<u>-</u>
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	865,034,761	77,460,935
Recreational Trails Program	20.219	<u>1,404,736</u>	<u>24,000</u>
Total Highway Planning and Construction Cluster		<u>866,439,497</u>	<u>77,484,935</u>
<i>FMCSA Cluster</i>			
Motor Carrier Safety Assistance	20.218	6,994,963	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	53,015	-
Total FMCSA Cluster		<u>7,047,978</u>	<u>-</u>
Commercial Driver's License Program Implementation Grant	20.232	716,832	-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	916,824	-
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	6,768,749	3,073,942
National Priority Safety Programs	20.616	<u>10,180,576</u>	<u>6,422,018</u>
Total Highway Safety Cluster		<u>16,949,325</u>	<u>9,495,960</u>
Pipeline Safety Program State Base Grant	20.700	2,670,119	3,162
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	371,986	112,990
State Damage Prevention Program Grants	20.720	57,387	-
PHMSA Pipeline Safety Program One Call Grant	20.721	52,200	-
Contractual Agreements	20.CON	218,248	-
Total U.S. Department of Transportation		<u>896,173,987</u>	<u>87,097,047</u>
U.S. Department of the Treasury:			
COVID-19 - Coronavirus Relief Fund	21.019	135,990,635	(47,702,852)
COVID-19 - Emergency Rental Assistance Program	21.023	632,326,631	-
COVID-19 - Homeowner Assistance Fund	21.026	325,965,861	325,965,861
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	440,084,710	229,741,387
COVID-19 - Unassigned Catalog Numbers from Federal Government	21.UNA	<u>333,777</u>	<u>-</u>
Total Department of the Treasury		<u>1,534,701,614</u>	<u>508,004,396</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
National Endowment for the Arts			
Promotion of the Arts Partnership Agreements	45.025	\$ 1,082,716	\$ 586,406
Total National Endowment for the Arts		1,082,716	586,406
Small Business Administration			
State Trade Expansion	59.061	1,712,382	1,712,382
Total Small Business Administration		1,712,382	1,712,382
Department of Veterans Affairs			
COVID-19 - Grants to States for Construction of State Home Facilities	64.005	197,472	-
Veterans State Nursing Home Care	64.015	26,958,011	-
COVID-19 - VA Homeless Providers Grant and Per Diem Program	64.024	10,579,824	-
Burial Expenses Allowance for Veterans	64.101	1,243,109	-
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	498,657	-
Veterans Cemetery Grants Program	64.203	3,855,179	-
Total U.S. Department of Veterans Affairs		43,332,252	-
U.S. Environmental Protection Agency			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	541,136	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040	21,750	21,750
Multipurpose Grants to States and Tribes	66.204	27,825	-
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	25,000	-
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.444	363,142	-
Water Quality Management Planning	66.454	1,112,130	297,423
<i>Clean Water State Revolving Fund Cluster</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	94,026,618	90,191,874
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants For Clean Water State Revolving Funds	66.482	5,765,768	5,623,059
Total Clean Water State Revolving Fund Cluster		99,792,386	95,814,933
Nonpoint Source Implementation Grants	66.460	-	-
Regional Wetland Program Development Grants	66.461	400,115	-
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	37,321,333	34,096,170
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds	66.483	440,494	415,022
Total Drinking Water State Revolving Fund Cluster		37,761,827	34,511,192
Beach Monitoring and Notification Program Implementation Grants	66.472	178,179	167,179
Performance Partnership Grants	66.605	16,460,249	4,113,747
	66.707	579,609	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.708	7,086	7,086
Pollution Prevention Grants Program	66.802	1,001,417	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.804	501,051	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.805	1,568,718	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.817	556,575	-
State and Tribal Response Program Grants			
Total U.S. Environmental Protection Agency		160,898,195	134,933,310

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Energy			
State Energy Program	81.041	\$ 1,263,393	\$ 666,193
Weatherization Assistance for Low-Income Persons	81.042	4,357,285	3,486,610
State Energy Program Special Projects	81.119	81,440	-
Administration Costs Consolidations	81.ADM	938,027	-
Total U.S. Department of Energy		6,640,145	4,152,803
U.S. Department of Education			
Adult Education - Basic Grants to States	84.002	17,354,206	14,861,440
Title I Grants to Local Educational Agencies	84.010	362,769,265	358,972,444
Migrant Education State Grant Program	84.011	1,037,467	847,168
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	1,979,614	145,655
<i>Special Education Cluster (IDEA)</i>			
COVID-19 - Special Education Grants to States	84.027	31,727,350	31,719,194
Special Education Grants to States		<u>364,424,295</u>	<u>336,525,073</u>
Total Special Education Grants to States	84.027	<u>396,151,645</u>	<u>368,244,267</u>
COVID-19 - Special Education Preschool Grants	84.173	1,949,118	1,949,118
Special Education Preschool Grants		<u>10,419,131</u>	<u>10,298,720</u>
Total Special Education Preschool Grants	84.173	<u>12,368,249</u>	<u>12,247,838</u>
<i>Total Special Education Cluster</i>		<u>408,519,894</u>	<u>380,492,105</u>
Career and Technical Education -- Basic Grants to States	84.048	25,915,713	23,655,284
Career and Technical Education -- National Programs	84.051	176,385	164,873
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	43,529,164	(10,488,026)
Migrant Education Coordination Program	84.144	52,915	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	822,454	634,169
COVID-19 - Special Education-Grants for Infants and Families	84.181	1,053,791	906,702
Special Education-Grants for Infants and Families		<u>9,658,694</u>	<u>6,056,843</u>
Total Special Education-Grants for Infants and Families	84.181	<u>10,712,485</u>	<u>6,963,545</u>
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	92,081	-
Education for Homeless Children and Youth	84.196	2,355,304	2,088,954
Twenty-First Century Community Learning Centers	84.287	28,102,167	26,844,463
Special Education - State Personnel Development	84.323	1,224,603	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3,300,777	2,900,445
Rural Education	84.358	41,164	39,637
English Language Acquisition State Grants	84.365	18,732,523	17,782,241
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	43,100,489	41,356,577
Grants for State Assessments and Related Activities	84.369	5,679,225	-
Statewide Longitudinal Data Systems	84.372	627,389	-
School Improvement Grants	84.377	6,972,009	6,972,009
Student Support and Academic Enrichment Program	84.424	27,221,574	26,047,022
<i>Education Stabilization Fund</i>			
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	29,945,475	29,514,120
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	569,130,573	565,357,418
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021-Emergency Assistance to Non-Public Schools (CRRSA EANS)	84.425R	15,971,678	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	149,896,088	149,015,032
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	19,246	-
Total Education Stabilization Fund	84.425	<u>764,963,060</u>	<u>743,886,570</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued)			
COVID-19 - Randolph-Sheppard – Financial Relief and Restoration Payments	84.426	\$ 488,388	\$ 488,388
Contractual Agreements	84.CON	183,632	-
Unassigned Catalog Numbers from Federal Government	84.UNA	44,023	-
Total U.S. Department of Education		1,775,997,970	1,644,654,963
U.S. Election Assistance Commission			
Help America Vote Act Requirements Payments	90.401	23,527	-
2018 HAVA Election Security Grants	90.404	348,072	48,053
Total U.S. Election Assistance Commission		371,599	48,053
U.S. Department of Health and Human Services			
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	217,855	-
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	396,982	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		348,794	-
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	745,776	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	316,076	316,076
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,222,426	1,222,426
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		4,709,750	4,709,750
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	1,222,426	1,222,426
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	3,340,462	3,329,802
Special Programs for the Aging, Title III, Part C, Nutrition Services		4,832,131	3,458,313
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	8,172,593	6,788,115
Nutrition Services Incentive Program	93.053	1,665,944	1,665,944
Total Aging Cluster		15,770,713	14,386,235
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	562,781	517,808
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	67,500	-
National Family Caregiver Support, Title III, Part E		2,329,551	2,328,699
Total National Family Caregiver Support, Title III, Part E	93.052	2,397,051	2,328,699
Public Health Emergency Preparedness	93.069	15,222,816	6,842,327
Environmental Public Health and Emergency Response	93.070	1,980,374	5,164
Medicare Enrollment Assistance Program	93.071	494,007	444,101
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	201,574	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	66,013	-
Guardianship Assistance	93.090	6,610,981	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1,160,881	1,009,109

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
<i>Hurricane Sandy Relief Cluster</i>			
HHS Programs for Disaster Relief Appropriations Act - Non Construction	93.095	\$ (447)	\$ (447)
<i>Total Hurricane Sandy Relief Cluster</i>		<u>(447)</u>	<u>(447)</u>
COVID-19 - Food and Drug Administration Research	93.103	131,002	-
Food and Drug Administration Research		<u>2,025,873</u>	<u>108,000</u>
Total Food and Drug Administration Research	93.103	<u>2,156,875</u>	<u>108,000</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	2,319,102	-
Maternal and Child Health Federal Consolidated Programs	93.110	3,054,780	1,492,873
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2,248,182	1,322,853
Emergency Medical Services for Children	93.127	109,003	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	293,650	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	8,567,585	4,703,915
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	106,328	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	36,170	19,176
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	2,067,699	1,923,127
Grants to States for Loan Repayment	93.165	55,609	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	487,556	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	1,336,963	1,115,598
Grants to States to Support Oral Health Workforce Activities	93.236	509,809	292,418
COVID-19 - State Capacity Building	93.240	50,119	-
State Capacity Building		<u>462,307</u>	<u>-</u>
Total State Capacity Building	93.240	<u>512,426</u>	<u>-</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	6,999,449	5,120,056
Early Hearing Detection and Intervention	93.251	256,310	131,866
Occupational Safety and Health Program	93.262	139,875	-
COVID-19 - Immunization Cooperative Agreements	93.268	32,802,072	9,539,821
Immunization Cooperative Agreements (non-monetary)		7,862,461	1,816,879
Immunization Cooperative Agreements		<u>96,578,431</u>	<u>-</u>
Total Immunization Cooperative Agreements	93.268	<u>137,242,964</u>	<u>11,356,700</u>
Viral Hepatitis Prevention and Control	93.270	379,446	69,875
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	17,190	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	138,596	-
COVID-19 - Epidemiology and Lab Capacity for Infectious Diseases	93.323	241,759,089	79,829,928
Epidemiology and Laboratory Capacity for Infectious Diseases		<u>2,436,755</u>	<u>78,000</u>
Total Epidemiology and Lab Capacity for Infectious Diseases	93.323	<u>244,195,844</u>	<u>79,907,928</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
State Health Insurance Assistance Program	93.324	\$ 996,468	\$ 617,198
Behavioral Risk Factor Surveillance System	93.336	433,540	-
ACL Independent Living State Grants	93.369	495,063	1,901
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	5,250,479	1,132,762
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	319,419	-
National and State Tobacco Control Program	93.387	1,489,240	1,050,909
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	3,737,690	3,355,955
COVID-19 - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	5,434	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	2,062,382	1,096,353
Every Student Succeeds Act/Preschool Development Grants	93.434	11,388,193	8,456,147
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436	373,840	169,667
ACL Assistive Technology	93.464	578,404	517,227
Title IV-E Kinship Navigator Program	93.471	309,208	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478	637,854	353,279
COVID-19 - Community Health Workers for Public Health Response and Resilient	93.495	108,543	108,543
COVID-19 - Provider Relief Fund	93.498	3,142,125	-
COVID-19 - Low Income Household Water Assistance Program	93.499	184,599	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	7,671,708	-
COVID-19 - Temporary Assistance for Needy Families	93.558	1,044,846	-
Temporary Assistance for Needy Families		<u>286,867,337</u>	<u>66,901,118</u>
Total Temporary Assistance for Needy Families	93.558	<u>287,912,183</u>	<u>66,901,118</u>
Child Support Enforcement	93.563	142,497,615	8,569,372
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	1,735,072	229,869
COVID-19 - Low-Income Home Energy Assistance	93.568	63,974,973	3,374,047
Low-Income Home Energy Assistance		<u>139,096,868</u>	<u>16,782,703</u>
Total Low-Income Home Energy Assistance	93.568	<u>203,071,841</u>	<u>20,156,750</u>
COVID-19 - Community Services Block Grant	93.569	7,083,645	7,083,645
Community Services Block Grant		<u>20,562,958</u>	<u>19,738,685</u>
Total Community Services Block Grant	93.569	<u>27,646,603</u>	<u>26,822,330</u>
Community-Based Child Abuse Prevention Grants	93.590	1,861,057	1,711,057
CCDF Cluster			
COVID-19 - Child Care and Development Block Grant	93.575	360,710,027	165,937,166
Child Care and Development Block Grant		<u>82,519,475</u>	<u>55,556,614</u>
Total Child Care and Development Block Grant	93.575	<u>443,229,502</u>	<u>221,493,780</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>42,735,297</u>	<u>20,348,305</u>
Total CCDF Cluster		<u>485,964,799</u>	<u>241,842,085</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
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YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
COVID-19 - State Court Improvement Program	93.586	\$ 93,785	\$ -
State Court Improvement Program		603,768	-
Total State Court Improvement Program	93.586	697,553	-
Grants to States for Access and Visitation Programs	93.597	143,278	-
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599	518,000	-
Chafee Education and Training Vouchers Program (ETV)		564,581	-
Total Chafee Education and Training Vouchers Program (ETV)	93.599	1,225,859	-
<i>Head Start Cluster</i>			
Head Start	93.600	184,305	-
Total Head Start Cluster		184,305	-
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630	70,459	-
Developmental Disabilities Basic Support and Advocacy Grants		1,128,077	463,651
Total Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,198,536	463,651
Children's Justice Grants to States	93.643	379,706	-
COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	93.645	88,395	-
Stephanie Tubbs Jones Child Welfare Services Program		6,629,857	-
Total Stephanie Tubbs Jones Child Welfare Services Program	93.645	6,718,252	-
Foster Care Title IV-E	93.658	89,157,989	-
Adoption Assistance	93.659	89,838,055	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	750,215	-
Social Services Block Grant	93.667	53,938,770	1,350,901
Child Abuse and Neglect State Grants	93.669	589,135	-
Child Abuse and Neglect Discretionary Activities	93.670	-	-
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	1,501,981	1,500,069
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		2,760,534	2,741,206
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	4,262,515	4,241,275
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	988,465	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood		2,271,153	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9,513,495	8,482,550
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	1,538,977	1,410,460
Elder Abuse Prevention Interventions Program		601,302	-
Total Elder Abuse Prevention Interventions Program	93.747	2,140,279	1,410,460
COVID-19 - Children's Health Insurance Program	93.767	24,658,609	-
Children's Health Insurance Program		543,788,985	4,356,519
Total Children's Health Insurance Program	93.767	568,447,594	4,356,519
<i>Medicaid Cluster</i>			
State Medicaid Fraud Control Units	93.775	3,685,883	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	13,047,075	-
COVID-19 - Medical Assistance Program	93.778	929,563,321	7,207,191
Medical Assistance Program		14,035,467,562	173,823,886
Total Medical Assistance Program	93.778	14,965,030,883	181,031,077
Total Medicaid Cluster		14,981,763,841	181,031,077

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)			
Opioid STR	93.788	\$ 43,008,692	\$ 32,927,501
COVID-19 - Money Follows the Person Rebalancing Demonstration	93.791	414,874	414,874
Money Follows the Person Rebalancing Demonstration		14,000,737	8,163,856
Total Money Follows the Person Rebalancing Demonstration	93.791	<u>14,415,611</u>	<u>8,578,730</u>
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870	522,471	522,471
Maternal, Infant and Early Childhood Home Visiting Grant		10,367,883	10,024,487
Total Maternal, Infant and Early Childhood Home Visiting Grant	93.870	<u>10,890,354</u>	<u>10,546,958</u>
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	1,080,074	945,610
National Bioterrorism Hospital Preparedness Program		7,542,143	4,552,203
Total National Bioterrorism Hospital Preparedness Program	93.889	<u>8,622,217</u>	<u>5,497,813</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	4,641,768	3,036,841
Grants to States for Operation of State Offices of Rural Health	93.913	157,901	67,947
COVID-19 - HIV Care Formula Grants	93.917	110,184	18,005
HIV Care Formula Grants		38,304,394	8,048,249
Total HIV Care Formula Grants	93.917	<u>38,414,578</u>	<u>8,066,254</u>
HIV Prevention Activities Health Department Based	93.940	15,652,302	8,761,895
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1,275,582	274,424
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	115,258	-
COVID-19 - Block Grants for Community Mental Health Services	93.958	777,037	500,597
Block Grants for Community Mental Health Services		10,970,130	8,738,051
Total Block Grants for Community Mental Health Services	93.958	<u>11,747,167</u>	<u>9,238,648</u>
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	5,000,679	4,747,728
Block Grants for Prevention and Treatment of Substance Abuse		45,739,356	23,653,587
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>50,740,035</u>	<u>28,401,315</u>
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1,481,656	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants		2,066,877	-
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	<u>54,288,568</u>	<u>28,401,315</u>
COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health Preventive Health and Health Services Block Grant	93.982	7,198,624	6,887,029
Maternal and Child Health Services Block Grant to the States	93.991	2,589,174	1,681,355
COVID-19 - Contractual Agreements	93.CON	8,693	-
Contractual Agreements		2,698,337	168,436
Total Contractual Agreements	93.CON	<u>2,707,030</u>	<u>168,436</u>
Total U.S. Department of Health and Human Services		<u>17,682,365,558</u>	<u>841,795,269</u>
Corporation for National and Community Service			
COVID-19 - State Commissions	94.003	41,092	-
State Commissions		550,400	-
Total State Commissions	94.003	<u>591,492</u>	<u>-</u>
COVID-19 - AmeriCorps	94.006	194,071	194,071
AmeriCorps		2,795,878	2,411,879
Total AmeriCorps	94.006	<u>2,989,949</u>	<u>2,605,950</u>
Commission Investment Fund	94.008	62,465	-
Training and Technical Assistance	94.009	113,410	-
<i>Foster Grandparent/Senior Companion Cluster</i>			
Foster Grandparent Program	94.011	707,030	390,700
Total Foster Grandparent/Senior Companion Cluster		<u>707,030</u>	<u>390,700</u>
Volunteer Generation Fund	94.021	256,024	221,347
Total Corporation for National and Community Service		<u>4,720,370</u>	<u>3,217,997</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
Social Security Administration			
<i>Disability Insurance/SSI Cluster</i>			
Social Security Disability Insurance	96.001	\$ 67,510,637	\$ -
<i>Total Disability Insurance/SSI Cluster</i>		<u>67,510,637</u>	<u>-</u>
Social Security Administration (continued)			
Unassigned Catalog Numbers From Federal Government	96.UNA	64,012	41,267
Total Social Security Administration		<u>67,574,649</u>	<u>41,267</u>
U.S. Department Homeland Security			
Non-Profit Security Program	97.008	8,770,837	8,770,837
Boating Safety Financial Assistance	97.012	2,172,742	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	545,562	-
National Urban Search and Rescue (US&R) Response System	97.025	3,601,852	2,342,785
Flood Mitigation Assistance	97.029	5,713,390	5,415,360
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	917,210,596	394,907,848
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		<u>200,475,755</u>	<u>186,117,574</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>1,117,686,351</u>	<u>581,025,422</u>
Hazard Mitigation Grant	97.039	14,671,315	9,001,350
National Dam Safety Program	97.041	150,347	-
COVID-19 - Emergency Management Performance Grants	97.042	1,356,706	-
Emergency Management Performance Grants		<u>7,273,929</u>	<u>2,155,628</u>
Total Emergency Management Performance Grants	97.042	<u>8,630,635</u>	<u>2,155,628</u>
Cooperating Technical Partners	97.045	598,342	-
BRIC: Building Resilient Infrastructure and Communities	97.047	4,649,174	4,649,174
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	(10,089)	-
Port Security Grant Program	97.056	170,142	-
Homeland Security Grant Program	97.067	26,162,974	18,498,138
Homeland Security Biowatch Program	97.091	450,207	-
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	75,634	-
Presidential Residence Protection Security Grant	97.134	6,647	-
Total U.S. Department Homeland Security		<u>1,194,046,062</u>	<u>631,858,694</u>
Total Expenditures of Federal Awards		<u>\$ 34,650,881,779</u>	<u>\$ 5,301,576,899</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF NEW JERSEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

Reporting Entity

The Schedule of Expenditures of Federal Awards (the Schedule) includes all federal award programs administered by the State of New Jersey (the State) except for component units for the fiscal year ended June 30, 2022. The State financial reporting entity is described in note 1b of the State's Annual Comprehensive Financial Report. Accordingly, the accompanying Schedule presents the federal awards programs administered by the State, as defined above, for the year ended June 30, 2022.

Federal Family Education Loan Program

On December 31, 2019, the State transferred its outstanding Federal Family Education Loan Program - Guaranty Program (FFELP) portfolio to the federally designated successor agency, Kentucky Higher Education Assistance Authority (KHEAA). As of January 1, 2020, the State is no longer a FFELP guaranty agency and has not purchased or serviced defaulted loans per the transfer agreement. As a result of this transfer of the State's entire portfolio to KHEAA during fiscal year 2020, the principal amount outstanding for guaranteed loans as of June 30, 2022 and 2021 were \$0 and \$0, respectively. There were no program administrative costs incurred or recorded during the current fiscal year 2022.

Federal Awards Programs Numbers

Certain programs presented in the accompanying Schedule include Federal award programs that have not been assigned a federal Assistance Listing Number (ALN), which are reported by the respective Federal agency and titled "UNA". Programs under direct contract are titled "CON". The Administration Costs Consolidations under the U.S. Department of Energy is labeled "ADM".

NOTE 2 BASIS OF ACCOUNTING

General

Expenditures reported on the SEFA are reported on the cash basis of accounting except for the inclusion of noncash items. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the State of New Jersey's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching Costs

Matching costs, i.e., the non-Federal share of certain program costs, are not included in the accompanying Schedule.

**STATE OF NEW JERSEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 2 BASIS OF ACCOUNTING (CONTINUED)

Indirect Costs

The State and its various departments did not elect the 10 percent de minimis indirect cost rate as discussed in 2 CFR 200.414. Each department within the State that has a negotiated indirect cost rate with a Federal agency can use such indirect cost rates for any pass through grants to subrecipients.

Highway Planning and Construction Program

The amount presented in the Highway Planning and Construction Program (20.205) represents the summary of billings from the Department of Transportation to the Federal Government which include expenditures currently determined to be chargeable to the Federal program.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the cash basis explained in note 2.

NOTE 4 NONMONETARY FEDERAL FINANCIAL ASSISTANCE

The State is the recipient of federal financial assistance programs that do not result in cash receipts of disbursements. Noncash amounts received by the State are included in the Schedule as follows:

	Assistance Listing	Amounts
COVID-19 - Pandemic EBT	10.542	\$ 1,623,468,980
Supplemental Nutrition Assistance Program	10.551	1,510,449,873
Emergency Food Assistance Program	10.569	22,804,520
COVID-19 - Emergency Food Assistance Program	10.569	7,693,473
Immunization Grants	93.268	96,578,431
		<u>\$ 3,260,995,277</u>

**STATE OF NEW JERSEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 5 CONTINGENCIES

The State's participation in Federal funding is subject to review by the U.S. Department of Health and Human Services (HHS) as cognizant agency. HHS coordinates the review of findings and questioned costs with other Federal agencies. HHS and the other Federal agencies determine the ultimate allowability of expenditures charged to the Federal grants. The State is unable to determine the amounts, if any, that Federal agencies will disallow. Any impact as a result of these matters will be reflected in the Schedule and recognized by the respective Federal program when amounts can be determined.

The State is a party to various legal actions arising in the ordinary course of business. While it is not possible at this time to predict the ultimate outcome of these actions, any impact as a result of these matters will be reflected in the Schedule and recognized by the respective Federal program when amounts can be determined.

NOTE 6 DISASTER GRANTS – PUBLIC ASSISTANCE (ASSISTANCE LISTING 97.036)

After a presidentially declared disaster, the U.S. Federal Emergency Management Agency (FEMA) provides a public assistance grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants.

In fiscal year 2022, FEMA approved approximately \$1,070,496 of eligible expenditures that were incurred in a prior year and are included in the Schedule.

NOTE 7 UNEMPLOYMENT INSURANCE

In accordance with U.S. Department of Labor guidance, the State recorded State Regular Unemployment Compensation (UC) benefits under Assistance Listing #17.225 in the Schedule. The individual State and Federal portions are as follows:

State Regular UC Benefits	\$ 1,921,982,371
Federal Pandemic Emergency Unemployment Compensation (PEUC)	885,270,664
Federal Extended Benefits (EB)	330,866,838
Federal Pandemic Unemployment Assistance (PUA)	755,848,544
Federal Pandemic Unemployment Compensation (FPUC)	1,897,137,446
Federal Mixed Earner Unemployment Compensation (MEUC)	2,309,300
Federal 1st Week Implementation Benefits	30,954,805
Federal Administration	178,924,863
	<u>\$ 6,003,294,831</u>

**STATE OF NEW JERSEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 8 REBATES FROM THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

During fiscal year 2022, the state received cash rebates from infant formula manufacturers in the amount of \$28,186,039 on sales of formula to participants in the WIC program (Assistance Listing #10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

NOTE 9 DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

Federally funded COVID-19 related donations with an estimated value of \$23.2 million were received by the State during the fiscal year. This amount is not reflected on the Schedule.

NOTE 10 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)

Expenditures reported in the Schedule for the Child Care Development Fund (CCDF) Cluster include the following funding sources:

CCDBG	\$	82,519,475
CCDF Mandatory and Matching	\$	42,735,297
CCDF Disaster Relief	\$	-
CCDF CARES	\$	6,834,591
CCDF CRRSA	\$	147,934,882
CCDF ARP Supplemental	\$	41,639,788
CCDF ARP Child Stabilization Funds	\$	164,300,766
	<u>\$</u>	<u>485,964,799</u>

NOTE 11 HOUSING CHOICE VOUCHER PROGRAM (ASSISTANCE LISTING 14.871)

In accordance with reporting requirements established by U.S. Department of Housing and Urban Development Notice PIH 2021-25 (HA), Section 8.k., the Schedule includes \$2,706,134 in Emergency Housing Vouchers (EHV) funding issued under the American Rescue Plan Act of 2021.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued by the State of New Jersey State Auditor: **Unmodified**

Internal control over financial reporting issued by the State of New Jersey State Auditor on the basic financial statements:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? x yes _____ none reported

Noncompliance material to financial statements noted? yes x no

Internal control over financial reporting on the schedule of expenditures of federal awards:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to schedule of expenditures of federal awards noted? yes x no

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? x yes _____ no
- Significant deficiency(ies) identified? x yes _____ none reported

2. Type of auditors’ report issued on compliance for major programs: **See Below**

3. Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)? x yes _____ no

Dollar threshold used to distinguish between type A and type B programs: \$51,976,323

Auditee qualified as low-risk auditee? _____ yes x no

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Programs

Major Programs	Assistance Listing	Opinion
Pandemic EBT Food Benefits	10.542	Unmodified
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559,	Qualified
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Child and Adult Care Food Program	10.558	Unmodified
Crime Victim Assistance	16.575	Unmodified
Unemployment Insurance	17.225	Qualified
WIOA Cluster	17.258, 17.259, 17.278	Qualified
Emergency Rental Assistance	21.023	Qualified
Homeowner Assistance Fund	21.026	Qualified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
CWSRF Cluster	66.458, 66.482	Unmodified
Title I Grants to Local Educational Agencies	84.010	Unmodified
Special Education Cluster	84.027, 84.173	Unmodified
Education Stabilization Fund	84.425	Unmodified
Aging Cluster	93.044, 93.045, 93.053	Qualified
Immunization Cooperative Agreements	93.268	Qualified
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Qualified
Low-Income Home Energy Assistance	93.568	Qualified
CCDF Cluster	93.575, 93.596	Qualified
Social Services Block Grant	93.667	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Disability Insurance/SSI Cluster	96.001	Unmodified

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Finding 2022-001 - Unemployment Compensation Fund (UI Fund)

Significant Deficiency in Financial Statement Reporting

The Department of Labor and Workforce Development (DOLWD) is responsible for preparing complete and accurate financial statements for presentation to the Department of the Treasury's Office of Management and Budget – Financial Reporting (OMBFR). The OMBFR is responsible for including those financial statements in the state's Annual Comprehensive Financial Report (ACFR).

The State Auditor presented an adjustment totaling a net of \$223,464,474 decreasing the UI Fund's Accounts Receivable, net of Allowances for Uncollectibles – Departmental Accounts, and Operating Revenues – Assessments because of calculation errors and an omission regarding bad debt. This adjustment decreased the total Net Position by \$223,464,474.

Recommendation

The State Auditor recommends the DOLWD conduct a more independent and detailed review and approval process of the UI Fund's financial statements, including its calculations of estimates, prior to submission to the OMBFR.

Response

The OMBFR has consulted with the DOLWD - Financial Reporting (DOLWDFR) and have collectively agreed that we appreciate the suggestions of the State Auditor. DOLWDFR will expand upon the existing processes of the Department of Labor & Workforce Development's (DOLWD's) Office of Internal Audit, by engaging the services of an external, third-party firm in conducting an annual, independent, and detailed review of the Unemployment Compensation Fund's financial statements prior to the submission to the OMBFR, beginning in Fiscal Year 2023.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs

Matrix of Findings by Federal Agency and Federal Program

Major Federal Program	Federal Agency (Prefix)	Assistance Listing #	Finding #	Internal Control		Compliance
				Material Weakness	Significant Deficiency	
Child Nutrition Cluster	U.S.D.A. (10)	10.553, 10.555, 10.556, 10.559, 10.582	2022-002	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2022-003	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2022-004		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2022-005		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2022-006		X	
WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2022-007	X		X
Emergency Rental Assistance	U.S. Treas (21)	21.023	2022-008	X		X
Homeowner Assistance Fund	U.S. Treas (21)	21.026	2022-009	X		X
Homeowner Assistance Fund	U.S. Treas (21)	21.026	2022-010		X	X
Special Education Cluster (IDEA)	U.S. DOE (84)	84.027, 84.173	2022-011		X	X
Aging Cluster	U.S. HHS (93)	93.044, 93.045, 93.053	2022-012	X		X
Immunization Cooperative Agreements	U.S. HHS (93)	93.268	2022-013	X		X
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2022-014	X		
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2022-015	X		X
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2022-016	X		X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2022-017	X		X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2022-018		X	X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2022-019		X	X
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2022-020	X		X
Social Services Block Grant	U.S. HHS (93)	93.667	2022-021		X	X
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2022-022		X	X
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2022-023		X	X
Disability Insurance/SSI Cluster	SSA (96)	96.001	2022-024		X	X

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-002
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
State Agency: Department of Agriculture
Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year: INJ300304 (10/1/2020-9/30/2022)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Agriculture (Department) did not report subaward information timely to FSRS during FY 2022.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

Eight of eight subawards selected for testing were issued on 10/1/2021 and were not reported to FSRS until 9/30/2022, or 304 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	8	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$35,407,473	\$0	\$35,407,473	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2022.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

The Department of Agriculture, Division of Food and Nutrition (DOA) was delinquent in submitting required reporting in the FFFATA Subaward Reporting System (FSRS) due to the inability to make system updates for the UEI change during the pandemic. This prevented the DOA from pulling data to submit the reports to the FSRS. The DOA has two technical staff members assigned to query the data fields required to upload the report. Once the query is complete the data is converted to a CSV file and uploaded to FSRS. As of December 2022, monthly reporting has resumed. Successful monthly upload documentation will now be provided and monitored by the Assistant Division Director and Fiscal Coordinator.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-003
Prior Year Finding: 2021-007
Federal Agency: U.S. Department of Labor
State Agency: Department of Labor and Workforce Development
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-34510-20-60-A-34 (1/1/2020 – 9/30/2021), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022), UI-34073-20-55-A-34 (10/1/19 – 12/31/22), UI-32614-19-55-A-34 (10/1/18 – 12/31/21), UI-37238-22-55-A-34 (10/1/21 – 12/31/24)
Compliance Requirement: Eligibility
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Regular Unemployment Compensation (UC) Program – Under state UC laws, a worker’s benefit rights depend on the amount of the worker’s wages and/or weeks of work in covered employment in a “base period.” While most states define the base period as the first four of the last five completed calendar quarters prior to the filing of the claim, other base periods may be used. To qualify for benefits, a claimant must have earned a certain amount of wages or have worked a certain number of weeks or calendar quarters within the base period or meet some combination of wage and employment requirements. Some states require a waiting period of one week of total or partial unemployment before UC is payable. A “waiting period” is a non-compensable period of unemployment in which the worker is otherwise eligible for benefits. To be eligible to receive UC, all states provide that a claimant must have been separated from suitable work for non-disqualifying reasons under state law (i.e., not because of such acts as leaving voluntarily without good cause or discharge for misconduct connected with work). After separation, he or she must be able and available for work, actively seeking work, legally authorized to work in the United States and must not have refused an offer of suitable work.

Pandemic Unemployment Assistance (PUA) – PUA provides benefits to covered individuals, who are those individuals not eligible for regular unemployment compensation (UC or extended benefits under state or federal law or Pandemic Emergency Unemployment Compensation (PEUC), including those who have exhausted all rights to such benefits. Covered individuals also include self-employed, those seeking part-time employment, individuals lacking sufficient work history, and those who otherwise do not qualify for regular unemployment compensation or extended benefits under state or federal law or PEUC.

PUA is payable to individuals who are ineligible for regular UC, and are unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-19 related reasons identified Attachment I to UIPL No. 16-20, Change 5. Section 2102(a)(3)(A)(ii)(I) of the CARES Act included 10 specific COVID-19 related reasons. The Department, under the authority provided by Section

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Section III – Federal Award Findings and Questioned Costs (Continued)

2102(a)(3)(A)(ii)(I)(kk) of the CARES Act, has added additional COVID-19 related reasons; these are discussed in more detail in Section 4.a. of UIPL No. 16-20, Change 5. While three of these new COVID-19 related reasons were introduced to states with the publication of UIPL No. 16-20, Change 5 on February 25, 2021, all COVID-19 related reasons apply retroactively to the beginning of the PUA program.

Additionally, as described in Section 4.b.i. of UIPL No. 16-20, Change 5, paraphrasing of the COVID-19 related reasons is not permissible; individuals must be permitted to select more than one COVID-19 related reason; individuals must be permitted to select different COVID-19 related reasons each week; and individuals must be permitted to file and select no COVID-19 related reasons.

Federal Pandemic Unemployment Compensation (FPUC) – To be eligible for FPUC during the program dates described in Section 8 above, individuals must be eligible to receive at least \$1 of underlying benefits for the week in question (including regular UC, UCFE, UCX, PEUC, PUA, EB, STC, TRA, DUA, and SEA). FPUC does not require the individual to submit a separate initial application or continued claim.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

CLA noted that ineligible claimants were being paid unemployment insurance. The Department of Labor and Workforce Development (DLWD) did not maintain an effective control environment over eligibility requirements of the New Jersey Local Office Online Payment System (NJLOOPS) for both FPUC and PUA.

Context:

Sixty claimants were selected for testing which included 24 claimants for Regular UC and Extended Benefits, 25 claimants for FPUC and 11 claimants for PUA. We noted the following exceptions:

- FPUC: 2 of 25 claimants receiving benefits did not receive at least \$1 of other benefits for the payment period.
- PUA: 4 of 11 claimants receiving PUA did not identify a COVID-19 reason for their unemployment and were ineligible for the program.

Questioned costs:

\$2,320 - The total amount of benefits received by ineligible recipients:

- FPUC: \$600
- PUA: \$1,720

Cause:

The Department began providing benefits to claimants before NJLOOPS had completed the eligibility determination process.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Effect:

Ineligible claimants received unemployment compensation benefits.

Recommendation:

We recommend the Department review and enhance procedures and controls to ensure that only eligible claimants receive unemployment compensation benefits.

Views of responsible officials:

The Department of Labor and Workforce Development (DLWD) has controls in place to only allow an FPUC payment to be made when an underlying Unemployment Insurance (UI) payment has also been processed. FPUC payments should not be issued to any claim without the underlying UI payment being made for the same week. The two FPUC payments issued and noted as exceptions during eligibility testing will be reviewed independently by DLWD to determine if the payments issued were to eligible recipients or not.

For the PUA exceptions noted during Eligibility testing, overall the DLWD issued PUA payments to over 680,000 claimants during the COVID-19 pandemic. DLWD had controls in place to require a COVID related reason to make the claim PUA eligible and the weekly PUA certification required claimants to choose a COVID related reason for why they were out of work before they could get paid. The PUA payments in question will be reviewed independently by the DLWD to determine if the payments issued under PUA were appropriate or if they should have been paid instead under the regular UI program.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-004
Prior Year Finding: 2021-010
Federal Agency: U.S. Department of Labor
State Agency: Department of Labor and Workforce Development
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-34510-20-60-A-34 (1/1/2020 – 9/30/2021), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022), UI-34073-20-55-A-34 (10/1/19 – 12/31/22), UI-32614-19-55-A-34 (10/1/18 – 12/31/21), UI-37238-22-55-A-34 (10/1/21 – 12/31/24)
Compliance Requirement: Reporting – ETA 9050 and ETA 9052
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: The ETA 9050 – *Time Lapse of All First Payments except Workshare* report contains monthly information on first payment time lapse. This report concerns the time it takes states to pay benefits to claimants for the first compensable week of unemployment. First Payments are considered timely at 14/21 days, Interstate and Intrastate UI, UCFE, and UCX, full and partial weeks. The report is due in the ETA National Office on the 20th of the month following the month to which the data relates.

The ETA 9052 – *Nonmonetary Determination Time Lapse Detection* report contains monthly information on the time it take states to issue nonmonetary determinations from the date the issues are first detected by the agency. Single-claimant and multi-claimant nonmonetary determinations are included in the report. Nonmonetary determinations made by organizational units such as Benefits Accuracy Measurement (BAM) and Benefit Payment Control (BPC) are also included in the report. Nonmonetary determinations are considered timely if completed within 21 days. The report is due in the ETA National Office on the 20th of the month following the month to which the data relates.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Reports submitted by the Department of Labor and Workforce Development (Department) indicate that First Payment Time Lapse and Nonmonetary Determinations were untimely during FY 2022.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

Four ETA 9050 and four ETA 9052 reports were selected for testing for the months of September 2021, November 2021, February 2022, and May 2022. We noted the following exceptions:

- ETA 9050: 4 of 4 reports indicate that First Payments were made in more than 14/21 days.
- ETA 9052: 4 of 4 reports indicate that nonmonetary determinations were completed in more than 21 days.

Questioned costs:

None noted.

Cause:

The Department's procedures and controls were not operating effectively to ensure that first payments and nonmonetary determinations were completed timely.

Effect:

First Payments and Nonmonetary Determinations were not completed timely as required by the program.

Recommendation:

We recommend that the Department review its policies and procedures to ensure that it makes first payments within 14/21 days and that nonmonetary determinations are completed within 21 days per program requirements.

Views of responsible officials:

New Jersey continues to make progress towards meeting the first payment and non-monetary time lapse standards as recovery from the historic claims filing related to the COVID-19 pandemic continues. As indicated in the prior year update, time lapse standards for both first payment and non-monetary continue to increase from the lows seen during the pandemic. Most recent figures for February 2023 show first payment time lapse at 65.1% and year-to-date at 54.5%, both up from what was reported last November 2022 at 40% and 36.4%, respectively. Non-monetary time lapse figures have also improved, with the most recent February 2023 figures reported as 62.6% for the month and 44.1% year-to-date, which is up from 24.0% for March 2022 and year-to-date at that time of 33.0%).

It is important to note that before the pandemic hit in March 2020, New Jersey current figures at that time met all first payment and non-monetary time lapse standards for the reporting year that ended March 2020. The decrease to the timeliness figures is a direct result of the significant increase to workload volumes resulting from the pandemic and not due to a lack of proper internal controls.

In addition to the high workloads, New Jersey has also implemented strict anti-fraud measures that include all new claims filed going through an identity proofing process before any payments can be issued. Delays on the claimant end to complete the verification process – either by the claimant not going through the process or having difficulty with completing it – also will have a direct impact on first payment time lapse. Increased education to claimants on the requirement to verify their ID, as well as increasing the tools and greater availability of support for ID verification will provide claimants with more options to meet this requirement. New Jersey has worked with our identity verification partner to allow for three different methods of verification; 1) self-service online, 2) connect to a 'Trusted Referee' with our identity verification partner who will provide the verification online through a video call, or 3) an in-

**STATE OF NEW JERSEY
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YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

person appointment at a walk-in center to complete the process. In addition to what is offered by the vendor, One Stop centers throughout the State have been equipped with upgraded monitors with cameras that will allow claimants that are unable to complete the process with our vendor to report to one of these centers and complete the process there.

As New Jersey continues to work through the backlog of claims, it is anticipated that overall time lapse figures will continue to improve and for the reporting year ending March 2024 progress will be made towards meeting the established standards.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-005
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Agency: Department of Labor and Workforce Development
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-34510-20-60-A-34 (1/1/2020 – 9/30/2021), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022), UI-34073-20-55-A-34 (10/1/19 – 12/31/22), UI-32614-19-55-A-34 (10/1/18 – 12/31/21), UI-37238-22-55-A-34 (10/1/21 – 12/31/24)
Compliance Requirement: Special Tests and Provisions: UI Reemployment Programs: RESEA
Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 42 U.S. Code § 506 (a) The Secretary of Labor (in this section referred to as the “Secretary”) shall award grants under this section for a fiscal year to eligible States to conduct a program of reemployment services and eligibility assessments for individuals referred to reemployment services as described in section 503(j) of this title for weeks in such fiscal year for which such individuals receive unemployment compensation. Further, per 42 U.S. Code § 506 (c) (1), In carrying out a State program of reemployment services and eligibility assessments using grant funds awarded to the State under this section, a State shall use such funds only for interventions demonstrated to reduce the number of weeks for which program participants receive unemployment compensation by improving employment outcomes for program participants.

The UI program serves as one of the principal “gateways” to the workforce system. It is often the first workforce program accessed by individuals who need workforce services. The WPRS and RESEA programs serve as UI’s primary programs that facilitate the reemployment needs of UI claimants.

WPRS, which is mandated by Section 303(j) of the Social Security Act, is designed to identify UI claimants who are most likely to exhaust their benefits and need reemployment assistance to return to work, and refer them to appropriate reemployment services, such as: job search and job placement assistance; counseling; testing; provision of occupational and labor market information; and assessments. WPRS provides reemployment services to selected claimants through an early intervention process. The number of individuals served under WPRS is determined by the state (and/or local areas) based on its capacity to serve these individuals. UIPL No. 41-94 provides guidance on WPRS requirements.

RESEA is authorized by Section 306 of the Social Security Act and builds on the success of RESEA’s predecessor, the former UI Reemployment and Eligibility Assessment (REA) program. RESEA uses an evidence-based integrated approach that combines an eligibility assessment for continuing UI eligibility and the provision of reemployment services. State administration of the RESEA is voluntary and under certain circumstances may be designed to also satisfy WPRS requirements. Operating guidance for the RESEA program is updated annually. UIPL 13-21 provides RESEA operating Guidance for FY 2021.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor and Workforce Development (Department) did not retain documentation required by the RESEA program to verify compliance with federal program regulations. Controls were not working sufficiently to document that a staff member at the Department with knowledge of the program reviewed eligibility requirements prior to admission of participants to the RESEA program.

Context:

The Department’s policy is that RESEA eligibility interviews must be conducted and eligibility review forms completed. Both steps are to be reviewed and signed by the participant and an Unemployment Insurance (UI) staff member who is knowledgeable of the program requirements. For three of sixty cases selected for testing, the Department was unable to provide a signed RESEA worksheet indicating the interview had been completed and the claimant was reviewed and approved by a UI supervisor.

Questioned costs:

Undetermined.

Cause:

The Department’s procedures and internal controls are not sufficient to ensure compliance with RESEA requirements.

Effect:

Without clear documentation supporting a participant’s eligibility and supervisory review, ineligible participants could go undetected and federal funds could be paid to recipients who do not qualify to participate in the RESEA program.

Recommendation:

We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include retention of documentation of each participant’s eligibility and review and approval by a UI supervisor.

Views of responsible officials:

The RESEA policy and controls presently in place at the Department of Labor and Workforce Development (DLWD) require eligibility interviews to be conducted and eligibility review forms to be completed and signed by the participant and UI program representative. DLWD will work to strengthen and reinforce these controls with responsible staff in an effort to ensure that all interviews are properly documented and eligibility review forms are signed and maintained on file for future reference and compliance support.

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YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-006
Prior Year Finding: 2021-012
Federal Agency: U.S. Department of Labor
State Agency: Department of Labor and Workforce Development
Federal Program: Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number: 17.225
Award Number and Year: UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-34510-20-60-A-34 (1/1/2020 – 9/30/2021), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022), UI-34073-20-55-A-34 (10/1/19 – 12/31/22), UI-32614-19-55-A-34 (10/1/18 – 12/31/21), UI-37238-22-55-A-34 (10/1/21 – 12/31/24)
Compliance Requirement: Information Technology General Controls
Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As part of an entity’s internal controls to reasonably ensure compliance over Federal laws and regulations, an entity must maintain an effective control environment over their information technology systems used to generate and process information to administer Federal programs in accordance with the respective rules and regulations that govern the program.

Condition:

The Department of Labor and Workforce Development (Department) did not maintain an effective control environment over change management of the New Jersey Local Office Online Payment System (NJLOOPS).

Context:

The NJLOOPS application is an essential system hosted within the Office of Information Technology’s (OIT) infrastructure used by the Department for unemployment insurance eligibility, claims, benefit calculations, and payments. NJLOOPS application management is provided by Department staff. We noted that the prior year finding for internal controls over change management was not corrected. Specifically, we noted that while tickets have been documented for the sample of changes tested for the NJLOOPS change management procedures, they do not maintain key information described in the change management policy. Further, we noted that two individuals have the ability to develop and promote their own changes to production which poses a segregation of duties issue.

Questioned costs:

Undetermined.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Cause:

Due to limitations on staffing and increased demand on IT resources due to the additional requirements of the pandemic's unemployment program, the agency was unable to comply with its internal change management procedures requirements.

Effect:

Noncompliance with the requirements of internal change management procedures and a lack of segregation of duties could increase the risk of potential unauthorized or unapproved changes occurring to the application.

Recommendation:

We recommend the Department follow the statewide change management policy and formally document the request, testing, and approval of all changes related to the NJLOOPS application. We further recommend that the Department implement segregation of duties controls to prevent the same user from developing, approving, and promoting a system change to the production environment.

Views of responsible officials:

The Department of Labor and Workforce Development (DLWD) Office of Information Management, Services & Solutions (OIMSS) will continue its efforts to strengthen and improve staff compliance with existing controls over program change controls for the New Jersey Local Office Online Payment System (NJLOOPS). OIMSS management will conduct a meeting with all staff involved in program changes to reiterate that existing control requirements must be adhered to at all times. DLWD expects to achieve full compliance with exiting controls by June 30, 2023.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-007
Prior Year Finding: No
Federal Agency: U.S. Department of Labor
State Agency: Department of Labor and Workforce Development
Federal Program: WIOA Cluster
Assistance Listing Number: 17.258, 17.259, 17.278
Award Number and Year: AA-32176-18-55-A-34 (7/1/18 – 9/30/21), AA-33245-19-55-A-34 (7/1/19 – 9/30/22), AA-34783-20-55-A-34 (7/1/20 – 9/30/23), AA-36334-21-55-A-34 (7/1/21 – 9/30/24)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Unique Entity ID (UEI) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Condition:

Subaward information was not reported timely to FSRS during FY 2022.

Context:

Eight of eight subawards selected for testing were not reported timely to FSRS. Specifically, we noted the following exceptions:

- 3 of 3 subawards issued on 7/1/2019 were reported to FSRS on 9/1/2021, or 733 days late.
- 5 of 5 subawards issued between 7/1/2020 and 2/1/2022 were reported to FSRS on 2/6/2023, or between 343 and 951 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	8	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$12,200,927	\$0	\$12,200,927	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2022.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

In recent years, the Department of Labor and Workforce Development (DLWD) has transitioned from a manual contract process to a web-based system (i.e., SAGE and IGX systems) and has also experienced changes in personnel responsible for the contracting process. Although progress has been made with getting the FFATA Reporting Unit access to these automated systems, the DLWD will continue to enhance the communication between the offices that prepare and approve the contracts/agreements and the FFATA Reporting Unit. DLWD will also develop procedures to ensure that timely and accurate information is provided to the FFATA Reporting Unit and that group will also be included in the grant approval process so the unit is notified timely.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-008
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Agency: Department of Community Affairs
Federal Program: COVID-19 - Emergency Rental Assistance Program
Assistance Listing Number: 21.023
Award Number and Year: ERA0222 (3/13/2020 – 9/30/2025), ERAE0490 (3/13/2020 - 9/30/2025)
Compliance Requirement: Reporting
Type of Finding Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Emergency Rental Assistance (ERA) 1 and ERA 2 state, local, and territorial recipients were required to submit monthly and quarterly reports to the United States Department of the Treasury (U.S. Treasury). The monthly reports are brief two-question updates through which ERA recipients provide U.S. Treasury with very high-level counts of the numbers of households receiving assistance and the amounts of ERA funds distributed. The quarterly reports are in-depth reports with data on an array of programmatic and financial information to provide transparency in the use and progress of ERA funds. Monthly reports were required for each month of Fiscal Year 2022 and were due 15 days after the end of the month. Quarterly reports were required for each quarter of Fiscal Year 2022 and were due October 29, 2021, February 1, 2022, April 15, 2022, and July 15, 2022.

The Emergency Rental Assistance Program Reporting Guidance published by the U.S. Treasury identifies several steps in the reporting process:

- Recipients gather and maintain required information such as counts of applicants and participants; amounts paid directly or indirectly to tenants, landlords, and utility/home energy providers; amounts paid to subrecipients and contractors; and administrative expenses.
- Recipients will need to communicate with and gather required information from their subrecipients and contractors, if applicable.
- After manually entering or uploading the report information, Recipients must review the information entered or submitted to the online reporting forms for any errors and completeness. Following completion of the report in Treasury's portal, the Recipient's designated Authorized Representative for Reporting must certify to the authenticity and accuracy of the information provided and formally submit the report to Treasury.

SF-425, Federal Financial Report: As stated in the award terms and conditions of the award agreement, a final SF-425, Federal Financial Report, is due 90 days after the expiration of the award and should be submitted electronically. The awardee shall report program outlays and program income on the same accounting basis (i.e., cash or accrual) that it uses in its normal accounting system. When submitting a final SF-425, Federal Financial Report, the total matching contribution, if required, should be shown in the report. The final SF-425 must not show any unliquidated obligations. If the awardee still has valid obligations that remain unpaid when the report is due, it shall request an extension of time for submitting the report pursuant to paragraph (c) of this section; submit a provisional report (showing the unliquidated obligations) by the due date; and submit a final report when all obligations have been liquidated, but no later than the approved extension date. SF-425, Federal Financial Reports, must be submitted by all awardees, including Federal agencies and national laboratories.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

As the direct recipient of ERA funds, the Department of Community Affairs (DCA) is responsible for ensuring the timeliness and accuracy of report submissions. We noted that monthly and quarterly special reports and quarterly financial reports submitted during FY 2022 did not agree with supporting documentation.

Context:

We selected eight monthly special reports, four quarterly special reports, and two quarterly financial reports for testing and we noted that for 13 of 14 reports selected, amounts reported did not agree to supporting documentation. Specifically, we noted the following exceptions:

- Four of four quarterly special reports submitted did not agree to supporting documentation.
- Five of eight monthly special reports submitted were missing expenditures that were included in supporting documentation.
- For two of eight monthly reports submitted, DCA was unable to provide supporting documentation for reported expenditures.
- Two of two quarterly financial reports submitted did not agree to supporting documentation.

We noted that the reports contained all required data elements, however, DCA was unable to provide supporting documentation that agreed with the information reported. We also noted that DCA used the same data used for the quarterly reports with their submission of the financial SF-425 reports.

Cause:

DCA’s procedures were not sufficient to ensure the accuracy of the reports submitted to the U.S. Treasury nor that it maintained documentation supporting the information reported. Internal controls did not prevent or detect the errors.

Effect:

Information reported to the U.S. Treasury may have been inaccurate since it did not agree to supporting documentation.

Questioned costs:

Undetermined.

Recommendation:

We recommend that DCA implement formal policies and procedures to verify the information reported and that reports are reviewed for accuracy before they are submitted to U.S. Treasury to ensure that reports filed are complete and accurate. We further recommend that DCA retains supporting documentation used when preparing reports, and that this documentation is available for audit.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Views of responsible officials:

U.S. Treasury's COVID-19 Emergency Rental Assistance Program (ERA) was established in 2021 to support housing stability throughout the pandemic by providing assistance payments for renters facing eviction. The Department of Community Affairs (DCA) is a direct recipient of ERA funding for use in preventing evictions for over 70,000 families throughout the State of New Jersey.

Since the rollout of the new ERA program back in 2021, the reporting requirements and guidance provided by U.S. Treasury to ERA recipients evolved with numerous changes and updates posted that also required DCA to change and update systems over time. As the programs continued to evolve so did DCA's reporting process. U.S. Treasury initially required monthly reporting starting in April 2021, through which ERA recipients provided U.S. Treasury with very high-level counts of the numbers of households receiving assistance and the amounts of ERA funds distributed. The monthly reporting requirement was then discontinued after the June 30, 2022 submission and thereafter, U.S. Treasury shifted the ERA Reporting guidance to be focused primarily on the quarterly reporting requirements and also amended those reporting requirements going forward.

When preparing monthly and quarterly reports, DCA's data source used has always been the most reliable one at the time the report was due in order to ensure accuracy of information reported to U.S. Treasury. As previously stated, DCA's systems evolved as needed in order to keep up with the constant changes in reporting requirements for the ERA program.

- At the inception of the program, reporting was done from the primary Podio system that obligated and requested payments.
- DCA then worked to build the necessary reports from the MRI system that generated ERA payments in order to trace payments back to checks issued – representing distributions incurred.
- Most recently DCA has been working to reconcile MRI with the State's NJCFS accounting system to further validate the MRI data. Over time variances have been identified that affect reporting such as void and uncashed check actions.

DCA recognizes the need to ensure supporting documentation used to prepare quarterly and other required reports for Treasury is captured and retained for audit purposes. DCA continues to build a three-way reconciliation between the three primary systems to document explainable variances among the systems, such as timing differences, voids, returned items, etc. DCA has implemented a corrective action plan to enhance the availability of supporting documentation for ERA Treasury reporting as detailed in the State's official corrective action plan.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-009
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Agency: Department of Community Affairs
Federal Program: COVID-19 - Homeowner Assistance Fund
Assistance Listing Number: 21.026
Award Number and Year: HAF0019 (2021)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Unique Entity ID (UEI) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subaward information was not reported timely to FSRS during FY 2022.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

One subaward was issued by the Department of Community Affairs (Department) during FY 2022 which was selected for testing. The subaward was issued on 8/23/2021 and it was not reported to FSRS until 2/7/2022, or 130 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
1	0	1	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$325,965,861	\$0	\$325,965,861	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2022.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

The Department of Community Affairs (DCA) has internal controls and procedures in place to ensure that required subawards are reported timely to FSRS in accordance with FFATA reporting requirements. The Homeowner Assistance Fund award received by DCA was unique in that it was planned and fully reallocated via Memorandum of Understanding (MOU) agreement to a DCA affiliate organization to administer on the State’s behalf. As a result, the DCA did not initially believe this single reallocation transaction was subject to FFATA reporting requirements. The Accountability Officer at the affiliate organization will be involved should another program and contractual arrangement of this type occur and will ensure that the FSRS reporting is done timely. No further subaward transactions are expected to be processed by DCA as the full allocation was disbursed to our affiliate organization upon receipt of the award and execution of the MOU.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-010
Prior Year Finding: No
Federal Agency: U.S. Department of the Treasury
State Agency: Department of Community Affairs
Federal Program: COVID-19 - Homeowner Assistance Fund
Assistance Listing Number: 21.026
Award Number and Year: HAF0019 (2021)
Compliance Requirement: Subrecipient Monitoring
Type of Finding Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR section 200.332(a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Required information includes:

- i. Subrecipient name (which must match the name associated with its unique entity identifier);
- ii. Subrecipient's unique entity identifier;
- iii. Federal Award Identification Number (FAIN);
- iv. Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;
- v. Subaward Period of Performance Start and End Date;
- vi. Subaward Budget Period Start and End Date;
- vii. Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- viii. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- ix. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- xi. Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- xii. Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- xiii. Identification of whether the award is R&D; and
- xiv. Indirect cost rate for the Federal award (including if the de minimis rate is charged) per section 200.414.

2 CFR section 200.332 also states that pass-through entities must:

- (d) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - 1) The subrecipient's prior experience with the same or similar subawards;

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

- 2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - 3) Whether the subrecipient has new personnel or new or substantially changed systems;
 - 4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- (e) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
- (1) Reviewing financial and performance reports required by the pass-through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
 - (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.
- (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Community Affairs (Department) did not comply with subrecipient monitoring requirements for the program.

Context:

The Department issued one subaward under the program and it was noted that the subaward did not include all required Federal Award information, nor did the Department perform a risk assessment of the subrecipient or perform monitoring activities for the award.

Questioned costs:

None noted.

Cause:

The Department's procedures and controls were not effective to ensure the subaward was issued in compliance with Federal requirements, nor that it performed a risk assessment or timely monitoring of subrecipient.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Effect:

Excluding the required federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports, and federal funds may not be properly audited at the subrecipient level in accordance with the Uniform Guidance.

Not conducting during the award monitoring may result in a failure of the Department to detect that its subrecipients used subawards for unauthorized purposes, managed them in violation of the terms and conditions of the subawards, or that subaward performance goals were not achieved.

Without ensuring subrecipients have obtained audits as required by Subpart F, there is an increased risk that subrecipients could be inappropriately spending and/or inaccurately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by Department personnel on a timely basis.

Recommendation:

The Department should review and enhance internal controls and procedures to ensure that all required information is included in all subawards, that proper subrecipient monitoring is conducted, and that evaluation of independent audits is performed.

Views of responsible officials:

As recommended, the Department of Community Affairs (DCA) will review current procedures to ensure that all subaward information required by the federal Uniform Guidance is included in all subaward contracts and grant agreements. The DCA has also reviewed its current subrecipient monitoring procedures for standard subawards made by the agency and has determined that no internal control enhancements are required. The HAF award was a unique grant relationship for DCA in that the entire award was passed through to another New Jersey State government agency that is a direct affiliate of the Department. Monitoring procedures were determined based on the close working relationship with our affiliate organization and the fact that less than 1 percent of the grant award was expended through June 30, 2022. Current procedures included a risk assessment of the subrecipient and performance of the single audit desk review of the independent audit report. In addition, the Director of Audit, and the Executive Director of the subgrantee affiliate participate in weekly meetings where updates on the program status can be determined. DCA's subrecipient monitoring plan also includes the hiring of an Integrity Monitor to oversee and monitor the use of the HAF funds as well as compliance with all HAF program reporting requirements. As program disbursement activity is continuing to increase with the HAF program(s) created more fully up and running, DCA is currently targeting the Integrity Monitor hire to take place sometime within the next three to six months.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-011
Prior Year Finding: No
Federal Agency: U.S. Department of Education
State Agency: Department of Corrections
Federal Program: Special Education Cluster IDEA
Assistance Listing Number: 84.027 and 84.173
Award Number and Year: H027A200100 (7/1/2020 – 9/30/2021), H027A200100-20A (7/1/2020 – 9/30/2021), H027A210100 (7/1/2021 – 9/30/2022), H027A2100100-21A (7/1/2021 – 9/30/2022), H027X210100 (7/1/2021 – 9/30/2022), H173A200114 (7/1/2020 – 9/30/2021), H173A210114 (7/1/2021 – 9/30/2022), H173X210114 (7/1/2021 – 9/30/2021)
Compliance Requirement: Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Per 2 CFR § 200.430 (a), costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

Per 2 CFR § 200.430 (i), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated,
- Be incorporated into the official records of the non-Federal entity,
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities,
- Encompass both federally assisted, and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy,
- Comply with the established accounting policies and practices of the non-Federal entity,
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Corrections (Department) did not maintain adequate support to validate actual payroll expenses charged to the program. An employee's timesheet was not approved by the supervisor on a timely basis.

Context:

The Department was unable to provide documentation that one of forty employee timesheets selected for testing had been approved by the supervisor on a timely basis.

Questioned costs:

None noted.

Cause:

Controls were not operating effectively to ensure that time and effort reporting was performed in accordance with federal requirements.

Effect:

There is an increased risk of charging unallowed payroll costs to the program.

Recommendation:

The Department should reevaluate its current process, implement proper controls, and perform additional training over time and effort reporting. The Department should not seek federal reimbursement unless it can substantiate that the time and effort was dedicated to the federal program.

Views of responsible officials:

The Department of Corrections (DOC) held a meeting on March 22, 2023 with the Supervisors of Education where the importance of reviewing and approving all timesheets was reinforced. Staff were also informed and reminded of progressive discipline for future instances of timesheet approval omissions. DOC also plans to distribute a memorandum to all Supervisors and Assistant Supervisors of Education in an effort to ensure that proper controls are implemented for timely supervisory review and approvals of timesheets as required. Supervisors were also instructed to substantiate via email that timesheet approval, in their absence, will be approved by DOC Administration at their facility.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-012
Prior Year Finding: 2021-015
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Human Services
Federal Program: Aging Cluster and COVID-19 Aging Cluster
Assistance Listing Number: 93.044, 93.045, 93.053
Award Number and Year: 2001NJCMC2-00 (3/20/2020 – 9/30/2022)
 2101NJVAC5-00 (4/1/2022 – 9/30/2022)
 2001NJHDC2-00 (3/20/2020 – 9/30/2022)
 2101NJOASS-00 (10/1/2020 – 9/30/2022)
 2101NJOASS-01 (10/1/2020 – 9/30/2022)
 2101NJOANS-00 (10/1/2020 – 9/30/2022)
 2101NJHDC5-00 (12/27/2020 – 9/30/2022)
 2101NJSSC6-00 (4/1/2022 – 9/30/2024)
 2001NJOASS-03 (10/1/2019 – 9/30/2022)
 2001NJOANS-04 (10/1/2019 – 9/30/2022)
 2201NJOASS-02 (10/1/2021 – 9/30/2023)
 2201NJOACM-02 (10/1/2021 – 9/30/2023)
 2201NJOAHD-02 (10/1/2021-9/30/2023)
 2201NJOAPH-02 (10/1/2021-9/30/2023)
 2201NJOAFC-02 (10/1/2021-9/30/2023)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subaward information was not reported to FSRS during FY 2022.

Context:

Zero of six subrecipients selected for testing were reported to FSRS during FY 2022. Total subawards tested were \$35,266,155, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
6	6	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$35,266,155	\$35,266,155	\$0	\$0	\$0

Cause:

The Department was unaware of FFATA reporting requirements and did not report subaward information to FSRS during FY 2022.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the Department develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

The Department of Human Services, Division of Aging Services (DoAS) continues to work towards attaining full compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements. The DoAS continues to consult with the Department and/or other DHS Division fiscal leadership to finalize the FFATA procedures. These procedures shall include creating a list of all active first-tier subawards of federal funds DoAS has issued at \$30,000 or more. The list will include all the data fields required for FFATA reporting. DoAS grants management members will ensure each of the

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

identified subawards is entered on the Federal Subaward Reporting System (FSRS) website. DoAS will also revise internal procedures to ensure all future subawards of \$30,000 or more are entered on FSRS within 30 days of award.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-013
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Health
Federal Program: Immunization Cooperative Agreements, COVID-19 - Immunization Cooperative Agreements
Assistance Listing Number: 93.268
Award Number and Year: NH23IP922594 (7/1/19 – 6/30/24), 5NH23IP922594-02-00 (7/1/19 – 6/30/24), NH23IP922594-03-00 (7/1/19 – 6/30/24)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Unique Entity ID (UEI) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subaward information was not reported timely to FSRS during FY 2022.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

Eight of eight subawards selected for testing were not reported timely to FSRS.

Specifically, we noted the following:

- 7 of 8 subawards were issued on 7/1/2021 and they were not reported to FSRS until 1/24/2023, or 511 days late.
- 1 of 8 subawards was issued on 7/1/2022 and was not reported to FSRS until 1/24/2023, or 146 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	8	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,538,062	\$0	\$2,538,062	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

The Department of Health, Division of Epidemiology, Environmental and Occupational Health’s (DEEOH), Vaccine Preventable Disease Program (VPDP) will attain full compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements. The VPDP on boarded a full-time lead fiscal/grants officer in August 2022 to oversee the Immunization Cooperative Agreements, including COVID-19 supplemental funding. VPDP fiscal/grants leadership will implement FFATA procedures for the Immunization Cooperative Agreement. These procedures shall include creating a list of all active first-tier subawards of federal funds DEEOH has issued at \$30,000 or more under this Cooperative Agreement. The list will include all the data fields required for FFATA reporting. DEEOH fiscal/grants leadership will ensure each of the identified sub-awards is entered on the FFATA Subaward Reporting System (FSRS) website within 30 days of award issuance or award amendment.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-014
Prior Year Finding: 2021-016
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Health
Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC),
COVID-19 - Epidemiology and Laboratory Capacity for Infectious
Diseases (ELC)
Assistance Listing Number: 93.323
Award Number and Year: 6NU50CK000525 (8/1/2019 – 7/31/2024), 6 NU50CK000525-02-03
(8/1/2020 - 7/31/2024), 5NU50CK000525-03-00 (8/1/2019 –
7/31/2024)
Compliance Requirement: Suspension and Debarment
Type of Finding Material Weakness in Internal Control Over Compliance

Criteria or specific requirement:

Compliance: Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department could not provide support that it ensured its vendors were not suspended or debarred before issuing contracts to the entity.

Context:

The suspension and debarment status for eight of eight vendors was not documented.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Questioned costs:

There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

Cause:

The Department did not establish effective internal controls for maintaining sufficient evidence that a suspension and debarment check was completed before issuing contracts to its vendors.

Effect:

If the suspension and debarment status of vendors is not verified when entering into covered transactions, it is possible that a contract could be issued to an ineligible vendor.

Recommendation:

We recommend the Department implement controls and procedures to ensure suspension and debarments checks are adequately documented and maintained in the vendor procurement files.

Views of responsible officials:

The New Jersey Department of Health's (DOH) Central Procurement recently implemented revised Department policy FMC-23-02 and is working with the DOH divisional procurement staff within the agency to achieve full compliance. The revised policy circular includes the debarment language identified as missing in the previous FMC 21-02 policy.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-015
Prior Year Finding: 2021-017
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Health
Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number: 93.323
Award Number and Year: 6NU50CK000525 (8/1/2019 – 7/31/2024), 6NU50CK000525 (8/1/2019 – 7/31/2024), 6NU50CK000525-02-03 (8/1/2020 - 7/31/2024), 5NU50CK000525-03-00 (8/1/2019 – 7/31/2024)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Unique Entity ID (UEI) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Condition:

Subaward information was not reported timely to FSRS by the Department of Health (Department) during FY 2022.

Context:

Twenty-one of twenty-one subawards selected for testing were not reported timely to FSRS. Specifically, we noted the following:

- 13 of 13 subawards issued between July and December 2020 were reported to FSRS between 273 and 725 days late.
- 8 of 8 subawards issued in July and October 2021 were reported to FSRS between 244 and 512 days late.
- Of the exceptions noted, 12 subawards totaling \$10.6 million were not reported to FSRS until January 2023.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
21	0	21	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$28,294,095	\$0	\$28,294,095	\$0	\$0

Cause:

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:

With the Corrective Action Plan (CAP) previously developed as a result of the prior year 2021 audit finding, the Department’s Grants Unit with coordination from ELC program fiscal staff added a new function to the SAGE system that pulls all subaward data for all of ELC using its assigned ALN number 93.323. This system change was implemented in September 2022 that allows SAGE to pull data by CFDA number and enables the ELC fiscal staff to access all ELC subawards. ELC fiscal staff also has a reminder set to report at the end of each month, to enter FFATA information into FSRS, and to upload each report to SharePoint ELC Document Library at the end of each month.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

As per the prior year CAP created in September 2022, FFATA information for ELC subawards began being entered into FSRS on September 1, 2022.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-016
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Health
Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number: 93.323
Award Number and Year: 6 NU62PS924524-01-04 (2018), 18NU62PS924524 (2019), 5 NU62PS924524-03-00 (2020), 6 NU62PS924524-03-02 (2020)
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per 2 CFR 200.403, except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable under these principles.
- (b) Conform to any limitations or exclusions outlined in these principles or the Federal award regarding types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to Federally financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined following generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Health (Department) was unable to provide supporting documentation for disbursement transactions charged to the program.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

The Department was unable to provide supporting documentation for 17 of 60 disbursement transactions selected for testing. Auditors were not able to verify whether the expenditures were allowable per program requirements nor that they had been properly reviewed and approved.

Questioned costs:

Questioned costs of \$59,466 represent the total of unsupported disbursements charged to the program.

Cause:

The Department's procedures and controls were not sufficient to ensure that expenditures charged to the program were allowable and properly documented in accordance with federal requirements.

Effect:

Unallowable and unapproved costs may have been charged to the program.

Recommendation:

We recommend that the Department review its current procedures and controls to ensure that all expenditures charged to the program are supported by documentation, are properly reviewed and approved, and that documentation is readily available for audit. The Department should not seek federal reimbursement unless it can substantiate that disbursements are allowable and properly approved.

Views of responsible officials:

Due to the COVID-19 pandemic and the resulting remote teleworking period that was in place at the Department of Health (DOH) during the FY 2022 audit period, some payment documents were approved remotely without physical documents in hand, and the payment documentation for the 17 of 60 ELC general disbursement transactions examined were either not delivered to the office to be filed yet or have been delivered but misfiled. DOH Central Accounts Payable will review and improve its current procedures and controls to ensure all physical payment documents are reviewed, approved, and filed correctly under the current hybrid remote working conditions in place now since the pandemic ceased.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-017
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Community Affairs
Federal Program: Low-Income Home Energy Assistance, COVID-19 - Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2102NJE5C6 (3/11/21 – 9/30/22), 2001NJE5C3 (3/27/20 – 9/30/21), G-1701NJLIEA (10/1/16 – 9/30/18), G-1801NJLIEA (10/1/17 – 9/30/19), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2102NJLIEA (10/1/20 – 9/30/21)
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Condition:

Subaward information was not reported to FSRS during FY 2022.

Context:

Zero of eight subrecipients selected for testing were reported to FSRS during FY 2022. Total subawards tested were \$3,241,668, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	8	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$3,241,668	\$3,241,668	\$0	\$0	\$0

Cause:

During FY 2022, there was a vacancy in the Department’s staffing assigned to FFATA reporting, a breakdown in the transition responsibilities for the position, and a delay in hiring a replacement.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department cross-train staff to ensure it maintains capacity to meet FFATA requirements in the event that a staffing vacancy occurs in the future.

Views of responsible officials:

The Department of Community Affairs (DCA) now has a staff member in place with assigned responsibility for the FFATA reporting in the Federal Subaward Reporting System (FSRS) and other required federal reporting. To ensure that all required reporting in FSRS is completed timely, the process and procedures will be fully documented and the LIHEAP program manager will verify completion each month. DCA will also hire additional staff or cross-train current staff to further support the federal reporting function.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-018
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Community Affairs
Federal Program: Low-Income Home Energy Assistance, COVID-19 - Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2102NJE5C6 (3/11/21 – 9/30/22), 2001NJE5C3 (3/27/20 – 9/30/21), G-1701NJLIEA (10/1/16 – 9/30/18), G-1801NJLIEA (10/1/17 – 9/30/19), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2102NJLIEA (10/1/20 – 9/30/21)
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Per 2 CFR 200.302, each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Community Affairs (Department) was not able to provide documentation that drawdown requests had been properly approved.

Context:

Two of eight drawdown requests selected did not have evidence of supervisory approval prior to submission of the requests to the federal agency. The amounts drawn down for the two samples were \$282,956 and \$74,916 respectively.

Questioned costs:

None noted.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Cause:

The Department's procedures were not sufficient to ensure that drawdown requests were reviewed and approved prior to submission. Internal controls did not prevent or detect the errors.

Effect:

Without proper review and approval of drawdown requests, the amounts requested could be inaccurate which could result in the Department receiving program funds to which it is not entitled.

Recommendation:

We recommend that the Department review and enhance its procedures and controls to ensure that cash drawdowns are reviewed and approved prior to submission to the federal agency.

Views of responsible officials:

The Department of Community Affairs (DCA) staff responsible for the LIHEAP cash management function retired prior to this audit period without a proper transition of these tasks and there was also a delay in refilling the position. As recommended, the DCA has reviewed current procedures and controls regarding cash drawdown approvals and has developed a Policy Memo that details the Payment Management System (PMS) drawdown procedures going forward. For each request made, a Contract Administrator will produce a Business Object report for all transactions to be included in the drawdown and will send the report to the Program staff for review and approval that the amounts contained in the report are correct. Once the Program staff review is complete, the approved Business Object report will be forwarded with a cover email to the Division Fiscal Unit staff responsible for drawing down the funds in PMS for final processing.

**STATE OF NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-019
Prior Year Finding: No
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Community Affairs
Federal Program: Low-Income Home Energy Assistance, COVID-19 - Low-Income Home Energy Assistance
Assistance Listing Number: 93.568
Award Number and Year: 2102NJE5C6 (3/11/21 – 9/30/22), 2001NJE5C3 (3/27/20 – 9/30/21), G-1701NJLIEA (10/1/16 – 9/30/18), G-1801NJLIEA (10/1/17 – 9/30/19), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2102NJLIEA (10/1/20 – 9/30/21)
Compliance Requirement: Reporting – Performance and Special Reporting
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: LIHEAP Performance Data Form (OMB No 0970-0449) – State grantees must submit this report by January 31st regarding the prior federal fiscal year. The first section of the report is the Grantee Survey that covers sources and allocation of funding. The rest of the report is regarding performance metrics, mostly related to home energy burden targeting and reduction, as well as the continuity of home energy service.

Carryover and Reallotment Report (OMB No. 0970-0106) – Grantees must submit this report no later than August 1 indicating the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds. Funds in excess of the maximum carryover limit are subject to reallotment to other LIHEAP grantees in the following fiscal year and must also be reported.

Annual Report on Households Assisted by LIHEAP (OMB No. 0970-0060) – As part of the application for block grant funds each year, a report is required for the preceding fiscal year of (1) the number and income levels of the households assisted for each component and any type of LHEAP assistance (heating, cooling, crisis, and weatherization); and (2) the number of households served that contained young children, elderly, or persons with disabilities, or any vulnerable household for each component. Territories with annual allotments of less than \$200,000 and all Indian tribes are required to report only on the number of households served for each program component.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Community Affairs (Department) did not submit performance and special reports timely. The LIHEAP Performance Data Form and the LIHEAP Carryover and Reallotment Report were submitted after their respective due dates.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

We selected for testing the LIHEAP Performance Data Form, the LIHEAP Carryover and Reallotment Report, and the Annual Report on Households Assisted by LIHEAP which were due during FY2022. The following exceptions were noted:

- One of one LIHEAP Performance Data Forms was not submitted timely. The report for the period ending 9/30/2021 was due by 1/31/2022 but was not submitted until 4/22/2022, or 81 days late.
- One of one LIHEAP Carryover and Reallotment Reports was not submitted timely. The report was due by 8/1/2021, but was not submitted until 11/16/2021, or 107 days late.

Questioned costs:

None noted.

Cause:

The Department's procedures were not sufficient to ensure that the LIHEAP Performance Data Form and the LIHEAP Carryover and Reallotment Report were submitted timely. Internal controls did not prevent or detect the errors.

Effect:

Delays in submission of annual performance and special reports could impact the Federal agency's ability to manage the program, could result in delays in annual awards, and possible penalties or sanctions could be imposed by the grantor.

Recommendation:

We recommend that the Department review and enhance its procedures and internal controls to ensure that performance and special reports are submitted timely.

Views of responsible officials:

All performance and special reports noted in the audit finding must be approved by the Applied Public Policy Research Institute for Study and Evaluation (APPRISE - U.S. Department of Health and Human Services (USDHHS) Consultants) before they are submitted to USDHHS. The final reports noted as exceptions were not submitted on time due to pandemic related complications, staff retirements and communication issues with APPRISE. As recommended, the Department of Community Affairs (DCA) has reviewed current reporting procedures and Program staff will be assigned the responsibility to prepare all reports, work with APPRISE to obtain required approvals, and submit all required reports on a timely basis. Reporting due dates and deadlines will be documented to ensure that initial reports are produced timely. The timeframe needed to coordinate with the APPRISE consultants for reviews and updates to the reports will also be built into the process so that final reports are submitted to USDHHS by the due date. All reporting procedures will be documented and distributed to LIHEAP program staff.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-020

Prior Year Finding: No

Federal Agency: U.S. Department of Health and Human Services

State Agency: Department of Human Services

Federal Program: CCDF Cluster, COVID-19 – CCDF Cluster

Assistance Listing Number: 93.575, 93.596

Award Number and Year: 2201NJCCDF (10/1/2021 – 9/30/2024)
2201NJCCDD (10/1/2021 – 9/30/2024)
2101NJCCDF (10/1/2020 – 9/30/2023)
2101NJCCDF (10/1/2020 – 9/30/2023)
2101NJCCDF (10/1/2019 – 9/30/2022)
2001NJCCDF (10/1/2019- 9/30/2022)
2101NJCSC6 (10/1/2020 – 9/30/2023)

Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Type of Finding Material Weakness in Internal Control Over Compliance, Material Non-compliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or

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Section III – Federal Award Findings and Questioned Costs (Continued)

the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

Subaward information was not reported to FSRS during FY 2022.

Context:

Zero of eight subrecipients selected for testing were reported to FSRS during FY 2022. Total subawards tested were \$27,226,331, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	8	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$27,226,331	\$27,226,331	\$0	\$0	\$0

Cause:

The Department was unaware of FFATA reporting requirements and did not report subaward information to FSRS during FY 2022.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:

None noted.

Recommendation:

We recommend that the Department develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the Department develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:

The DHS Division of Family Development (DFD) agrees with the audit finding regarding the submission of subawards to the FFFATA Subaward Reporting System (FSRS).

In accordance with the finding recommendation, the DFD will develop internal controls and procedures to ensure the timely reporting of all required subawards to FSRS. An initial review of the FSRS by DFD fiscal staff appeared to indicate that some federal grant data that should be prepopulated on the website was missing (e.g. Child Care M&M available; discretionary not found). DFD will work with the necessary federal agencies to ensure that the Division can input the required information for all awards.

Assessment and development of policy and procedures related to this task will take approximately three months. Staff assignment, training, and submission of federal grant information to the federal website will occur over the next State fiscal year 2024.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Projected policy and procedures development completion: July 1, 2023.
Assignment and submission of federal reports: June 30, 2024.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-021
Prior Year Finding: No
Federal Agency: Department of Health and Human Services
State Agency: Department of Children and Families
Federal Program: Social Services Block Grant
Assistance Listing Number: 93.667
Award Number and Year: G-2200NJSOSR (10/1/2021 – 3/30/2023)
Compliance Requirement: Period of Performance
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods. Social Services Block Grant funds must be expended by the state in the fiscal year allotted or in the succeeding fiscal year.

Control – Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Children and Families (Department) charged costs to the program that were incurred outside of the grant award’s period of performance.

Context:

Four of forty expenditure transactions selected for testing, totaling \$842, were incurred prior to the award start date of October 1, 2021.

Questioned costs:

\$842, the total of expenditures charged to the program that were incurred outside of the grant award’s period of performance.

Cause:

Accounting staff identified and charged program costs to the incorrect grant. The Department’s review process did not detect the errors nor take timely corrective action.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Effect:

The Department was not compliant with the grant's period of performance which could result in the grantor's disallowance of the costs.

Recommendation:

We recommend that the Department review and enhance its procedures and controls to ensure that expenditures charged to the program are incurred within the grant's period of performance.

Views of responsible officials:

The Department of Children and Families (DCF) will review and enhance its procedures and controls to ensure that expenditures charged to the program are incurred within each grant award's specified period of performance.

Further, as the federal SSBG grant award cited has a period of performance that remains open through September 2023, DCF has adjusted the four transactions that were posted incorrectly to another available funding source and ensured that all transactions presently recorded are now in compliance and within the specified period of performance.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-022
Prior Year Finding: 2021-019
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Human Services
Federal Program: Medicaid Cluster, COVID-19 – Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205NJ5MAP (10/1/2021 – 9/30/2022)
2205NJ5ADM (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions: Managed Care Financial Audit
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: Two types of audits are required for managed care:

1. Audited Financial Reports – The contract with each Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), and Prepaid Ambulatory Health Plan (PAHP) must require them to submit to the state an audited financial report specific to the Medicaid contract on an annual basis. These audits must be conducted in accordance with generally accepted accounting principles and generally accepted auditing standards (42 CFR section 438.3(m)).
2. Periodic Audits – Effective no later than for rating periods for contracts starting on or after July 1, 2017, the state must periodically, but no less frequently than once every three years, conduct, or contract for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of each MCO, PIHP, and PAHP and post the results of these audits on its website (42 CFR section 438.602(e) and (g); May 6, 2016, Federal Register (81 FR 27497); OMB No. 0938-0920).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Human Services (Department) received audit reports from its MCOs, but these reports were Agreed Upon Procedures (AUP) reports which were not conducted in accordance with generally accepted accounting principles and generally accepted auditing standards.

Context:

Five of five MCO audit reports received by DMAHS were AUP reports. An AUP engagement is one in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on subject matter. The client engages the practitioner to assist specified parties in evaluating subject matter or an assertion as a result of a need or needs of the specified parties.

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Section III – Federal Award Findings and Questioned Costs (Continued)

In an engagement performed under this section, the practitioner does not perform an examination or a review, and does not provide an opinion or negative assurance. Therefore, AUP reports do not fulfill the requirement that the audit is conducted in accordance with generally accepted accounting principles and generally accepted auditing standards.

Questioned costs:

Undetermined.

Cause:

The Department held the opinion that AUP reports were sufficient to meet the requirement of obtaining a financial statement audit report per the flexibility given to States in Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) Frequently Asked Question number Q10, dated November 10, 2016.

Effect:

The Department is unable to ensure that its MCOs were audited in accordance with generally accepted accounting principles and generally accepted auditing standards. Failure to obtain qualified audit reports from its MCOs would result in DMAHS being unaware of deficiencies, corrective action plans or unmet requirements which would be identified as a result of qualified audits.

Recommendation:

We recommend that the Department update its contracts with its MCOs to remove the language specifying the requirement for an audit conducted specifically in accordance with generally accepted accounting principles and generally accepted auditing standards and instead to specify that an AUP report is acceptable per guidance provided under Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) Frequently Asked Question number Q10.

Views of responsible officials:

Based on this audit finding recommendation, Section 7.25.1(B) of the MCO Contract has been updated effective January 2023. The update removes language requiring audits in accordance with generally accepted accounting principles and generally accepted auditing standards and specifies that an AUP report is acceptable per guidance provided under Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) Frequently Asked Question number Q10.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-023
Prior Year Finding: 2021-014
Federal Agency: U.S. Department of Health and Human Services
State Agency: Department of Human Services
Federal Program: Medicaid Cluster, COVID-19 – Medicaid Cluster
Assistance Listing Number: 93.775, 93.777, 93.778
Award Number and Year: 2205NJ5MAP (10/1/2021 – 9/30/2022)
2205NJ5ADM (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions: Provider Eligibility
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: In order to receive Medicaid payments, providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the state (42 CFR Part 455, Subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H. Providers who have been barred from participation by the Office of the Inspector General (OIG) exclusion list are not eligible to be enrolled in the Medicaid program. (See 42 CFR 455.436).

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department Human Services (the Department) did not maintain documentation to support provider eligibility to participate in the Medicaid program. The provider eligibility requirement is administered by a 3rd-party that is required to determine and document the provider’s eligibility with the Department’s requirements. Provider files were incomplete, containing expired licenses or missing key documentation supporting eligibility.

Context:

The Department contracts with a 3rd party provider to manage medical provider eligibility. The 3rd party provider is responsible for verifying providers’ license statuses and that providers meet health and safety standards. We noted that medical provider files maintained by the 3rd party contractor did not consistently support providers’ eligibility and compliance with the State’s health and safety standards in

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Section III – Federal Award Findings and Questioned Costs (Continued)

accordance with federal and state requirements. A sample of 60 provider files was selected for testing and the following exceptions were noted:

- Six of sixty provider files did not have an active license on file. The provider licenses expired and an active license was not obtained and updated in the provider files.
- One of sixty provider files did not contain the provider agreement checklist.

Questioned costs:

Undetermined.

Cause:

Internal controls of the 3rd party provider were ineffective in ensuring that all required documentation was obtained and maintained in provider files. The Department's controls over the 3rd party contractor were ineffective in detecting the errors.

Effect:

Medicaid claims may be paid to ineligible providers which may result in unallowed program costs. The Department is not compliant with the State's plan for Medicaid.

Recommendation:

We recommend that the Department continue to review the 3rd party provider's procedures for determining and documenting provider eligibility and compliance with related State and Federal requirements. The Department should periodically review provider files to determine if all required documentation is maintained in the files.

Views of responsible officials:

The Department of Human Services' Division of Medical Assistance and Health Services (DMAHS) has unsuccessfully attempted to gain access to data files that would provide current licensure data to our contracted vendor from the State's licensing agencies. Continuing efforts to outreach providers by sending a license expiration letter to providers 45 days prior to the license expiration date have also been less than successful. Access concerns have discouraged the State's efforts to deny claims because of expired licenses. It is important to note that the State's expectations are that providers are properly licensed, but have failed to communicate this information to our contracted vendor. Licensure information for all enrolling providers and those subject to revalidation are also screened in accordance with ACA requirements.

DMAHS efforts to achieve compliance with regard to provider licensing in coordination with the State's contracted vendor remains ongoing and the importance of having license information on file for the providers being enrolled will again be reiterated and reinforced through communications with the contracted vendor and their staff. The vendor has also been approved to continue taking screenshots of providers' licensing information from licensing websites in lieu of the provider sending in paper copies. These ongoing efforts and actions will help to ensure that licensing information is captured and maintained for each provider and the State's compliance with documenting provider licensing continues to improve and move towards full compliance in future periods.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2022-024
Prior Year Finding: No
Federal Agency: Social Security Administration
State Agency: Department of Labor and Workforce Development
Federal Program: Disability Insurance/SSI Cluster
Assistance Listing Number: 96.001
Award Number and Year: 04-2204NJD100 (10/1/2021 – 3/30/2023), 04-2104NJD100 (10/1/2020 – 3/30/2022), 04-2004NJD100 (10/1/2019 – 3/30/2021)
Compliance Requirement: Period of Performance
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control – Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor and Workforce Development (Department) charged costs to the program that were incurred outside of the grant award’s period of performance.

Context:

Two of six expenditure transactions selected for testing, totaling \$435, were incurred prior to the award start date of October 1, 2021.

Questioned costs:

\$435, the total of expenditures charged to the program that were incurred outside of the grant’s period of performance.

Cause:

Accounting staff identified and charged program costs to the incorrect grant. The Program’s review process did not detect the errors nor take timely corrective action.

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Section III – Federal Award Findings and Questioned Costs (Continued)

Effect:

The Department was not compliant with the grant's period of performance which could result in the grantor's disallowance of the costs.

Recommendation:

We recommend that the Department review its procedures to ensure that expenditures charged to the program are incurred within the grant's period of performance.

Views of responsible officials:

The New Jersey Department of Labor and Workforce Development (DLWD) has a policy in place for processing tuition reimbursements that are performed by the Department's Accounts Payable unit. The policy was reviewed by the Office of Finance & Accounting (F&A) and internal control procedures were enhanced to ensure that fiscal cutoff measures were appropriately addressed. Tuition reimbursement procedures include having the requests forwarded to the responsible Supervising Analyst in the Appropriations/Accounting unit for final review and approval to ensure the proper fiscal period is charged. The correcting transactions were completed during the Single Audit timeframe to remediate the findings by charging and reimbursing the proper fiscal year accounts. The DLWD will continue its efforts to ensure compliance and that all charges applied to Federal awards are within the specified period of performance going forward.