

**STATE OF NEW JERSEY**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2023**

**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

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, 2023, 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, 2023, 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 opinion. 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, *Government Auditing Standards*, and the Uniform Guidance, we:

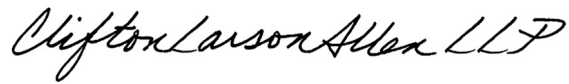
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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.

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 15, 2024 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
April 15, 2024



**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**

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 (the Schedule), and related notes of the State of New Jersey, for the year ended June 30, 2023 and have issued our report thereon dated April 15, 2024.

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.

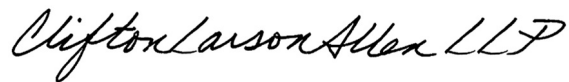
Governor  
State of New Jersey

**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 15, 2024



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

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, 2023. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Summary of Opinions*

<b>Major Federal Program/Cluster</b>	<b>Assistance Listing</b>	<b>Type of Opinion</b>
Unemployment Insurance	17.225	Qualified
WIOA Cluster	17.258, 17.259, 17.278	Qualified
Supporting Effective Instruction State Grants	84.367	Qualified
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
Temporary Assistance for Needy Families	93.558	Qualified
Low-Income Home Energy Assistance	93.568	Qualified
CCDF Cluster	93.575, 93.596	Qualified
Opioid STR	93.788	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Qualified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Qualified



Major Federal Program/Cluster	Assistance Listing	Type of Opinion
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Unmodified
Food Distribution Cluster	10.565, 10.568, 10.569	Unmodified
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Emergency Rental Assistance	21.023	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Education Stabilization Fund	84.425	Unmodified
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Unmodified
Children's Health Insurance Program	93.767	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Disability Insurance/SSI Cluster	96.001	Unmodified

**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, 2023.

**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, 2023.

**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:

<b>Program</b>	<b>Assistance Listing</b>	<b>Noncompliance</b>	<b>Finding Number</b>
Unemployment Insurance	17.225	Eligibility	2023-001
Unemployment Insurance	17.225	Special Tests and Provisions – UI Reemployment Programs	2023-002
Unemployment Insurance	17.225	Special Tests and Provisions – UI Benefit Payments	2023-003
WIOA Cluster	17.258, 17.259, 17.278	Reporting – FFATA	2023-006
Supporting Effective Instruction State Grants	84.367	Reporting - FFATA	2023-009
Aging Cluster	93.044, 93.045, 93.053	Subrecipient Monitoring	2023-011
Immunization Cooperative Agreements	93.323	Reporting - FFATA	2023-013
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Reporting - FFATA	2023-014
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Subrecipient Monitoring	2023-015
Temporary Assistance for Needy Families	93.558	Reporting - FFATA	2023-016
Low-Income Home Energy Assistance	93.568	Reporting - FFATA	2023-017
Low-Income Home Energy Assistance	93.568	Subrecipient Monitoring	2023-018
CCDF Cluster	93.575, 93.596	Reporting - FFATA	2023-020
Opioid STR	93.788	Reporting – FFATA	2023-024
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Reporting - FFATA	2023-026
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Reporting - FFATA	2023-028

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 2023-004, 2023-005, 2023-007, 2023-008, 2023-010, 2023-012, 2023-019, 2023-021, 2023-022, 2023-023, 2023-025, and 2023-027. 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 2023-001, 2023-002, 2023-003, 2023-006, 2023-009, 2023-011, 2023-013, 2023-014, 2023-015, 2023-016, 2023-017, 2023-018, 2023-020, 2023-024, 2023-026, and 2023-028 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 2023-004, 2023-005, 2023-007, 2023-008, 2023-010, 2023-012, 2023-019, 2023-021, 2023-022, 2023-023, 2023-025, and 2023-027 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.

Governor  
State of New Jersey

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*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
April 15, 2024

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>			
COVID-19 - Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 101,167	\$ -
Plant and Animal Disease, Pest Control, and Animal Care		2,204,849	-
Total Plant and Animal Disease, Pest Control, and Animal Care		2,306,016	-
Market Protection and Promotion	10.163	9,675	-
Specialty Crop Block Grant Program - Farm Bill	10.170	1,100,652	501,956
Organic Certification Cost Share Programs	10.171	45,310	-
COVID-19 - Agricultural Worker Pandemic Relief and Protection Program	10.181	534,846	-
Food Bank Network	10.182	3,637,500	3,637,500
Local Food for Schools Cooperative Agreement Program	10.185	185,959	185,959
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligi	10.187	282,295	282,295
State Mediation Grants	10.435	22,967	-
Child Nutrition-Technology Innovation Grant	10.541	102,651	-
COVID-19 - Pandemic EBT Food Benefits	10.542	887,894,787	-
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	1,559	-
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.551	1,801,713,739	-
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	13,734,026	13,733,116
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		145,044,212	123,859,339
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	158,778,238	137,592,455
Total SNAP Cluster		1,960,491,977	137,592,455
Child Nutrition Cluster:			
School Breakfast Program	10.553	140,698,886	140,698,886
COVID-19 - National School Lunch Program	10.555	36,077,481	36,077,481
National School Lunch Program		394,372,292	394,372,292
Total National School Lunch Program	10.555	430,449,773	430,449,773
Special Milk Program for Children	10.556	113,652	113,652
Summer Food Service Program for Children	10.559	39,007,018	38,234,275
Fresh Fruit and Vegetable Program	10.582	5,807,116	5,758,106
Total Child Nutrition Cluster		616,076,445	615,254,692
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	177,745,448	28,142,790
Child and Adult Care Food Program	10.558	98,799,649	97,359,374
State Administrative Expenses for Child Nutrition	10.560	10,390,842	-
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	690,238	662,598
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	1,846,080	1,599,246
Emergency Food Assistance Program (Administrative Costs)		3,800,055	2,824,052
Total Emergency Food Assistance Program (Administrative Costs)	10.568	5,646,135	4,423,298
Emergency Food Assistance Program (Food Commodities)	10.569	47,057,330	-
Total Food Distribution Cluster		53,393,703	5,085,896
WIC Farmers' Market Nutrition Program (FMNP)	10.572	568,065	3,375
Senior Farmers Market Nutrition Program	10.576	925,642	19,130
SNAP Partnership Grant	10.577	317,507	67,507
WIC Grants To States (WGS)	10.578	1,525,961	434,180
Child Nutrition Discretionary Grants Limited Availability	10.579	695,350	695,350
Supplemental Nutrition Assistance Program, Process and Technology Improvement Gr	10.580	246,010	-
COVID-19 - Farm to School State Formula Grant	10.645	25,706	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture (Continued)</b>			
COVID-19 - Pandemic EBT Administrative Costs	10.649	\$ 2,481,963	\$ -
Cooperative Forestry Assistance	10.664	838,740	-
Forest Health Protection	10.680	306,027	-
State & Private Forestry Cooperative Fire Assistance	10.698	406,044	186,241
Environmental Quality Incentives Program	10.912	10,000	10,000
<b>Total U.S. Department of Agriculture</b>		<b>3,821,369,296</b>	<b>889,458,700</b>
<b>U.S. Department of Commerce</b>			
COVID-19 - Economic Development Cluster	11.307	6,559,711	-
Interjurisdictional Fisheries Act of 1986	11.407	139,814	-
Coastal Zone Management Administration Awards	11.419	1,427,205	25,000
Cooperative Fishery Statistics	11.434	652,362	-
Regional Fishery Management Councils	11.441	1,455,972	-
COVID-19 - Unallied Management Projects	11.454	133,181	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	523,719	-
<b>Total U.S. Department of Commerce</b>		<b>10,891,964</b>	<b>25,000</b>
<b>U.S. Department of Defense</b>			
Military Construction, National Guard	12.400	837,251	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	44,649,361	-
National Guard ChalleNGe Program	12.404	2,556,516	-
Troops to Teachers Grant Program	12.620	36,225	5,165
Contractual Agreements	12.CON	522,253	67,046
<b>Total U.S. Department of Defense</b>		<b>48,601,606</b>	<b>72,211</b>
<b>U.S. Department of Housing and Urban Development</b>			
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	4,912,813	4,775,654
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		6,442,124	6,340,382
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11,354,937	11,116,036
COVID-19 - Emergency Solutions Grant Program	14.231	7,660,089	1,786,678
Emergency Solutions Grant Program		3,370,744	3,147,491
Total Emergency Solutions Grant Program	14.231	11,030,833	4,934,169
Supportive Housing Program	14.235	1,109,106	-
Home Investment Partnerships Program	14.239	3,341,421	1,365,600
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	32,781	-
Housing Opportunities for Persons with AIDS		1,075,122	-
Total Housing Opportunities for Persons with AIDS	14.241	1,107,903	-
Continuum of Care Program	14.267	2,302,785	-
CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	59,087,258	27,000,703
National Disaster Resilience Competition	14.272	2,550,919	80,902
Total CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster		61,638,177	27,081,605
Housing Trust Fund	14.275	8,137,496	7,375,359
Fair Housing Assistance Program State and Local	14.401	754,331	-

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development (Continued)</b>			
Section 8 Project-Based Cluster:			
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	\$ 3,418,138	\$ -
Total Section 8 Project-Based Cluster		3,418,138	-
Housing Voucher Cluster:			
COVID-19 - Section 8 Housing Choice Vouchers	14.871	12,290,792	205
Section 8 Housing Choice Vouchers		292,471,292	(122,513)
Total Section 8 Housing Choice Vouchers	14.871	304,762,084	(122,308)
Mainstream Vouchers	14.879	1,809,908	-
Total Housing Voucher Cluster		306,571,992	(122,308)
Family Self-Sufficiency Program	14.896	60,752	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	368,230	225,479
<b>Total U.S. Department of Housing and Urban Development</b>		411,196,101	51,975,940
<b>U.S. Department of the Interior</b>			
Fish and Wildlife Cluster:			
Sport Fish Restoration	15.605	2,920,304	-
Wildlife Restoration and Basic Hunter Education	15.611	10,278,330	21,250
Total Fish and Wildlife Cluster		13,198,634	21,250
Fish and Wildlife Management Assistance	15.608	11,440	-
Cooperative Endangered Species Conservation Fund	15.615	21,571	-
Clean Vessel Act	15.616	214,113	205,100
Sportfishing and Boating Safety Act	15.622	63,007	-
State Wildlife Grants	15.634	527,223	-
National Cooperative Geologic Mapping	15.810	58,782	-
National Geological and Geophysical Data Preservation	15.814	8,552	-
Historic Preservation Fund Grants-In-Aid	15.904	165,802	114,260
Outdoor Recreation Acquisition, Development and Planning	15.916	1,228,500	750,000
Water Use and Data Research	15.981	40,066	-
<b>Total U.S. Department of the Interior</b>		15,537,690	1,090,610
<b>U.S. Department of Justice</b>			
Missing Alzheimer's Disease Patient Assistance Program	16.015	91,409	-
Sexual Assault Services Formula Program	16.017	543,879	543,879
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2,373,950	1,191,299
Equal Employment Opportunity	16.101	125,000	-
Juvenile Justice and Delinquency Prevention	16.540	693,201	470,515
Missing Children's Assistance	16.543	600,861	337
National Criminal History Improvement Program (NCHIP)	16.554	664,509	-
Crime Victim Assistance	16.575	63,698,830	53,677,047
Crime Victim Compensation	16.576	6,501,673	2,558,006
Crime Victim Assistance/Discretionary Grants	16.582	141,975	59,385
Violence Against Women Formula Grants	16.588	3,976,859	3,408,708
Residential Substance Abuse Treatment for State Prisoners	16.593	85,371	78,997
State Criminal Alien Assistance Program	16.606	3,247,730	-
Public Safety Partnership and Community Policing Grants	16.710	3,623,639	175,925
PREA Program: Strategic Support for PREA Implementation	16.735	95,118	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5,767,908	3,942,050
DNA Backlog Reduction Program	16.741	778,041	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	424,114	21,490
Support for Adam Walsh Act Implementation Grant Program	16.750	202,779	-
Economic, High-Tech, and Cyber Crime Prevention	16.752	96,215	-
Harold Rogers Prescription Drug Monitoring Program	16.754	2,317,365	-
Second Chance Act Reentry Initiative	16.812	137,341	-



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<b>U.S. Department of Justice (Continued)</b>			
John R. Justice Prosecutors and Defenders Incentive Act	16.816	\$ 113,416	\$ (2,477)
Postconviction Testing of DNA Evidence	16.820	18,354	-
Children of Incarcerated Parents	16.831	170,925	-
National Sexual Assault Kit Initiative	16.833	341,224	-
BodyWorn Camera Policy and Implementation	16.835	1,022,378	-
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	2,851,966	2,629,107
STOP School Violence	16.839	557,137	131,125
Contractual Agreements	16.CON	94,964	-
<b>Total U.S. Department of Justice</b>		<b>101,358,131</b>	<b>68,885,393</b>
<b>U.S. Department of Labor</b>			
Labor Force Statistics	17.002	1,833,547	-
Compensation and Working Conditions	17.005	297,637	-
Employment Services Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	18,537,310	-
Jobs for Veterans State Grants	17.801	3,128,017	-
Total Employment Services Cluster		<u>21,665,327</u>	<u>-</u>
Local Veterans' Employment Representative Program	17.804	1,256,965	-
COVID-19 - Unemployment Insurance	17.225	36,778,001	-
Unemployment Insurance		2,182,248,281	-
Total Unemployment Insurance	17.225	<u>2,219,026,282</u>	<u>-</u>
Senior Community Service Employment Program	17.235	2,013,721	-
Trade Adjustment Assistance	17.245	3,272,847	-
WIOA Cluster:			
WIOA Adult Program	17.258	28,034,404	19,536,295
WIOA Youth Activities	17.259	19,184,804	18,619,361
WIOA Dislocated Worker Formula Grants	17.278	20,675,290	14,307,250
Total WIOA Cluster		<u>67,894,498</u>	<u>52,462,906</u>
WIOA Pilots, Demonstrations, and Research Projects	17.261	322,000	322,000
Work Opportunity Tax Credit Program (WOTC)	17.271	449,843	-
Temporary Labor Certification for Foreign Workers	17.273	299,187	-
COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	185,414	118,637
WIOA National Dislocated Worker Grants / WIA National Emergency Grants		2,009,237	1,997,137
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	<u>2,194,651</u>	<u>2,115,774</u>
Apprenticeship USA Grants	17.285	791,566	354,670
Occupational Safety and Health State Program	17.503	2,096,670	-
Consultation Agreements	17.504	2,068,828	-
Mine Health and Safety Grants	17.600	67,810	-
<b>Total U.S. Department of Labor</b>		<b>2,325,551,379</b>	<b>55,255,350</b>
<b>U.S. Department of Transportation</b>			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	423,357	-
COVID-19 - Highway Planning and Construction	20.205	78,816,235	-
Highway Planning and Construction		942,534,912	83,882,205
Total Highway Planning and Construction	20.205	<u>1,021,351,147</u>	<u>83,882,205</u>
FMCSA Cluster:			
Motor Carrier Safety Assistance	20.218	8,778,084	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	327,009	-
Total FMCSA Cluster		<u>9,105,093</u>	<u>-</u>

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<b>U.S. Department of Transportation (Continued)</b>			
Recreational Trails Program	20.219	\$ 974,713	\$ -
Commercial Driver's License Program Implementation Grant	20.232	1,650,874	-
Railroad Safety	20.301	3,144	-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	675,358	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	250,000	-
Highway Safety Cluster:			
State and Community Highway Safety	20.600	8,407,785	4,830,541
National Priority Safety Programs	20.616	10,059,354	6,063,093
Total Highway Safety Cluster		<u>18,467,139</u>	<u>10,893,634</u>
Pipeline Safety Program State Base Grant	20.700	569,797	(3,162)
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	328,106	200,182
Contractual Agreements	20.CON	63,265	-
<b>Total U.S. Department of Transportation</b>		<u>1,053,861,993</u>	<u>94,972,859</u>
<b>U.S. Department of the Treasury</b>			
COVID-19 - Coronavirus Relief Fund	21.019	88,589,793	9,077,112
COVID-19 - Emergency Rental Assistance Program	21.023	146,320,537	715,820
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1,107,083,592	615,766,878
COVID-19 - Coronavirus Capital Projects Fund	21.029	42,184	-
Total Department of the Treasury		<u>1,342,036,106</u>	<u>625,559,810</u>
<b>Federal Communications Commission</b>			
COVID-19 - Emergency Connectivity Fund Program	32.009	160,000	-
<b>Total Federal Communications Commission</b>		<u>160,000</u>	<u>-</u>
<b>National Endowment for the Arts</b>			
COVID-19 - Promotion of the Arts Partnership Agreements	45.025	875,600	875,600
Promotion of the Arts Partnership Agreements		1,044,904	611,800
Total Promotion of the Arts Partnership Agreements	45.025	<u>1,920,504</u>	<u>1,487,400</u>
<b>Total National Endowment for the Arts</b>		<u>1,920,504</u>	<u>1,487,400</u>
<b>Small Business Administration</b>			
State Trade Expansion	59.061	1,529,022	1,442,523
<b>Total Small Business Administration</b>		<u>1,529,022</u>	<u>1,442,523</u>
<b>Department of Veterans Affairs</b>			
COVID-19 - Grants to States for Construction of State Home Facilities	64.005	50,188	-
Veterans State Nursing Home Care	64.015	33,227,327	-
Burial Expenses Allowance for Veterans	64.101	1,722,283	-
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	522,534	-
Veterans Cemetery Grants Program	64.203	138,523	-
<b>Total U.S. Department of Veterans Affairs</b>		<u>35,660,855</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>			
COVID-19 - Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	231,875	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		526,460	-
Total Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	<u>758,335</u>	<u>-</u>

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<b>U.S. Environmental Protection Agency (continued)</b>			
Diesel Emissions Reduction Act (DERA) State Grants	66.040	\$ 279,026	\$ 279,026
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442	108,289	108,289
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444	64,104	-
Water Quality Management Planning	66.454	534,198	140,598
Clean Water State Revolving Fund Cluster:			
Clean Water State Revolving Fund	66.458	46,555,478	42,720,734
Total Clean Water State Revolving Fund Cluster		<u>46,555,478</u>	<u>42,720,734</u>
Regional Wetland Program Development Grants	66.461	270,226	-
Drinking Water State Revolving Fund Cluster:			
Drinking Water State Revolving Fund	66.468	10,428,958	7,961,724
Total Drinking Water State Revolving Fund Cluster		<u>10,428,958</u>	<u>7,961,724</u>
Beach Monitoring and Notification Program Implementation Grants	66.472	313,785	295,714
Performance Partnership Grants	66.605	16,584,509	1,703,362
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	397,828	-
Pollution Prevention Grants Program	66.708	57,979	57,000
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	859,114	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	1,464,463	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	32,295	-
State and Tribal Response Program Grants	66.817	623,095	-
<b>Total U.S. Environmental Protection Agency</b>		<b>79,331,682</b>	<b>53,266,447</b>
<b>U.S. Department of Energy</b>			
State Energy Program	81.041	599,058	430,183
Weatherization Assistance for Low-Income Persons	81.042	4,486,849	3,512,771
Administrative Cost Consolidations	81.ADM	19,667,899	-
<b>Total U.S. Department of Energy</b>		<b>24,753,806</b>	<b>3,942,954</b>
<b>U.S. Department of Education</b>			
Adult Education - Basic Grants to States	84.002	15,899,879	13,270,757
Title I Grants to Local Educational Agencies	84.010	374,990,441	371,284,537
Migrant Education State Grant Program	84.011	2,468,283	2,325,880
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	1,672,967	130,656
Special Education Cluster (IDEA):			
COVID-19 - Special Education Grants to States	84.027	23,282,623	23,263,869
Special Education Grants to States		408,628,005	377,732,795
Total Special Education Grants to States	84.027	<u>431,910,628</u>	<u>400,996,664</u>
COVID-19 - Special Education Preschool Grants	84.173	1,924,821	1,923,236
Special Education Preschool Grants		12,167,486	12,035,676
Total Special Education Preschool Grants	84.173	<u>14,092,307</u>	<u>13,958,912</u>
Total Special Education Cluster		<u>446,002,935</u>	<u>414,955,576</u>
Career and Technical Education -- Basic Grants to States	84.048	25,345,999	22,998,559
Career and Technical Education -- National Programs	84.051	93,438	85,126
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	62,445,303	5,953,929
Migrant Education Coordination Program	84.144	56,581	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	1,211,367	587,039
COVID-19 - Special Education-Grants for Infants and Families	84.181	2,545,195	2,454,895
Special Education-Grants for Infants and Families		10,067,150	6,764,971
Total Special Education-Grants for Infants and Families	84.181	<u>12,612,345</u>	<u>9,219,866</u>

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<b>U.S. Department of Education (continued)</b>			
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	\$ 35,947	\$ (20,027)
Education for Homeless Children and Youth	84.196	2,271,040	1,889,447
Twenty-First Century Community Learning Centers	84.287	27,726,770	26,557,311
Special Education - State Personnel Development	84.323	1,162,048	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3,040,693	2,497,960
Rural Education	84.358	47,328	45,606
English Language Acquisition State Grants	84.365	21,261,378	20,382,956
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	46,406,521	44,295,473
Grants for State Assessments and Related Activities	84.369	15,958,209	-
Statewide Longitudinal Data Systems	84.372	1,092,159	-
School Improvement Grants	84.377	1,378,573	1,378,573
Student Support and Academic Enrichment Program	84.424	29,135,130	27,945,449
Education Stabilization Fund:			
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	135,048	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	507,844,406	500,657,073
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021-Emergency Assistance to Non-Public Schools (CRRSA EANS)	84.425R	32,461,258	1,439,540
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	751,268,981	747,695,956
COVID-19 - American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V	8,241,061	-
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY)	84.425W	4,980,977	4,449,799
Total Education Stabilization Fund	84.425	1,304,931,731	1,254,242,368
COVID-19 - Randolph-Sheppard - Financial Relief and Restoration Payments	84.426	10,196	10,196
Contractual Agreements	84.CON	221,013	-
<b>Total U.S. Department of Education</b>		2,397,478,274	2,220,037,237
<b>U.S. Election Assistance Commission</b>			
Help America Vote Act Requirements Payments	90.401	9,243	-
2018 HAVA Election Security Grants	90.404	2,100,539	428,237
<b>Total U.S. Election Assistance Commission</b>		2,109,782	428,237
<b>U.S. Department of Health and Human Services</b>			
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	141,768	-
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	164,354	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		495,126	-
Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	659,480	-
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	80,988	80,988
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		583,765	583,765
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	664,753	664,753
Aging Cluster:			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	886,979	621,946
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		11,411,584	11,411,584
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	12,298,563	12,033,530

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<b>U.S. Department of Health and Human Services (continued)</b>			
Aging Cluster (continued):			
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	\$ 1,659,000	\$ 1,122,949
Special Programs for the Aging, Title III, Part C, Nutrition Services		23,543,186	22,361,425
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	<u>25,202,186</u>	<u>23,484,374</u>
Nutrition Services Incentive Program	93.053	3,116,542	3,116,542
Total Aging Cluster		<u>40,617,291</u>	<u>38,634,446</u>
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	(60,622)	(60,622)
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	78,937	46,252
National Family Caregiver Support, Title III, Part E		4,342,606	4,326,014
Total National Family Caregiver Support, Title III, Part E	93.052	<u>4,421,543</u>	<u>4,372,266</u>
Public Health Emergency Preparedness	93.069	14,388,002	5,825,486
Environmental Public Health and Emergency Response	93.070	1,522,748	6,050
Medicare Enrollment Assistance Program	93.071	539,794	324,027
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	229,501	-
Cooperative Agreements to Promote Adolescent Health through School-Based			
HIVSTD Prevention and School-Based Surveillance	93.079	89,925	-
Guardianship Assistance	93.090	7,065,984	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1,333,256	1,161,608
Hurricane Sandy Relief Cluster:			
HHS Programs for Disaster Relief Appropriations Act - Non Construction	93.095	1,501	1,501
Total Hurricane Sandy Relief Cluster		<u>1,501</u>	<u>1,501</u>
COVID-19 - Food and Drug Administration Research	93.103	229,300	-
Food and Drug Administration Research		1,833,180	108,000
Total Food and Drug Administration Research	93.103	<u>2,062,480</u>	<u>108,000</u>
Comprehensive Community Mental Health Services for Children with Serious			
Emotional Disturbances (SED)	93.104	636,681	472,530
Maternal and Child Health Federal Consolidated Programs	93.110	2,673,893	1,257,567
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2,666,111	1,463,644
Emergency Medical Services for Children	93.127	194,159	-
Cooperative Agreements to States/Territories for the Coordination and Development			
of Primary Care Offices	93.130	237,932	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	8,993,899	4,032,444
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	106,328	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	3,228,549	3,096,731
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	2,158,011	1,983,643
Grants to States for Loan Repayment	93.165	102,062	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead			
Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	544,609	-
COVID-19 - Traumatic Brain Injury State Demonstration Grant Program	93.234	31,431	31,431
Traumatic Brain Injury State Demonstration Grant Program		175,889	141,035
Total State Health Insurance Assistance Program	93.234	<u>207,320</u>	<u>172,466</u>
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	1,376,121	1,191,671
Grants to States to Support Oral Health Workforce Activities	93.236	461,953	246,566
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and			
National Significance	93.243	1,480,925	1,344,300
Substance Abuse and Mental Health Services Projects of Regional and National			
Significance		6,541,435	5,862,522
Total Substance Abuse and Mental Health Services Projects of Regional and	93.243	<u>8,022,360</u>	<u>7,206,822</u>
National Significance			

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<b>U.S. Department of Health and Human Services (continued)</b>			
COVID-19 - Low-Income Home Energy Assistance	93.568	\$ 136,454,785	\$ 1,593,365
Low-Income Home Energy Assistance		129,290,557	22,127,729
Total Low-Income Home Energy Assistance	93.568	265,745,342	23,721,094
COVID-19 - Community Services Block Grant	93.569	11,903,398	11,903,398
Community Services Block Grant		22,433,804	21,529,238
Total Community Services Block Grant	93.569	34,337,202	33,432,636
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590	994,044	994,044
Community-Based Child Abuse Prevention Grants		2,487,150	1,963,021
Total Community-Based Child Abuse Prevention Grants	93.590	3,481,194	2,957,065
CCDF Cluster:			
COVID-19 - Child Care and Development Block Grant	93.575	454,649,880	255,004,682
Child Care and Development Block Grant		269,868,045	39,531,217
Total Child Care and Development Block Grant	93.575	724,517,925	294,535,899
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	104,346,149	30,310,331
Total CCDF Cluster		828,864,074	324,846,230
COVID-19 - State Court Improvement Program	93.586	121,283	-
State Court Improvement Program		737,313	-
Total State Court Improvement Program	93.586	858,596	-
Grants to States for Access and Visitation Programs	93.597	173,859	-
Chafee Education and Training Vouchers Program (ETV)	93.599	569,689	-
Head Start Cluster:			
Head Start	93.600	63,071	-
Total Head Start Cluster		63,071	-
Adoption and Legal Guardianship Incentive Payments	93.603	345,486	-
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630	32,397	-
Developmental Disabilities Basic Support and Advocacy Grants		2,274,689	1,135,729
Total Developmental Disabilities Basic Support and Advocacy Grants	93.630	2,307,086	1,135,729
Children's Justice Grants to States	93.643	117,742	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5,293,045	-
Foster Care Title IV-E	93.658	96,752,910	-
Adoption Assistance	93.659	101,906,055	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	728,108	62,960
Social Services Block Grant	93.667	54,574,761	1,384,940
Child Abuse and Neglect State Grants	93.669	3,573,341	-
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	7,612,709	7,609,988
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		2,848,511	2,828,093
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	10,461,220	10,438,081
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2,440,319	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood		2,327,636	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	4,767,955	-
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	543,619	58,950
Elder Abuse Prevention Interventions Program		269,236	-
Total Elder Abuse Prevention Interventions Program	93.747	812,855	58,950

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
COVID-19 - Children's Health Insurance Program	93.767	\$ 38,469,047	\$ -
Children's Health Insurance Program		611,139,350	4,235,707
Total Children's Health Insurance Program	93.767	649,608,397	4,235,707
Medicaid Cluster:			
State Medicaid Fraud Control Units	93.775	4,201,677	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)			
Medicare	93.777	13,580,850	-
COVID-19 - Medical Assistance Program	93.778	941,166,127	-
Medical Assistance Program		14,264,820,684	177,196,710
Total Medical Assistance Program	93.778	15,205,986,811	177,196,710
Total Medicaid Cluster		15,223,769,338	177,196,710
Opioid STR	93.788	72,420,537	41,461,954
Money Follows the Person Rebalancing Demonstration	93.791	13,025,994	10,457,930
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870	547,958	547,958
Maternal, Infant and Early Childhood Home Visiting Grant		10,868,853	10,416,215
Total Maternal, Infant and Early Childhood Home Visiting Grant	93.870	11,416,811	10,964,173
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	426,304	425,736
National Bioterrorism Hospital Preparedness Program		5,252,523	3,648,054
Total National Bioterrorism Hospital Preparedness Program	93.889	5,678,827	4,073,790
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	3,474,874	1,980,095
Grants to States for Operation of State Offices of Rural Health	93.913	280,101	115,404
HIV Care Formula Grants	93.917	38,616,840	8,482,773
HIV Prevention Activities Health Department Based	93.940	17,874,990	10,680,532
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1,516,341	485,467
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	371,291	-
COVID-19 - Block Grants for Community Mental Health Services	93.958	3,211,349	3,040,508
Block Grants for Community Mental Health Services		36,898,289	35,508,419
Total Block Grants for Community Mental Health Services	93.958	40,109,638	38,548,927
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	8,600,041	7,166,160
Block Grants for Prevention and Treatment of Substance Abuse		53,742,568	27,589,621
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959	62,342,609	34,755,781
COVID-19 - CDC's Collaboration with Academia to Strengthen Public Health	93.967	17,144	9,732
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	3,727,289	362,325
Sexually Transmitted Diseases (STD) Prevention and Control Grants		2,069,519	274
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5,796,808	362,599
COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health	93.982	2,381,043	2,178,483
Mental Health Disaster Assistance and Emergency Mental Health		1,495,142	1,462,906
Total Mental Health Disaster Assistance and Emergency Mental Health	93.982	3,876,185	3,641,389
Preventive Health and Health Services Block Grant	93.991	4,187,793	3,021,401
Maternal and Child Health Services Block Grant to the States	93.994	10,289,294	5,228,723
Contractual Agreements	93.CON	2,156,872	173,832
Unassigned Assistance Listing Number	93.UNA	329,570	16,197
<b>Total U.S. Department of Health and Human Services</b>		<b>18,613,030,283</b>	<b>1,072,668,179</b>

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>Corporation for National and Community Service</b>			
COVID-19 - AmeriCorps State Commissions Support Grant	94.003	\$ 107,091	\$ -
AmeriCorps State Commissions Support Grant		<u>519,283</u>	<u>-</u>
Total State Commissions	94.003	626,374	-
COVID-19 - AmeriCorps State and National	94.006	(167,822)	(194,071)
AmeriCorps State and National		<u>3,523,796</u>	<u>3,271,693</u>
Total AmeriCorps	94.006	3,355,974	3,077,622
AmeriCorps Commission Investment Fund	94.008	195,072	-
Training and Technical Assistance	94.009	8,112	-
Foster Grandparent/Senior Companion Cluster:			
AmeriCorps Seniors Foster Grandparent Program (FGP)	94.011	<u>581,757</u>	<u>109,743</u>
Total Foster Grandparent/Senior Companion Cluster		581,757	109,743
AmeriCorps Volunteer Generation Fund	94.021	<u>563,970</u>	<u>497,917</u>
<b>Total Corporation for National and Community Service</b>		5,331,259	3,685,282
<b>Social Security Administration</b>			
Disability Insurance/SSI Cluster:			
Social Security Disability Insurance	96.001	<u>65,685,018</u>	<u>-</u>
Total Disability Insurance/SSI Cluster		65,685,018	-
Unassigned Assistance Listing Number	96.UNA	<u>(17,185)</u>	<u>(62,560)</u>
<b>Total Social Security Administration</b>		65,667,833	(62,560)
<b>U.S. Department Homeland Security</b>			
Non-Profit Security Program	97.008	11,536,104	10,981,072
Boating Safety Financial Assistance	97.012	3,017,190	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	167,742	-
National Urban Search and Rescue (US&R) Response System	97.025	3,051,493	1,399,429
Flood Mitigation Assistance	97.029	5,337,155	5,119,944
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	697,155,009	545,615,783
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		<u>268,355,845</u>	<u>255,300,617</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	965,510,854	800,916,400
COVID-19 - Hazard Mitigation Grant	97.039	944,617	231,745
Hazard Mitigation Grant		<u>7,350,898</u>	<u>3,847,494</u>
Total Hazard Mitigation Grant	97.039	8,295,515	4,079,239
National Dam Safety Program	97.041	202,804	-
COVID-19 - Emergency Management Performance Grants	97.042	1,500,862	-
Emergency Management Performance Grants		<u>10,018,075</u>	<u>2,237,188</u>
Total Emergency Management Performance Grants	97.042	11,518,937	2,237,188
Cooperating Technical Partners	97.045	333,200	-
BRIC: Building Resilient Infrastructure and Communities	97.047	698,586	698,586
Port Security Grant Program	97.056	1,026,271	-
Homeland Security Grant Program	97.067	27,524,126	18,150,328
Disaster Assistance Projects	97.088	547,052	547,052
Homeland Security Biowatch Program	97.091	684,903	-
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	342,172	-
<b>Total U.S. Department Homeland Security</b>		1,039,794,104	844,129,238
<b>Total Expenditures of Federal Awards</b>		<u>\$ 31,397,171,670</u>	<u>\$ 5,988,320,810</u>



**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**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, 2023. 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, 2023.

**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**

The accompanying Schedule includes the expenditures for each Federal financial assistance program of the State and is presented on the cash basis of accounting, which is based on cash disbursements for the period.

**Matching Costs**

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

**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.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**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	Amount
COVID-19 - Pandemic EBT Food Benefits	10.542	\$ 887,894,787
Supplemental Nutrition Assistance Program	10.551	1,801,713,739
Emergency Food Assistance Program	10.569	47,057,330
Immunization Cooperative Agreements	93.268	95,597,843
Total		\$ 2,832,263,699

**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 2023, FEMA approved approximately \$1,070,176 of eligible expenditures that were incurred in a prior year and are included in the Schedule.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**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 and includes approximately \$66.3 million of refunded overpaid pandemic related benefits:

State Regular UC Benefits	\$ 2,048,328,381
Federal Pandemic Emergency Unemployment Compensation (PEUC)	(51,190,044)
Federal Extended Benefits (EB)	(15,137,588)
Federal Pandemic Unemployment Assistance (PUA)	31,402,055
Federal Pandemic Unemployment Compensation (FPUC)	42,306,400
Federal Mixed Earner Unemployment Compensation (MEUC)	249,700
Federal 1st Week Implementation Benefits	1,569,570
Federal Administration	161,497,808
Total	<u>\$ 2,219,026,282</u>

**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 \$29,998,563 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 \$13.8 million were received by the State during the fiscal year. This amount is not reflected on the Schedule.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**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	\$ 269,868,045
CCDF Mandatory and Matching	104,346,149
CCDF CARES	192,442
CCDF CRRSA	30,303,678
CCDF ARP Supplemental	169,149,078
CCDF ARP Child Stabilization Funds	<u>255,004,682</u>
Total	<u>\$ 828,864,074</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 \$12,290,792 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, 2023**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
3. Noncompliance material to financial statements 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 federal programs: See Below
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

Dollar threshold used to distinguish between Type A and Type B programs: \$47,095,758

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

***Section I – Summary of Auditors’ Results (Continued)***

***Identification of Major Programs***

Major Programs	Assistance Listing	Opinion
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Unmodified
Food Distribution Cluster	10.565, 10.568, 10.569	Unmodified
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Unemployment Insurance	17.225	Qualified
WIOA Cluster	17.258, 17.259, 17.278	Qualified
Emergency Rental Assistance	21.023	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Unmodified
Supporting Effective Instruction State Grants	84.367	Qualified
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
Temporary Assistance for Needy Families	93.558	Qualified
Low-Income Home Energy Assistance	93.568	Qualified
CCDF Cluster	93.575, 93.596	Qualified
Children's Health Insurance Program	93.767	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Opioid STR	93.788	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Qualified
Disability Insurance/SSI Cluster	96.001	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Qualified

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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The audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**Section III – Federal Award Findings and Questioned Costs**

**Matrix of Findings by Federal Agency and Federal Programs**

Major Federal Program	Federal Agency (Prefix)	Assistance Listing Number	Finding #	Internal Control		Compliance
				Material Weakness	Significant Deficiency	
Unemployment Insurance	U.S. DOL (17)	17.225	2023-001	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-002	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-003	X		X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-004		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2023-005		X	X
WIOA Cluster	U.S. DOL (17)	17.258, 17.259, 17.278	2023-006	X		X
Rehabilitation Services - Vocational Rehabilitation Grants to States	U.S. DOE (84)	84.126	2023-007		X	X
Rehabilitation Services - Vocational Rehabilitation Grants to States	U.S. DOE (84)	84.126	2023-008		X	X
Supporting Effective Instruction State Grants	U.S. DOE (84)	84.367	2023-009	X		X
Education Stabilization Fund	U.S. DOE (84)	84.425D,R,U	2023-010		X	X
Aging Cluster	U.S. HHS (93)	93.044, 93.045, 93.053	2023-011	X		X
Aging Cluster	U.S. HHS (93)	93.044, 93.045, 93.053	2023-012		X	X
Immunization Cooperative Agreements	U.S. HHS (93)	93.268	2023-013	X		X
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2023-014	X		X
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2023-015	X		X
Temporary Assistance for Needy Families	U.S. HHS (93)	93.558	2023-016	X		X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-017	X		X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-018	X		X
Low-Income Home Energy Assistance	U.S. HHS (93)	93.568	2023-019		X	X
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2023-020	X		X
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2023-021		X	X
Children's Health Insurance Program, Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2023-022		X	X
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2023-023		X	X
Opioid STR	U.S. HHS (93)	93.788	2023-024	X		X
Opioid STR	U.S. HHS (93)	93.788	2023-025		X	X
Block Grants for Prevention and Treatment of Substance Abuse	U.S. HHS (93)	93.959	2023-026	X		X
Disability Insurance/SSI Cluster	SSA (96)	96.001	2023-027		X	X
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2023-028	X		X



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-001  
**Prior Year Finding:** 2022-003  
**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-39337-23-55-A-34 (10/1/2022 – 12/31/2025), UI-37238-22-55-A-34 (10/1/2021 – 12/31/2024), UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022)  
**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 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-

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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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 (Department) 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: 4 of 25 claimants receiving benefits did not receive \$1 of other benefits for the payment period.
- PUA: 3 of 11 claimants receiving PUA did not identify a COVID-19 reason for their unemployment and were ineligible for the program.
- PUA: The Department was unable to provide support for 2 of 11 claimants and eligibility could not be verified.

**Questioned costs:**

\$3,202 - The total amount of benefits received by ineligible recipients:

- FPUC: \$1,800
- PUA: \$1,402

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Cause:**

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

**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 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.

DLWD corrective actions related to FPUC and PUA payments were fully implemented as of September 2023.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-002  
**Prior Year Finding:** 2022-005  
**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-39337-23-55-A-34 (10/1/2022 – 12/31/2025), UI-37238-22-55-A-34 (10/1/2021 – 12/31/2024), UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022)  
**Compliance Requirement:** Special Tests and Provisions: UI Reemployment Programs: RESEA  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**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 10-22 provides RESEA operating Guidance for FY 2022.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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*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 (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.

Sixty cases were selected for testing and the following exceptions were noted:

- For 9 of 60 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.
- For 1 of 60 cases selected for testing, the Department was unable to provide the signed worksheet nor the Notice to Claimant that included the RESEA eligibility conditions, requirements, benefits, and clear warnings regarding the consequences of failure to comply with program requirements.
- For 1 of 60 cases selected for testing, the claimant did not complete all required RESEA forms.

**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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Views of responsible officials:**

The Reemployment Services and Eligibility Assessments (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 implemented a new process that allows staff to electronically obtain signatures through Simpligov, beginning June 2023. This process requires that staff obtain all necessary signatures before a RESEA claimant record is completed. Supervisors are assigned to monitor this process in order to mitigate the risk associated with missing information on any single RESEA customer registration. DLWD will monitor this process to ensure that all interviews are properly documented, and forms are signed and electronically uploaded to its electronic case management system of record for future reference. During the initial rollout of this process, there were records that didn't migrate to the case management system of record. This issue has now been addressed through training. DLWD has also developed dashboards that will assist with monitoring data entry. Monthly reviews of RESEA data entry will be conducted to identify possible errors. These RESEA process changes that will be implemented by DLWD will ensure compliance with regulatory standards and assist with maintaining the integrity of its data management process.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-003  
**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-39337-23-55-A-34 (10/1/2022 – 12/31/2025), UI-37238-22-55-A-34 (10/1/2021 – 12/31/2024), UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022)  
**Compliance Requirement:** Special Tests and Provisions – UI Benefit Payments  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Criteria or specific requirement:**

*Compliance:* The State Workforce Agency (SWA) is required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is DOL's quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is exempted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied, and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of statistically sound random samples to the universe of all claims paid and denied in a state. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt, and in-depth investigations to determine if the administration of the UC program is consistent with state and federal law (20 CFR section 602.21(d)).

As presented in the ET Handbook No. 395, the investigation involves a review of state agency records, as well as contacting the claimant, employers, and third parties (either in-person, by telephone, or by fax) to conduct new and original fact-finding related to all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to federal and state law as well as official policy. The following time limits are established for completion of all cases for the year. (The "year" includes all batches of weeks ending in the calendar year.):

- a minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch;
- 95 percent of cases must be completed within 90 days of the week ending date of the batch;
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the calendar 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

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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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) was unable to provide documentation that case reviews were completed per the requirements of ET Handbook No. 395.

**Context:**

Forty cases were selected for testing, consisting of 20 Paid Benefit Claims and 20 Denied Claims. The following exceptions were noted:

- 4 of 20 Paid Benefit Claims appear to have been reviewed, but the Department was unable to provide documentation that the case review had been completed and signed by appropriate staff.
- 1 of 20 Paid Benefit Claims did not have evidence of case review. The Department was unable to provide a copy of the investigative report.
- 8 of 20 Denied Claims appear to have been reviewed, but the Department was unable to provide documentation that the case review had been completed and signed by appropriate staff.
- 1 of 20 Denied Claims did not have evidence of case review. The Department was unable to provide a copy of the investigative report.

**Questioned costs:**

Undetermined.

**Cause:**

The Department’s internal controls were not sufficient to ensure that BAM case reviews were completed and signed by appropriate staff.

**Effect:**

Noncompliance with BAM case investigation requirements could delay the detection and correction of inaccurate benefit payments and denied claims.

**Recommendation:**

We recommend the Department review and enhance procedures and controls to ensure that BAM case investigations are completed timely, that reviews are signed by appropriate staff, and that it maintains documentation supporting completion of the case reviews.

**Views of responsible officials:**

The Department of Labor and Workforce Development (DLWD) will continue to review and enhance controls to ensure that BAM quality control case investigations are completed timely, that reviews are signed as required by appropriate staff, and that all required case review supporting documentation is maintained in case files. DLWD corrective actions will be completed by September 30, 2024. 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 (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-004  
**Prior Year Finding:** 2022-004  
**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-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), UI-39337-23-55-A-34 (10/1/2022 – 12/31/2025)  
**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 2023.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Context:**

Four ETA 9050 and four ETA 9052 reports were selected for testing for the months of September 2022, November 2022, February 2023, and May 2023. 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:**

The Department of Labor and Workforce Development (DLWD) continues to monitor all first payment and non-monetary time lapse figures in order to meet the established USDOL Acceptable Levels of Performance (ALP). As workloads return to normal levels after the increased activity from the COVID-19 pandemic related claims, greater emphasis will continue to be placed on meeting all ALPs. Specifically relating to first payments and the previously discussed issues with claimants verifying their identity before any payments can be made, the DLWD has made some internal changes to how returned verified IDs from our ID verification partner (ID.me) are handled. These modifications to the internal process used to clear verified IDs are expected to have a positive impact on overall time lapse numbers as verified claimants will not be delayed longer than they previously were under the old process. The month of April starts the new reporting year for these figures to USDOL and New Jersey expects to see significant increases to first payment and non-monetary time lapse figures by the third quarter of calendar year 2024.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-005  
**Prior Year Finding:** 2022-006  
**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-39337-23-55-A-34 (10/1/2022 – 12/31/2025), UI-37238-22-55-A-34 (10/1/2021 – 12/31/2024), UI-35663-21-55-A-34 (10/1/2020 – 12/31/2023), UI-35959-21-60-A-34 (1/1/2021 – 9/30/2022)  
**Compliance Requirement:** Information Technology General Controls  
**Type of Finding:** Significant Deficiency in Internal Control Over Compliance, Other Matters

**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 such as programmatic work performed, testing, and approval of the effort for promotion to the Production environment. Auditors were able to obtain evidence of testing and approval for 1 of the 5 change samples selected for testing via email communication. 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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Questioned costs:**

Undetermined.

**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's (DLWD) Office of Information Management, Services & Solutions (OIMSS) will continue its efforts to ensure staff compliance with existing controls over program change controls for the New Jersey Local Office Online Payment System (NJLOOPS). DLWD's efforts will continue to be guided by statewide change management best practices. OIMSS will add a Director-level approval step to the program promotion process that will validate that the required documentation has been uploaded to the change ticket. Except in circumstances involving emergency off-hours break fix resolution, separation of duties will be included as a check-off for approval to deploy program changes.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-006  
**Prior Year Finding:** 2022-007  
**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-33245-19-55-A-34 (7/1/2019 – 9/30/2022), AA-34783-20-55-A-34 (7/1/2020 – 9/30/2023), AA-36334-21-55-A-34 (7/1/2021 – 9/30/2024), AA-38544-22-55-A-34 (7/1/2022 – 6/30/2025)  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

The Department of Labor and Workforce Development (Department) did not report subaward information timely to FSRS.

**Context:**

Six of eight subawards selected for testing were not reported timely to FSRS. The subawards were issued on 8/31/2022 and were not reported to FSRS until 3/1/2023, or 182 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	6	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$15,105,463	\$0	\$14,784,514	\$0	\$0

**Cause:**

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2023.

**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 Labor and Workforce Development (DLWD) transitioned from a manual contract agreement process to a web-based grant administration system in recent years that employs the System for Administering Grants Electronically (SAGE) and IntelliGrants (IGX) applications. The DLWD FFATA Reporting Unit has access to these automated systems and monitors them on a monthly basis to identify when new subaward contracts/agreements are approved in order to report required data in the FFATA system timely. DLWD corrective actions regarding FFATA reporting are expected to be fully implemented as of June 30, 2024.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-007  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Education  
**State Agency:** Department of Human Services  
**Federal Program:** Rehabilitation Services - Vocational Rehabilitation Grants to States  
**Assistance Listing Number:** 84.126  
**Award Number and Year:** H126A230044 (10/1/2022-9/30/2023)  
H126A230044-A (10/1/2022-9/30/2023)  
H126A230044-B (10/1/2022-9/30/2023)  
H126A210043 (10/1/2020-9/30/2022)  
H126A220043-22C (10/1/2021-9/30/2022)  
H126A230043 (10/1/2022-9/30/2023)  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**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 (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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*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 Human Services (Department) charged unallowable payroll costs to the program.

**Context:**

For one of forty samples selected for testing, the Department made an overpayment to an employee of \$113.00 in salary and wages.

**Cause:**

Controls were not operating effectively to ensure that allowable payroll costs were charged to the program. A step increase was improperly applied to the employee which resulted in an overpayment of salary and wages.

**Effect:**

Unallowable employee salaries and wages were charged to the program.

**Questioned costs:**

\$113.00, the amount of the overpayment.

**Recommendation:**

The Department should review procedures and controls to ensure that only allowable time and effort costs are charged to the program.

**Views of responsible officials:**

The Department of Human Services (DHS), Central Office Payroll group will run reports biweekly to determine if any employees are on a leave without pay status greater than 10 days. This added reporting function will ensure that all DHS employees who are on a leave of absence without pay beyond 10 days have their PMIS histories updated upon each extension and return to work.



**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-008  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Rehabilitation Services - Vocational Rehabilitation Grants to States  
**Assistance Listing Number:** 84.126  
**Award Number and Year:** H126A230044 (10/1/2022-9/30/2023)  
H126A230044-A (10/1/2022-9/30/2023)  
H126A230044-B (10/1/2022-9/30/2023)  
H126A210043 (10/1/2020-9/30/2022)  
H126A220043-22C (10/1/2021-9/30/2022)  
H126A230043 (10/1/2022-9/30/2023)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**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 by the Department of Human Services (Department).

**Context:**

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

- Eight of eight subawards were issued on 8/16/2022 but were not reported to FSRS until 3/10/2023 or approximately 161 days after required by FFATA requirements.

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
\$2,250,781	\$0	\$2,250,781	\$0	\$0

**Cause:**

The Department did not establish effective procedures or internal controls over FFATA requirements to ensure that subawards were reported 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 procedures and internal controls to ensure that all required subawards are reported to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Views of responsible officials:**

The Department of Labor and Workforce Development (DLWD), as the prime recipient of the federal awards, will ensure that all first-tier subawards made to entities totaling \$30,000 or greater will be entered timely into the FSRS in accordance with FFATA reporting requirements. The audit sample selections in question were based on manual DLWD notice of awards that were not communicated correctly to staff who are responsible for entering the required subaward information into FSRS. Going forward, DLWD staff who are responsible for entering data into the FSRS will be copied on all emails containing the manual notice of award(s) once the notice is signed by the DLWD Commissioner. These email communications will trigger the information to be entered into the FSRS.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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<b>Reference Number:</b>	<b>2023-009</b>
<b>Prior Year Finding:</b>	No
<b>Federal Agency:</b>	U.S. Department of Education
<b>State Agency:</b>	Department of Education
<b>Federal Program:</b>	Supporting Effective Instruction State Grants
<b>Assistance Listing Number:</b>	84.367
<b>Award Number and Year:</b>	S367A200029 (7/1/2020-9/30/23)
<b>Compliance Requirement:</b>	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
<b>Type of Finding</b>	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: Sub awardee 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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

The Department of Education (Department) did not report subaward information to FSRS during FY 2023.

**Context:**

Forty of forty subawards selected for testing were not reported to FSRS. Reports were due no later than 8/31/2022 but were not reported to FSRS until after they were selected by auditors for testing.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
40	40	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,118,579	\$2,118,579	\$0	\$0	\$0

**Cause:**

The Department’s procedures and internal controls were not sufficient to ensure that subawards were reported 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 New Jersey Department of Education (NJDOE) Office of Grants Management (OGM) understands the need to be compliant with FFATA reporting in accordance with the Uniform Guidance. Internal controls and processes are in place to ensure NJDOE’s FFATA reporting process is working efficiently and timely. This noncompliance finding is not due to a lack of controls within NJDOE but lies squarely on system issues at SAM.gov and the FFATA Subaward Reporting System (FSRS) sites and until the issues listed below are corrected on these federal system sites, NJDOE will continue to be noncompliant with timely FFATA reporting.

Issues with the SAM.gov and FSRS sites:

- SAM.gov has approved NJDOE’s local education agency (LEA) registrations without a ZIP+4, but FSRS reporting system for FFATA uploads requires ZIP+4 for each LEA. The two systems use the same database, which means information registered on SAM.gov feeds directly into the

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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FSRS system. However, because FSRS batch uploads require a ZIP+4, those LEAs that were approved by SAM.gov without a ZIP+4 during the registration process, are rejected from the FFATA report batch upload. There is an option to manually load each LEA and their details into the system, but the process becomes incredibly time consuming, given the 700+ LEAs in the state, the number of federal awards granted, and the steps for identifying & removing rejected LEAs from the batch upload.

- Issues NJDOE has with SAM.gov and FSRS have been shared with the federal helpdesk and a USED representative without avail, as the systematic issue remains unresolved and continues to delay our FFATA reporting process.
- There are several rural LEAs in the state that do not have a ZIP+4. These LEAs will continue to be rejected from the batch upload, delaying our FFATA reporting process, if SAM.gov and FSRS do not come up with a viable solution.
- There were a number of LEAs that were continuously rejected from the upload by FSRS for no obvious reasons. The error message received was the same exact error we receive for incorrect zip codes. After spending much time investigating the cause with the helpdesk support, it was identified that FSRS did not update their system to reflect the Congressional District code changes during New Jersey's redistricting process.
- The FSRS system rejects batch uploads if a single lower-case SAM UEIs is entered in the batch file. However, SAM.gov search box and the FSRS manual uploads are not case sensitive. Batch uploads are the only place where SAM UEIs are case sensitive. Further, this information is not included in any of the FSRS User Guides or manuals. I have shared this with the FSRS helpdesk, but no solution was provided. Again, this discrepancy in their system affects and delays our FFATA reporting processes.

NJDOE dedicated personnel, including the director of OGM, continuously work with SAM.gov, FSRS system, and both system sites' help desks, to bring to light the issues mentioned above in order to express the urgent need for corrective actions at the federal system sites to allow for timely FFATA reporting. In addition internal controls and procedures are in place at NJDOE related to FFATA reporting and corrective actions are constantly performed in real time to perform the below NJDOE Internal Controls and Procedures. Some of these procedures include reviewing internal SAM applications and troubleshooting with NJDOE's local education agencies (LEAs) to correct data in the application and resubmit to the federal reporting system sites with more detail included below.

**NJDOE Internal Controls and Procedures:**

- Due to the large number of LEAs in the state (700+), each FFATA report must be submitted via batch upload, which saves an enormous amount of time it takes to input data manually for every single LEA, for every grant. To address this need and to expedite the process, our vendor has created a reporting tool that generates a FFATA batch report.
- We have been contacting the federal helpdesk to address the issues on their sites and asking for support. Some of those tickets were closed without providing any support and most were not helpful.
- We have created and implemented an in-house System for Award Management (SAM) application, mandatory for all of our federal grant recipients. This was done specifically for FFATA reporting purposes to ensure data in these applications are directly tied to the FFATA batch reports.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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- The SAM applications go through a thorough review process, where data entered by the districts is compared with the data registered with SAM.gov (applicants are required to upload a copy of their Entity Overview Record, issued by SAM.gov).
- SAM applications are returned for changes whenever an applicant has entered data that is inconsistent with data on SAM.gov (i.e.. Incorrect SAM UEI, incorrect zip code, incorrect zip+4, incorrect City name).
- We have asked many of our districts to contact SAM.gov and update their physical address information to include the full 9-digit zip code, which was SAM.gov reviewers' oversight. Our school districts have commented that this process can take months.
- We are communicating with our districts/applicants on a daily basis through the review summary checklist, outlining the changes that must be made, as well as by email and phone.
- We have implemented an automatic messaging system, where applicants are reminded to update their SAM registration expiration date, multiple times a month leading up to their expiration date.

Due to the system discrepancy in the FSRS system's batch upload, we had to create a workaround pertaining to the district's SAM UEIs. As stated above, SAM UEIs, in batch FFATA reports, are case sensitive while not case sensitive anywhere else in the two system sites. We have updated our instructions in NJDOE's SAM application and have added another layer of application review, to ensure that all UEIs entered are in all capital letters. Because the federal helpdesk has ignored this discrepancy and did not resolve the issue, we are obligated to take additional steps and spend additional time on FFATA batch reports.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-010  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Education  
**State Agency:** Department of Education  
**Federal Program:** COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund, COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program, COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)  
**Assistance Listing Number:** 84.425D,R,U  
**Award Number and Year:** S425D200027 (5/1/2020-9/30/2022)  
S425R210031 (2/22/2021-9/30/2022)  
S425U210027 (3/24/2021-9/30/2023)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**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: Sub awardee 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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**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 Education (Department) did not report subaward information timely to FSRS during FY 2023.

**Context:**

Sixty out of sixty subawards selected for testing were due on 8/31/2022 and were not reported to FSRS until 11/3/2022, or 76 days late.

<b>Transactions Tested</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
60	0	60	0	0
<b>Dollar Amount of Tested Transactions</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
\$76,261,470	\$0	\$76,261,470	\$0	\$0

**Cause:**

The Department’s internal controls were not sufficient to ensure that subawards were reported timely to FSRS during FY 2023.

**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 New Jersey Department of Education (NJDOE) Office of Grants Management (OGM) understands the need to be compliant with FFATA reporting in accordance with the Uniform Guidance. Internal controls and processes are in place to ensure NJDOE’s FFATA reporting process is working efficiently and timely. This noncompliance finding is not due to a lack of controls within NJDOE but lies squarely on system issues at SAM.gov and the FFATA Subaward Reporting System (FSRS) sites and until the

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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issues listed below are corrected on these federal system sites, NJDOE will continue to be noncompliant with timely FFATA reporting.

Issues with the SAM.gov and FSRS sites:

- SAM.gov has approved NJDOE's local education agency (LEA) registrations without a ZIP+4, but FSRS reporting system for FFATA uploads requires ZIP+4 for each LEA. The two systems use the same database, which means information registered on SAM.gov feeds directly into the FSRS system. However, because FSRS batch uploads require a ZIP+4, those LEAs that were approved by SAM.gov without a ZIP+4 during the registration process, are rejected from the FFATA report batch upload. There is an option to manually load each LEA and their details into the system, but the process becomes incredibly time consuming, given the 700+ LEAs in the state, the number of federal awards granted, and the steps for identifying & removing rejected LEAs from the batch upload.
- Issues NJDOE has with SAM.gov and FSRS have been shared with the federal helpdesk and a USED representative without avail, as the systematic issue remains unresolved and continues to delay our FFATA reporting process.
- There are several rural LEAs in the state that do not have a ZIP+4. These LEAs will continue to be rejected from the batch upload, delaying our FFATA reporting process, if SAM.gov and FSRS do not come up with a viable solution.
- There were a number of LEAs that were continuously rejected from the upload by FSRS for no obvious reasons. The error message received was the same exact error we receive for incorrect zip codes. After spending much time investigating the cause with the helpdesk support, it was identified that FSRS did not update their system to reflect the Congressional District code changes during New Jersey's redistricting process.
- The FSRS system rejects batch uploads if a single lower-case SAM UEIs is entered in the batch file. However, SAM.gov search box and the FSRS manual uploads are not case sensitive. Batch uploads are the only place where SAM UEIs are case sensitive. Further, this information is not included in any of the FSRS User Guides or manuals. I have shared this with the FSRS helpdesk, but no solution was provided. Again, this discrepancy in their system affects and delays our FFATA reporting processes.

NJDOE dedicated personnel, including the director of OGM, continuously work with SAM.gov, FSRS system, and both system sites' help desks, to bring to light the issues mentioned above in order to express the urgent need for corrective actions at the federal system sites to allow for timely FFATA reporting. In addition internal controls and procedures are in place at NJDOE related to FFATA reporting and corrective actions are constantly performed in real time to perform the below NJDOE Internal Controls and Procedures. Some of these procedures include reviewing internal SAM applications and troubleshooting with NJDOE's local education agencies (LEAs) to correct data in the application and resubmit to the federal reporting system sites with more detail included below.

NJDOE Internal Controls and Procedures:

- Due to the large number of LEAs in the state (700+), each FFATA report must be submitted via batch upload, which saves an enormous amount of time it takes to input data manually for every single LEA, for every grant. To address this need and to expedite the process, our vendor has created a reporting tool that generates a FFATA batch report.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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- We have been contacting the federal helpdesk to address the issues on their sites and asking for support. Some of those tickets were closed without providing any support and most were not helpful.
- We have created and implemented an in-house System for Award Management (SAM) application, mandatory for all of our federal grant recipients. This was done specifically for FFATA reporting purposes to ensure data in these applications are directly tied to the FFATA batch reports.
- The SAM applications go through a thorough review process, where data entered by the districts is compared with the data registered with SAM.gov (applicants are required to upload a copy of their Entity Overview Record, issued by SAM.gov).
- SAM applications are returned for changes whenever an applicant has entered data that is inconsistent with data on SAM.gov (i.e.. Incorrect SAM UEI, incorrect zip code, incorrect zip+4, incorrect City name).
- We have asked many of our districts to contact SAM.gov and update their physical address information to include the full 9-digit zip code, which was SAM.gov reviewers' oversight. Our school districts have commented that this process can take months.
- We are communicating with our districts/applicants on a daily basis through the review summary checklist, outlining the changes that must be made, as well as by email and phone.
- We have implemented an automatic messaging system, where applicants are reminded to update their SAM registration expiration date, multiple times a month leading up to their expiration date.

Due to the system discrepancy in the FSRS system's batch upload, we had to create a workaround pertaining to the district's SAM UEIs. As stated above, SAM UEIs, in batch FFATA reports, are case sensitive while not case sensitive anywhere else in the two system sites. We have updated our instructions in NJDOE's SAM application and have added another layer of application review, to ensure that all UEIs entered are in all capital letters. Because the federal helpdesk has ignored this discrepancy and did not resolve the issue, we are obligated to take additional steps and spend additional time on FFATA batch reports.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-011  
**Prior Year Finding:** No  
**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:** 2101NJOASS (10/1/2020 – 9/30/2022)  
 2101NJOANS (10/1/2020 – 9/30/2022)  
 2101NJSSC6 (4/1/2021 – 9/30/2024)  
 2101NJHDC6 (4/1/2021 – 9/3/2024)  
 2101NJOANS (10/1/2020 – 9/30/2022)  
 2201NJOASS (10/1/2021 – 9/30/2023)  
 2201NJOACM (10/1/2021 – 9/30/2023)  
 2201NJOAHD (10/1/2021-9/30/2023)  
 2201NJOAPH (10/1/2021-9/30/2023)  
 2201NJOAFC (10/1/2021-9/30/2023)  
 2301NJOACM (10/1/2022 – 9/30/2024)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control Over Compliance, Material Non-compliance

**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;

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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- 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.

*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:**

Subawards issued by the Department of Human Services (Department) did not include all required federal award information.

**Context:**

For 8 of 8 subawards selected for testing, the following required information was not provided to the subrecipient at the time of award issuance:

- (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;
- (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;
- (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 §200.414

**Questioned costs:**

None noted.

**Cause:**

The Department’s procedures were not sufficient to ensure the subawards were issued in compliance with Federal requirements. Internal controls did not prevent or detect the errors.

**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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Recommendation:**

The Department should review and enhance internal controls and procedures to ensure that all required information is included in subawards.

**Views of responsible officials:**

The Division of Aging Services (DoAS) will comply with the pass-through entity and subrecipient monitoring requirements under the federal Uniform Guidance as per CFR § 200.332(a). The DoAS will provide all required information to the subrecipient at the time of award issuance. This subaward notice will be posted as a miscellaneous attachment to contracts in the Division's System for Administering Grants Electronically (SAGE), or via mail, fax or email to those subawards not administered in SAGE. DoAS plans to complete and update this information on SAGE within 60 days.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-012  
**Prior Year Finding:** 2022-012  
**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:** 2101NJOASS (10/1/2020 – 9/30/2022)  
 2101NJOANS (10/1/2020 – 9/30/2022)  
 2101NJSSC6 (4/1/2021 – 9/30/2024)  
 2101NJHDC6 (4/1/2021 – 9/3/2024)  
 2101NJOANS (10/1/2020 – 9/30/2022)  
 2201NJOASS (10/1/2021 – 9/30/2023)  
 2201NJOACM (10/1/2021 – 9/30/2023)  
 2201NJOAHD (10/1/2021-9/30/2023)  
 2201NJOAPH (10/1/2021-9/30/2023)  
 2201NJOAFC (10/1/2021-9/30/2023)  
 2301NJOACM (10/1/2022 – 9/30/2024)  
**Compliance Requirement:** Reporting – Federal Funding Accountability and Transparency Act (FFATA)  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**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) did not report subaward information to FSRS timely during FY 2023.

**Context:**

Zero of eight subawards selected for testing were reported to FSRS timely. The subawards were issued in January 2023 and were not reported to FSRS until July 2023.

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
\$24,062,384	\$0	\$24,062,384	\$0	\$0

**Cause:**

The Department’s procedures were not sufficient to ensure that subaward information was reported timely to FSRS. Internal controls did not prevent or detect the errors.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

We recommend that the Department enhance its 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.

**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



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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data fields required for FFATA reporting. DoAS grants management members will ensure each of the 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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-013  
**Prior Year Finding:** 2022-013  
**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)  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

Subaward information was not reported to FSRS by the Department of Health (Department).

**Context:**

Twelve of thirteen subawards selected for testing were not reported to FSRS. Specifically, we noted the following:

- 8 of 13 subawards were issued on 7/1/2021 and they were not reported to FSRS until 7/20/2023, or approximately two years late.
- 3 of 13 subawards was issued on 4/1/2022 and were reported to FSRS on 7/20/2023 and 9/22/2023, or 14 to 17 months late.
- 1 of 13 subawards was issued on 12/19/2022 and was not reported to FSRS until 6/7/2023, or approximately five months late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
13	12	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,236,924	\$1,807,546	\$0	\$0	\$0

**Cause:**

The Department did not allocate personnel nor establish procedures or controls for FFATA reporting.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

We recommend that the Department develop procedures and internal controls 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’s (DOH) Vaccine Preventable Disease Program (VPDP) is in compliance with the Federal Funding Accountability and Transparency Act (FFATA) requirements with regard to reporting all active first-tier subawards of federal COVID-19 funds that DOH divisions have issued totaling \$30,000 or greater under this Cooperative Agreement and COVID-19 Supplemental. However, it is not in compliance with regard to reporting required subaward data in FSRS by the end of the month following the month in which DOH has made the subawards totaling \$30,000 or greater.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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The VPDP will continue to follow the DOH policy set forth in FMC 22-05 and report to FSRS all active first-tier subawards of federal COVID-19 funds DOH divisions have issued at \$30,000 or greater under the COVID-19 Supplementals. The VPDP fiscal/grants leadership team will strive to ensure each of the identified subawards is entered on the FFATA Subaward Reporting System (FSRS) website by the end of the month following the month that DOH has made the subawards. VPDP will continue its efforts to bring the gap in reporting to FSRS down from five months presently to within the specified FFATA submission deadlines denoted above. VPDP also has on boarded a full-time Contract Administrator 2 who will be responsible for reporting FFATA data into FSRS for the Immunization Cooperative Agreement.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-014  
**Prior Year Finding:** 2022-015  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

Subaward information was not reported to FSRS in accordance with FFATA requirements.

**Context:**

Twenty-seven subawards were selected for testing. The Department of Health (DOH) is the primary recipient of program funding and, therefore, has overall responsibility for activities funded by the program. In addition to issuing subawards as the prime recipient, DOH also entered into an agreement with the Department of Education (DOE) to issue subawards to public and non-public schools on their behalf. Of the twenty-seven subawards selected for testing, twenty-three were issued by DOH and four were issued by DOE. The following exceptions were noted:

- Four of twenty-seven subawards selected for testing were not reported to FSRS. DOE issued the subawards but was unable to provide copies of the subaward agreements or evidence that the subawards had been reported to FSRS. Therefore, the dollar amount of subawards not reported is undetermined.
- Ten of twenty-seven subawards selected for testing were not reported timely to FSRS. DOH reported the subawards to FSRS from 21 to 543 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
27	4	10	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$8,275,302 (DOH subawards)	Undetermined	\$6,307,501	\$0	\$0

**Cause:**

DOH did not implement procedures or controls to ensure that subawards it issued were reported to FSRS timely. The agreement between DOH and DOE did not clearly state DOE's responsibilities to maintain copies of subaward agreements and report those subawards to FSRS. In its oversight role, DOH did not review documentation maintained by DOE to ensure compliance with FFATA requirements.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

We recommend that DOH develop procedures and internal controls to ensure that all required subawards are reported to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements. We further recommend that DOH develop procedures and controls over its agreements with other departments to ensure that FFATA reporting requirements are met.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Views of responsible officials:**

Based on the Corrective Action Plan (CAP) developed for the prior year FY 2022 audit finding cited for FFATA reporting, the Department of Health (DOH) Grants Unit, with coordination from the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) fiscal staff, added a new function to the System for Administering Grants Electronically (SAGE) that pulls all subaward data for the ELC program using the program's 93.323 federal Assistance Listing Number (ALN). Thus, the CAP implemented in September 2022 for the prior year FY 2022 audit finding includes SAGE now pulling the subaward data for the entire ELC program by the ALN number and enables the ELC fiscal staff to access all ELC subawards within the DOH. ELC fiscal staff also has a task reminder set to report at the end of each month, enter subaward information into the FFATA Subaward Reporting System (FSRS), and upload each report submitted to the SharePoint ELC Document Library at the end of each month. As per the original CAP created under the FY 2022 audit, FFATA information for ELC subawards were entered into FSRS beginning on September 1, 2022 and DOH actions and efforts have continued to ensure compliance going forward.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-015  
**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:** 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:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**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 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.

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;
  - 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.



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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- (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:**

Documentation of subaward agreements and monitoring activities was not maintained and was not available for audit.

**Context:**

The Department of Health (DOH) is the primary recipient of program funding and, therefore, has overall responsibility for activities funded by the program. DOH entered into an agreement with the Department of Education (DOE) to issue subawards to public and non-public schools on their behalf.

Six of twenty-six subrecipients selected for testing received subawards issued by DOE. DOE was unable to provide copies of subaward agreements or documentation that subrecipient monitoring activities had been performed. Therefore, auditors were unable to verify compliance with Federal requirements for these subawards.

**Questioned costs:**

Undetermined.

**Cause:**

The agreement between DOH and DOE did not clearly state DOE's responsibilities for subaward issuance and monitoring. As a result, DOE did not maintain copies of subaward agreements, nor was it able to provide documentation that it had performed risk assessments or monitoring activities for these subrecipients. In its oversight role, DOH did not review documentation maintained by DOE to ensure compliance with Federal subrecipient monitoring requirements.

**Effect:**

Auditors were unable to verify that subawards were issued in accordance with Federal requirements, that the subrecipients were eligible to receive program funding, nor that the subrecipients had been adequately monitored.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Recommendation:**

DOH should review and enhance internal controls and procedures regarding agreements with other State departments to issue subawards on its behalf. Agreements should clearly define the responsibilities of other departments to ensure compliance with all Federal requirements. DOH should also periodically review the documentation maintained by other departments that issue subawards on its behalf to ensure it is adequate and is available for audit.

DOE should review and enhance internal controls and procedures to ensure that it maintains copies of all subaward agreements, that proper subrecipient monitoring is conducted, and that evaluation of independent audits is performed for all subrecipients. Documentation of subrecipient monitoring activities should be readily available for audit.

**Views of responsible officials:**

The Department of Health (DOH) will enhance its internal controls and procedures, regarding federal subawards issued by other New Jersey State departments and agencies on behalf of DOH. The Department's Memorandum of Agreement (MOA) and Memorandum of Understanding (MOU) documents will be updated and enhanced to list and define the specific responsibilities and requirements of other departments and pass-through entities more clearly when issuing subawards with federal funding derived from DOH. If necessary, the updated MOA/MOU documents may also include an Exhibit specific to Subrecipient Monitoring, containing the federal Uniform Guidance compliance requirements including mandatory reporting of subgrantee performance indicators and listing records retention requirements for all documentation of monitored subrecipient activities.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-016  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Temporary Assistance for Needy Families  
**Assistance Listing Number:** 93.558  
**Award Number and Year:** 230INJTANF-00 (10/1/2022-9/30/2023)  
230INJTANF-01 (10/1/2022-9/30/2023)  
230INJTANF-02 (10/1/2022-9/30/2023)  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

Subaward information was not reported to FSRS during FY 2023.

**Context:**

Zero of twenty-two subrecipients selected for testing were reported to FSRS during FY 2023. Total subawards tested were \$12,764,925.00, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
22	22	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$12,764,925.00	\$12,764,925.00	\$0	\$0	\$0

**Cause:**

The Department was unaware of FFATA reporting requirements and did not report subaward information to FSRS during FY 2023.

**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 Family Development (DFD) agrees with the audit finding regarding the required submission of subawards to the FFATA Subaward Reporting System (FSRS). Due to the complexity and time required to compile and report FFATA subaward data, the DFD is in the process of creating a new full-time equivalent position (FTE) for this required federal reporting task.

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 award data that should be prepopulated by the awarding federal agency and available on the website was missing (e.g. Child Care M&M available; Discretionary not found). Staff will reach out to the necessary federal agencies to communicate

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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instances of missing federal award information in an effort to ensure that the DFD has the ability to input the required subaward information.

DFD anticipates that the assessment and development of policy and procedures related to this task will take approximately three (3) months. Staff assignment, training, and submission of federal grant subaward information to the federal website will occur over the next state fiscal year.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-017  
**Prior Year Finding:** 2022-017  
**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), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2302NJLIEA (10/1/2022 – 9/30/2024), 2302NJLIEI (10/1/2022 – 9/30/2024), 2202NJLIEA (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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

The Department of Community Affairs (Department) did not report subaward information timely or accurately to FSRS during FY 2023.

**Context:**

Eight subawards were selected for testing and the following exceptions were noted:

- For 1 of 8 subawards selected, the amount reported to FSRS did not match the subaward amount. The subaward was issued for \$53,278 but the amount reported was \$71,021,779.
- For 1 of 8 subawards selected, the amount reported to FSRS did not match the subaward amount. The subaward was issued for \$566,494 but the amount reported was \$465,750. The Division did not report a subaward amendment of \$100,744.
- Zero of eight subawards selected for testing were reported to FSRS timely. The subawards were reported from 68 to 87 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
8	0	8	2	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$2,104,410	\$0	\$2,104,410	\$70,867,757	\$0

**Cause:**

The Department’s procedures were not sufficient to ensure that subawards were reported accurately and timely to FSRS. Internal controls did not prevent or detect the errors.

**Effect:**

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

**Questioned costs:**

None noted.

**Recommendation:**

We recommend the Department evaluate its procedures and controls to ensure that subawards are reported accurately and timely to FSRS no later than the end of the month following the date of subaward issuance or amendment.

**Views of responsible officials:**

The Department of Community Affairs (DCA) has recently implemented timely reporting of required FFATA subaward data in the Federal Subaward Reporting System (FSRS). The FFATA reporting process is fully documented, and additional staff have been hired and trained on the process to further support the federal reporting functions. The FFATA reports identified by the auditors with inaccurate subaward amounts reported have also been corrected in FSRS.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-018  
**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), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2302NJLIEA (10/1/2022 – 9/30/2024), 2302NJLIEI (10/1/2022 – 9/30/2024), 2202NJLIEA (10/1/2021 – 9/30/2023)  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness in Internal Control Over Compliance, Material Non-compliance

**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:

- xv. Subrecipient name (which must match the name associated with its unique entity identifier);
- xvi. Subrecipient's unique entity identifier;
- xvii. Federal Award Identification Number (FAIN);
- xviii. 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;
- xix. Subaward Period of Performance Start and End Date;
- xx. Subaward Budget Period Start and End Date;
- xxi. Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- xxii. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- xxiii. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- xxiv. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- xxv. Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- xxvi. 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;
- xxvii. Identification of whether the award is R&D; and
- xxviii. Indirect cost rate for the Federal award (including if the de minimis rate is charged) per section 200.414.



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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*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:**

Subawards issued by the Department of Community Affairs (Department) did not include all required federal award information.

**Context:**

For 8 of 8 subawards selected for testing, the following required information was not provided to the subrecipient at the time of award issuance:

- (v) Federal Award Identification Number (FAIN);
- (vi) 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;
- (x) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- (xi) Total Amount of the Federal Award committed to the subrecipient by 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 §200.414

**Questioned costs:**

None noted.

**Cause:**

The Department’s procedures were not sufficient to ensure the subawards were issued in compliance with Federal requirements. Internal controls did not prevent or detect the errors.

**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.

**Recommendation:**

The Department should review and enhance internal controls and procedures to ensure that all required information is included in subawards.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Views of responsible officials:**

The Department of Community Affairs (DCA) has reviewed and enhanced internal controls and procedures to ensure that all required information, as per the federal Uniform Guidance pass-through entity requirements, is included in all new LIHEAP subaward contracts. These subaward agreement control enhancements have been implemented effective with the fiscal year 2024 contracts.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-019  
**Prior Year Finding:** 2022-019  
**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), 2202NJLIEA (10/1/21 – 9/30/22), 2001NJLIEA (10/1/19 – 9/30/22), 2302NJLIEA (10/1/2022 – 9/30/2024), 2302NJLIEI (10/1/2022 – 9/30/2024), 2202NJLIEA (10/1/2021 – 9/30/2023)  
**Compliance Requirement:** Reporting – Performance and Special Reporting  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* *Quarterly Performance and Management Report (OMB No. 0970-0589)* – Grant recipients must submit data and information about LIHEAP during the current FY, including success, challenges, needs and innovations. The quarterly reports focus on assisted households, performance management, obligation of funding, changes made due to anticipated increase in energy bills, collaboration with other utility programs, and training and technical assistance needs.

*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 Management Report and Annual Report on Households Assisted by LIHEAP were submitted after their respective due dates.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Context:**

The following special reporting exceptions were noted:

- One of two Quarterly Performance and Management Reports was not submitted timely. The report was due by 7/31/2023, but was not submitted until 8/10/2023, or 10 days late.
- One of one Annual Report on Households Assisted by LIHEAP was not submitted timely. The report was due by 12/15/2023 but was not submitted until 12/19/2023, or 4 days late.

**Questioned costs:**

None noted.

**Cause:**

The Department's procedures were not sufficient to ensure that the Annual Report on Households Assisted by LIHEAP and the Quarterly Performance and Management 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:**

The Department of Community Affairs (DCA) Low-Income Home Energy Assistance Program (LIHEAP) staff have been fully trained to coordinate with the Applied Public Policy Research Institute for Study and Evaluation (APPRISE) and the federal U.S. Department of Health and Human Services (HHS) to ensure that all required reports are submitted timely. DCA has created a schedule of required reports that includes corresponding submission due dates and the process is designed to ensure adequate time is available to accommodate the necessary back and forth communications between DCA and APPRISE required to complete all reporting timely.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-020  
**Prior Year Finding:** 2022-020  
**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:** 2301NJCCDD (10/1/2022 – 9/30/2025)  
 2301NJCCDF (10/1/2022 – 9/30/2025)  
 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)  
 2101NJCDC6 (10/1/2020 – 9/30/2024)  
**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 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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**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) did not report subaward information to FSRS during FY 2023.

**Context:**

Zero of eight subawards selected for testing were reported to FSRS during FY 2023. Total subawards tested were \$32,469,131, 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
\$32,469,131	\$32,469,131	\$0	\$0	\$0

**Cause:**

The Department was unaware of FFATA reporting requirements and did not report subaward information to FSRS during FY 2023.

**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 Family Development (DFD) agrees with the audit finding regarding the required submission of subawards to the FFATA Subaward Reporting System (FSRS). Due to the complexity and time required to compile and report FFATA subaward data, the

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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DFD is in the process of creating a new full-time equivalent position (FTE) for this required federal reporting task.

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 award data that should be prepopulated by the awarding federal agency and available on the website was missing (e.g. Child Care M&M available; Discretionary not found). Staff will reach out to the necessary federal agencies to communicate instances of missing federal award information in an effort to ensure that the DFD has the ability to input the required subaward information.

DFD anticipates that the assessment and development of policy and procedures related to this task will take approximately three (3) months. Staff assignment, training, and submission of federal grant subaward information to the federal website will occur over the next state fiscal year.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-021  
**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:** 2301NJCCDD (10/1/2022 – 9/30/2025)  
 2301NJCCDF (10/1/2022 – 9/30/2025)  
 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)  
 2101NJCDC6 (10/1/2020 – 9/30/2024)  
**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 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.

2 CFR section 200.332(d) states that pass-through entities must 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:

- (4) Reviewing financial and performance reports required by the pass-through entity.
- (5) 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.
- (6) 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.



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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*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 Human Services (Department) did not comply with subrecipient monitoring requirements for the program.

**Context:**

Eight subawards were selected for testing and the following exceptions were noted:

- For 2 of 8 subawards selected for testing, the subaward did not include all required Federal Award information. The subawards were missing the Federal Award Date of award to the recipient by the Federal agency.
- For 1 of 8 subawards selected for testing, the Department did not conduct an annual desk review for the award as required by the Department’s procedures.

**Questioned costs:**

None noted.

**Cause:**

The Department’s procedures were not effective to ensure that subawards were issued in compliance with Federal requirements, nor that subrecipient monitoring was performed timely in accordance with Departmental procedures. Internal controls did not prevent or detect the errors.

**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 Division 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.

**Recommendation:**

The Department should review and enhance internal controls and procedures to ensure that all required information is included in subaward agreements and that proper subrecipient monitoring is performed.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Views of responsible officials:**

In accordance with the audit finding recommendation, the Department of Human Services' Division of Family Development (DFD) will ensure that the applicable federal award date will be included with the contract award information as required by Uniform Guidance pass-through entity requirements.

Subrecipient monitoring was performed in a timely manner in compliance with DHS Contract Policy with the exception of one subrecipient, NJSACC. NJSACC's fiscal review documents are due back to DFD on April 15, 2024. Once received, DFD will schedule a fiscal review meeting with the agency and the entire process should be completed within one (1) month of receipt. In addition, DFD will review the current policy for clarity, reasonableness, and to ensure compliance.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-022  
**Prior Year Finding:** 2022-022  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Medicaid Cluster, COVID-19 - Medicaid Cluster, Children’s Health Insurance Program, COVID-19 - Children’s Health Insurance Program  
**Assistance Listing Number:** 93.775, 93.777, 93.778, 93.767  
**Award Number and Year:** 2305NJ5MAP (10/1/2022 – 9/30/2023)  
 2305NJ5ADM (10/1/2022 – 9/30/2023)  
 2305NJ3002 (10/1/2022 – 9/30/2024)  
 2305NJ5021 (10/1/2022 – 9/30/2024)  
**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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Context:**

Five of five MCO audit reports received by the Department 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.

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 the Division of Medical Assistance and Human Services (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 DMAHS 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:**

There is no change to the prior year corrective action plan provided by the Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) as corrective actions have been fully implemented as of January 2023. Current Managed Care Organization (MCO) contracts no longer contain the language requiring an audit conducted specifically in accordance with generally accepted accounting principles and generally accepted auditing standards and now specify that AUP reports are acceptable. Section 7.25.1(B) of the MCO Contract was updated effective January 2023 and removed the 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.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-023  
**Prior Year Finding:** No  
**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:** 2305NJ5MAP (10/1/2022 – 9/30/2023)  
2305NJ5ADM (10/1/2022 – 9/30/2023)  
**Compliance Requirement:** Reporting – CMS-64  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance:* CMS-64, *Quarterly Statement of Expenditures for the Medical Assistance Program (OMB No. 0938-1265)* – Required to be used in lieu of the SF-425, Federal Financial Report (for all components of the cluster other administrative costs of the state MFCUs), prepared quarterly, and submitted electronically to CMS within 30 days after the end of the quarter.

*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) did not file the CMS-64 report timely.

**Context:**

One of two CMS-64 reports selected for testing was not filed timely. The report for the 12/31/2022 quarter was due 1/30/2023 but was submitted 2/9/2023, or 10 days late.

**Questioned costs:**

Undetermined.

**Cause:**

The Department’s procedures were not sufficient to ensure that CMS-64 reports were filed timely. Internal controls did not prevent or detect the error.

**Effect:**

Failure to submit CMS-64 reports timely could impact the Federal Agency’s ability to oversee the program.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Recommendation:**

We recommend that the Department enhance its procedures and controls to ensure that CMS-64 reports are filed timely, no later than 30 days after the end of each quarter.

**Views of responsible officials:**

With regard to the late quarterly CMS 64 report submission noted in the audit finding, the Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) notified the Center for Medicaid Services (CMS) in advance that the report for the December 31, 2022 quarter would be filed after the due date. DMHAS is working to streamline reporting of the CMS-64 by improving automation where possible in order to adhere to the due date. However, as in the case of the report for quarter ending December 31, 2022, the DMAHS places strong emphasis on the accuracy and integrity of its quarterly CMS-64 reporting, which may at times lead to submission after the required due date. In the event this occurs, the DMAHS will continue to notify CMS in advance when reports will be submitted after the due date.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-024  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Opioid STR  
**Assistance Listing Number:** 93.788  
**Award Number and Year:** H79T1083317 (9/3/2020 – 9/29/2023), H79T1085743 (9/30/2022 – 9/29/2024)  
**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 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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

The Department of Health (Department) did not report subaward information to FSRS during FY 2023.

**Context:**

Zero of ten subawards selected for testing were reported to FSRS during FY 2023. Total subawards tested were \$6,500,401, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
10	10	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$6,500,401	\$6,500,401	\$0	\$0	\$0

**Cause:**

The Department did not develop procedures and controls to ensure subawards were reported 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 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 Mental Health and Addiction Services (DMHAS) agrees that for fiscal year 2023 there were no Federal Funding Accountability & Transparency Act (FFATA) reporting procedures in place. It is important to note however, that DMHAS provided adequate support for subrecipient payments to each of the selected samples and corresponding dollar amounts. DMHAS was unable to comply with the FFATA reporting requirements due to insufficient staffing levels, the significant volume of data and effort required, and the significant demands and operational challenges precipitated by the Covid-19 Public Health Emergency.

DMHAS will develop a formal policy with procedures to comply with FFATA reporting requirements. More specifically, the policy will identify all FFATA reporting requirements consistent with the law, and dictate standard operating procedures, including ongoing monitoring and progress reporting. DMHAS's policy and practices will rely upon, and comport with, the applicable materials and Awardee User resources available at: <https://www.fsr.gov/> and [https://www.fsr.gov/documents/FSRS\\_Awardee\\_User\\_Guide.pdf](https://www.fsr.gov/documents/FSRS_Awardee_User_Guide.pdf).



**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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DMHAS procedures will ensure the reporting of all first-tier subawards of \$30,000 or more to the FSRS with all required FFATA data elements included.

DMHAS will hire at least one (1) additional staff for the requisite data entry. The new staff member will be situated in the DMHAS Fiscal Unit, and will report directly to, and be under the supervision of the Fiscal Unit Budget Manager. One hundred percent of the new hire's effort will be dedicated to FFATA reporting and data entry. DMHAS began the new hire process on or about March 22, 2024, and anticipates that the new hire will be on boarded in approximately ninety (90) days. In addition, the DMHAS Fiscal Unit Contract Manager (or the Contract Manager's designated staff) will work with the Budget Manager and the FFATA new hire to assist with the collection and verification of the requisite Subrecipient data that must be entered into the FSRS portal.

DMHAS will require all staff with FFATA reporting duties to complete the available online trainings. Furthermore, designated staff will be required to complete a FFATA Access Request Form that will be reviewed and approved by the DMHAS Chief Financial Officer. Designated staff shall also be subject to fixed Eligibility Criteria (e.g. completion of all IT Security Trainings, FFATA training(s), current DHS Confidentiality and Non-Disclosure Agreement, etc.). Access will be revoked if a Disqualifying Event such as separation of employment or failure to complete training occurs.

DMHAS conferred recently with DHS, the designated grant recipient, and secured from DHS the requisite FSRS login credentials. DMHAS Fiscal logged into the reporting system and began work on a process description.

DMHAS is committed to FFATA compliance, is prioritizing FFATA policy, procedures and reporting, and is making a good faith effort to comply. DMHAS will ensure that the requisite sub-award data is entered timely (no later than the end of the month following the month of issuance) into the FSRS portal, beginning January 1, 2025. In the event DMHAS cannot complete timely data entry into FSRS because of system issues outside of its control (e.g. the underlying federal award does not appear in FSRS), DMHAS will keep a record of the requisite data and document its efforts.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-025  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Opioid STR  
**Assistance Listing Number:** 93.788  
**Award Number and Year:** H79T1083317 (9/3/2020 – 9/29/2023),  
H79T1085743 (9/30/2022 – 9/29/2024)  
**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 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.

*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 Human Services (Department) did not include all required information in subaward agreements.

**Context:**

Ten subawards were selected for testing and the following exceptions were noted:

- For 10 of 10 subawards selected for testing, the Federal Award Date of award to the recipient by the Federal agency was omitted from the subaward agreement.
- For 2 of 10 subawards selected for testing, the subrecipient’s unique entity identifier was not obtained and was omitted from the subaward agreement.

**Questioned costs:**

None noted.

**Cause:**

The Department’s procedures were not effective to ensure that subawards were issued in compliance with Federal requirements. Internal controls did not prevent or detect the errors.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**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.

**Recommendation:**

The Department should review and enhance internal controls and procedures to ensure that all required information is included in subaward agreements.

**Views of responsible officials:**

The Department of Human Services, Division of Mental Health and Addiction Services (DMHAS) agrees that for fiscal year 2023 it did not provide at the time of subaward one (1) of the fourteen (14) elements required by the federal Uniform Guidance (UG) pass-through entity requirements. More specifically, DMHAS did not communicate to subrecipients at the time of subaward the date on which DMHAS received its Notice of Award from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Treatment (SMAHSA). This single piece of information was omitted in each of the ten (10) samples tested. It is important to note, however, that DMHAS could certify that it did not communicate to any pool of applicants or subrecipients that funding was available until such time as DMHAS received its federal award.

The failure to include the federal date of award was the result of clerical/ministerial error, and DMHAS's inability to evidence the federal award date in its software system, known as the Contract Information Management System (CIMS). CIMS is accessible to subrecipients and DMHAS relies on it to document and track subawards. DMHAS satisfied every remaining subaward information element of the UG pass-through entity requirements with the exception of subsection (ii) – the subrecipient's Unique Entity Identifier (UEI), for two (2) of the ten (10) samples tested. More specifically, DMHAS did not reference two (2) subrecipients UEI numbers at the time of each subrecipient's subaward. It is important to note that DMHAS has the UEIs available to it, but it could not establish that it referenced two (2) of the UEIs at the time of award. The failure to include the UEI for each of the two (2) subrecipients was the result of clerical/ministerial error, and DMHAS's inability to enter the data for the particular subrecipients into CIMS. Each of the two (2) samples related to a "specialty contract" that cannot be captured in CIMS.

DMHAS has already undertaken efforts to update its software system and replace CIMS with SAGE AGATE. Although federal regulation does not require that every data element referenced in 2 CFR 200.332(a)(1) be available in a single document, as part of its ongoing systems improvement plans, the DMHAS is completing the procurement of a new contract information management system, SAGE AGATE, so that all federal award and contract information is available in a single report through a single software application. DMHAS has prepared a purchase order for SAGE AGATE, the State funds have been appropriated and the DMHAS is in the process of scheduling a kick off meeting, along with

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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3-day training sessions. The DMHAS SAGE AGATE Scope of Work includes IntelliGrants software, as well as limited customization of the IntelliGrants software to satisfy any needs particular to DMHAS. DMHAS will ensure that the final software package provides DMHAS with the means to document and communicate to subrecipients at the time of subaward each of the requisite elements of 2 CFR 200.332(a)(1), including the Federal Date of Award and the UEI. In the interim, DMHAS has drafted an updated Notice of Subrecipient Award Template, which Template includes every component required by 2 CFR 200.332(a)(1). Upon DMHAS executive review and approval of the Template, Contract staff in the DMHAS Fiscal Unit will utilize the Template for each Notice of Subrecipient Award. DMHAS anticipates that the Template will be superseded by a Notice maintained within, and/or generated by, SAGE AGATE.

Prior to the date of this CAP, DMHAS Program/Initiative Managers throughout the various DMHAS treatment service and support units were responsible for preparing and executing Notices of Subrecipient Award. As a result of the Significant Deficiency identified in this 2023 Audit, and in order to correct and mitigate against clerical/ministerial errors, DMHAS is transferring responsibility for the preparation and execution of Notices of Subrecipient Award from Program/Initiative Managers, to the DMHAS Fiscal Unit, Contract Manager (and the Contract Manager's Contract Administration staff). Such staff will have total SAGE AGATE system access, and be best suited to ensure that Notices of Subrecipient Award comply with 2 CFR 200.332.

Finally, as a preventive action, the DMHAS Compliance Unit will audit the issuance of post-contract negotiation Notices of Award in three (3) months, and again in six (6) months. The internal audit will sample no less than ten (10) newly awarded/renewed deficit-funded contracts for substance use disorder services, and will measure compliance with every element identified in 2 CFR 200.332.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-026  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Block Grants for Prevention and Treatment of Substance Abuse, COVID-19 – Block Grants for Prevention and Treatment of Substance Abuse  
**Assistance Listing Number:** 93.959  
**Award Number and Year:** B08TI083538 (3/15/2021 – 3/14/2023), B08TI084660 (10/1/2020 – 9/30/2023), B08TI083465 (10/1/2020 – 9/30/2022), B08TI085822 (10/1/2022 – 9/30/2024)  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

Subaward information was not reported to FSRS by the Department of Human Services (Department).

**Context:**

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

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
\$6,491,925	\$6,491,925	\$0	\$0	\$0

**Cause:**

The Department did not establish effective procedures and internal controls over FFATA requirements to ensure that subawards were reported to FSRS.

**Effect:**

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

**Questioned costs:**

Undetermined.

**Recommendation:**

We recommend that the Department develop procedures and internal controls to ensure that all required subawards are reported 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 Human Services, Division of Mental Health and Addiction Services (DMHAS) agrees that for fiscal year 2023 there were no Federal Funding Accountability & Transparency Act (FFATA) reporting procedures in place. It is important to note however, that DMHAS provided adequate support for subrecipient payments to each of the selected samples and corresponding dollar amounts. DMHAS was unable to comply with the FFATA reporting requirements due to insufficient staffing levels, the significant volume of data and effort required, and the significant demands and operational challenges precipitated by the Covid-19 Public Health Emergency.

DMHAS will develop a formal policy with procedures to comply with FFATA reporting requirements. More specifically, the policy will identify all FFATA reporting requirements consistent with the law, and dictate standard operating procedures, including ongoing monitoring and progress reporting. DMHAS's policy and practices will rely upon, and comport with, the applicable materials and Awardee User resources available at: <https://www.fsr.gov/> and [https://www.fsr.gov/documents/FSRS\\_Awardee\\_User\\_Guide.pdf](https://www.fsr.gov/documents/FSRS_Awardee_User_Guide.pdf).

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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DMHAS procedures will ensure the reporting of all first-tier subawards of \$30,000 or more to the FSRS with all required FFATA data elements included.

DMHAS will hire at least one (1) additional staff for the requisite data entry. The new staff member will be situated in the DMHAS Fiscal Unit, and will report directly to, and be under the supervision of the Fiscal Unit Budget Manager. One hundred percent of the new hire's effort will be dedicated to FFATA reporting and data entry. DMHAS began the new hire process on or about March 22, 2024, and anticipates that the new hire will be on boarded in approximately ninety (90) days. In addition, the DMHAS Fiscal Unit Contract Manager (or the Contract Manager's designated staff) will work with the Budget Manager and the FFATA new hire to assist with the collection and verification of the requisite Subrecipient data that must be entered into the FSRS portal.

DMHAS will require all staff with FFATA reporting duties to complete the available online trainings. Furthermore, designated staff will be required to complete a FFATA Access Request Form that will be reviewed and approved by the DMHAS Chief Financial Officer. Designated staff shall also be subject to fixed Eligibility Criteria (e.g. completion of all IT Security Trainings, FFATA training(s), current DHS Confidentiality and Non-Disclosure Agreement, etc.). Access will be revoked if a Disqualifying Event such as separation of employment or failure to complete training occurs.

DMHAS conferred recently with DHS, the designated grant recipient, and secured from DHS the requisite FSRS login credentials. DMHAS Fiscal logged into the reporting system and began work on a process description.

DMHAS is committed to FFATA compliance, is prioritizing FFATA policy, procedures and reporting, and is making a good faith effort to comply. DMHAS will ensure that the requisite sub-award data is entered timely (no later than the end of the month following the month of issuance) into the FSRS portal, beginning January 1, 2025. In the event DMHAS cannot complete timely data entry into FSRS because of system issues outside of its control (e.g. the underlying federal award does not appear in FSRS), DMHAS will keep a record of the requisite data and document its efforts.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-027  
**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:** 04-2304NJD100 (10/1/2022 – 9/30/2023), 04-2204NJD100 (10/1/2021 – 9/30/2022)  
**Compliance Requirement:** Special Tests and Provisions – Qualified Providers  
**Type of Finding** Significant Deficiency in Internal Control Over Compliance, Other Matters

**Criteria or specific requirement:**

*Compliance* – Each state agency is responsible for comprehensive oversight management of its process and for ensuring accuracy, integrity, and economy of its process (20 CFR sections 404.1519g and 416.919g, and POMS DI 39569.300). As part of these duties, Disability Determination Services (DDS) must have, and follow, procedures for performing medical license verifications to ensure that only qualified providers perform DDSs task. By “qualified,” Social Security Administration (SSA) means that the medical source must:

Be currently licensed in the state and have the training and experience to perform the type of examination or test the DDS requests; and

- a. Not be barred from participation in Medicare or Medicaid programs or other federal or federally assisted programs (20 CFR sections 404.1519g and 416.919g).

Prior to using the services of any medical provider, the DDS must check the System of Award Management (SAM) website (<https://sam.gov/SAM/>) to verify medical licenses, credentials, and certifications with state medical boards (POMS DI 39569.300). and ensure medical staff and CE providers are qualified to perform the assigned tasks. Assigned tasks may include, but are not limited to, providing consultative examinations (CE) or final review of disability determinations.

*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 perform timely periodic reviews of providers performing Consultative Examination (CE) services.

**Context:**

For one of forty CE providers selected for testing, the periodic review was not completed timely during FY2023.



STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023

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

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**Questioned costs:**

Undetermined.

**Cause:**

The Department's procedures were not effective to ensure that CE provider reviews were completed timely. Internal controls did not prevent or detect the errors.

**Effect:**

Untimely provider periodic reviews could result in ineligible CE providers performing services under the program.

**Recommendation:**

The Department should review and enhance internal controls and procedures to ensure that all periodic CE provider reviews are completely timely.

**Views of responsible officials:**

The audit finding noted one Consultative Examination (CE) provider where the qualified provider review was not completed timely and this was an oversight on the part of the Department of Labor and Workforce Development's Division of Disability Services (DDS) due to attrition of staff. Going forward, each DDS Professional Relations Officer will be responsible for reviewing eight to 10 CE provider's qualifications each month until the yearly review is completed for each vendor. The Chief of Professional Relations will submit a monthly report to the DDS Assistant Director detailing how many sites were visited that month and any findings that may have occurred. Each month, the report will detail how many reports remain outstanding in order to complete the yearly reviews.

**STATE OF NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

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

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**Reference Number:** 2023-028  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Homeland Security  
**State Agency:** Department of Law and Public Safety  
**Federal Program:** COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)  
**Assistance Listing Number:** 97.036  
**Award Number and Year:** 066124021PA: 8/31/11; 066224614PA: 9/5/21; 066164264PA: 3/14/16; 066214597PA: 4/28/21; 066184368PA: 6/6/18; 066214574PA: 12/11/20; 066204488PA: 3/13/20; 066134086PA: 10/30/12  
**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 \$25,000,000 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 (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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

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**Condition:**

The Department of Law and Public Safety (Department) did not report subaward information to FSRS during FY 2023.

**Context:**

Forty of forty subawards selected for testing were not reported to FSRS. The subawards were issued from 2/18/2022 through 11/22/2023 and were not reported to FSRS until after they were selected for testing by auditors during January and February 2024.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
40	40	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$86,018,030	\$86,018,030	\$0	\$0	\$0

**Cause:**

The Department has insufficient procedures and internal controls to ensure that subawards are reported 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:**

Unlike other subgrants managed by the Department of Law and Public Safety (DLPS), the subgrants in the Public Assistance program are not issued by the Department but instead are issued by the Federal Emergency Management Agency (FEMA). These FEMA-issued subgrants take the form of Project Worksheets (PWs) and are directly related to a specific disaster. FEMA informs the DLPS of the approved PWs after they are issued.

Given the unique nature of the PW issuance, the DLPS is not in a position to report on the FFATA Subaward Reporting System (FSRS) at the time PWs are issued. This contrasts with other grant programs overseen by the DLPS, which do allow for timely subaward reporting in FSRS. The Department will continue to work with our FEMA partners, incorporating any guidance they provide, to develop procedures that ensure subawards are reported in FSRS within the FFATA reporting requirements.