

**STATE OF NEW JERSEY**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2020**

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

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

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



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## INDEPENDENT AUDITORS' REPORT

The Governor  
State of New Jersey

### **Report on the Schedule of Expenditures of Federal Awards**

We have audited the accompanying Schedule of Expenditures of Federal Awards of the State of New Jersey for the year ended June 30, 2020, and related notes (the Schedule).

### ***Management's Responsibility for the Schedule of Expenditures of Federal Awards***

Management is responsible for the preparation and fair presentation of this Schedule on the cash basis of accounting as described in Note 2; this includes 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 a Schedule that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on this Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

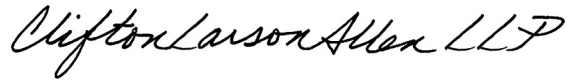
In our opinion, the schedule referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of New Jersey for the year ended June 30, 2020, in accordance with the cash basis of accounting described in Note 2.

**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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 15, 2021



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

The Governor  
State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of federal awards and related notes of the State of New Jersey (the Schedule), as of and for the year ended June 30, 2020 and have issued our report thereon dated June 15, 2021.

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

**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 opinions 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.

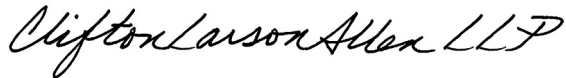
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether State of New Jersey's financial statements are 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  
June 15, 2021



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

The Governor  
State of New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited the State of New Jersey's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020. The State's major federal programs are identified in the summary of auditors' results section of the accompany schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's major federal programs and compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the State's major federal programs. However, our audit does not provide a legal determination of the State's compliance.

***Basis for Qualified Opinion on the Unemployment Insurance Program***

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding CFDA 17.225 – Unemployment Insurance as described in 2020-005 (eligibility). Compliance with such requirement is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

***Qualified Opinion on the Unemployment Insurance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 17.225 – Unemployment Insurance for the year ended June 30, 2020.

***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, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-004, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010 and 2020-011. Our opinion on each major program is not modified with respect to these matters.

The State’s responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

***Report on Internal Control Over Compliance***

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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 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 2020-005 to be a material weakness.

*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 2020-001, 2020-002, 2020-003, 2020-004, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010 and 2020-011 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 15, 2021

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 1,850,590	\$ -
Specialty Crop Block Grant Program - Farm Bill	10.170	480,354	284,041
Organic Certification Cost Share Programs	10.171	64,527	-
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	2,030,493	2,030,493
Homeland Security Agricultural	10.304	152,406	-
Rural Business Development Grant	10.351	21,901	-
State Mediation Grants	10.435	22,164	-
Crop Insurance Education in Targeted States	10.458	119,893	-
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	72,021	-
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program	10.551	993,474,622	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	174,646,013	148,296,101
<i>Total SNAP Cluster</i>		<u>1,168,120,635</u>	<u>148,296,101</u>
<i>Child Nutrition Cluster</i>			
COVID-19 - School Breakfast Program	10.553	20,927,512	20,927,512
School Breakfast Program	10.553	76,159,280	76,159,280
Total School Breakfast Program	10.553	<u>97,086,792</u>	<u>97,086,792</u>
COVID-19 - National School Lunch Program	10.555	40,900,890	40,900,890
National School Lunch Program	10.555	197,798,053	197,798,053
Total National School Lunch Program	10.555	<u>238,698,943</u>	<u>238,698,943</u>
COVID-19 - Special Milk Program for Children	10.556	8,753	8,753
Special Milk Program for Children	10.556	136,821	136,821
Total Special Milk Program for Children	10.556	<u>145,574</u>	<u>145,574</u>
COVID-19 - Summer Food Service Program for Children	10.559	17,668,289	17,668,289
Summer Food Service Program for Children	10.559	14,310,599	13,888,871
Total Summer Food Service Program for Children	10.559	<u>31,978,888</u>	<u>31,557,160</u>
<i>Total Child Nutrition Cluster</i>		<u>367,910,197</u>	<u>367,488,469</u>
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	122,730,209	25,817,141
COVID-19 - Child and Adult Care Food Program	10.558	9,535,704	9,535,704
Child and Adult Care Food Program	10.558	72,577,619	71,389,567
Total Child and Adult Care Food Program	10.558	<u>82,113,323</u>	<u>80,925,271</u>
State Administrative Expenses for Child Nutrition	10.560	9,152,101	-
<i>Food Distribution Cluster</i>			
Commodity Supplemental Food Program	10.565	400,825	397,478
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	1,756,455	1,398,868
Emergency Food Assistance Program (Administrative Costs)	10.568	4,236,175	2,610,410
Total Emergency Food Assistance Program (Administrative Costs)	10.568	<u>5,992,630</u>	<u>4,009,278</u>
Emergency Food Assistance Program (Food Commodities)	10.569	60,019,188	-
<i>Total Food Distribution Cluster</i>		<u>66,412,643</u>	<u>4,406,756</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture (continued)</b>			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	\$ 679,909	\$ (3,409)
Farm to School Grant Program	10.575	1,041	-
Senior Farmers Market Nutrition Program	10.576	801,650	29,476
WIC Grants To States (WGS)	10.578	1,924,712	258,977
Child Nutrition Discretionary Grants Limited Availability	10.579	734,633	528,272
Fresh Fruit and Vegetable Program	10.582	3,659,384	3,635,157
Cooperative Forestry Assistance	10.664	1,090,164	307,647
Forest Health Protection	10.680	34,615	-
State & Private Forestry Cooperative Fire Assistance	10.698	9,114	-
<b>Total U.S. Department of Agriculture</b>		<b>1,830,188,679</b>	<b>634,004,392</b>
<b>U.S. Department of Commerce</b>			
Interjurisdictional Fisheries Act of 1986	11.407	117,688	-
Coastal Zone Management Administration Awards	11.419	2,778,510	181,949
Cooperative Fishery Statistics	11.434	454,053	-
Regional Fishery Management Councils	11.441	526,981	-
Unallied Science Program	11.472	16,770	-
Office for Coastal Management	11.473	187,885	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	369,799	-
State and Local Implementation Grant Program	11.549	433,066	-
Measurement and Engineering Research and Standards	11.609	283,085	211,761
<b>Total U.S. Department of Commerce</b>		<b>5,167,837</b>	<b>393,710</b>
<b>U.S. Department of Defense</b>			
National Guard Military Operations and Maintenance (O&M) Projects	12.401	32,177,936	-
National Guard ChalleNGe Program	12.404	1,190,332	-
Troops to Teachers Grant Program	12.620	99,865	29,292
<b>Total U.S. Department of Defense</b>		<b>33,468,133</b>	<b>29,292</b>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	3,356,518	2,970,930
Emergency Solutions Grant Program	14.231	4,466,074	4,312,144
Supportive Housing Program	14.235	1,020,717	-
Home Investment Partnerships Program	14.239	2,349,942	91,000
Housing Opportunities for Persons with AIDS	14.241	1,233,732	-
Continuum of Care Program	14.267	1,971,706	-
<i>CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster:</i>			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	183,688,622	124,976,132
National Disaster Resilience Competition	14.272	1,675,433	-
Housing Trust Fund	14.275	3,459,940	3,330,191
<b>Total CDBG-Disaster Recovery Grants-Pub. L No. 113-2 Cluster</b>		<b>188,823,995</b>	<b>128,306,323</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development (continued)</b>			
Fair Housing Assistance Program State and Local	14.401	\$ 466,416	\$ -
<i>Section 8 Project-Based Cluster:</i>			
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	4,495,210	-
<i>Total Section 8 Project-Based Cluster</i>		<u>4,495,210</u>	<u>-</u>
<i>Housing Voucher Cluster:</i>			
COVID-19 - Section 8 Housing Choice Vouchers	14.871	605	-
Section 8 Housing Choice Vouchers	14.871	273,055,028	25,013
Total Section 8 Housing Choice Vouchers		<u>273,055,633</u>	<u>25,013</u>
Mainstream Vouchers	14.879	819,491	-
<i>Total Housing Voucher Cluster</i>		<u>273,875,124</u>	<u>25,013</u>
Family Self-Sufficiency Program	14.896	68,501	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	773,512	773,512
<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>482,901,447</u></b>	<b><u>136,478,922</u></b>
<b>U.S. Department of the Interior</b>			
Hurricane Sandy Disaster Relief – Coastal Resiliency Grants.	15.153	454,053	-
Marine Minerals Activities	15.424	5,870	-
<i>Fish and Wildlife Cluster</i>			
Sport Fish Restoration	15.605	2,273,742	-
Wildlife Restoration and Basic Hunter Education	15.611	7,910,286	-
<i>Total Fish and Wildlife Cluster</i>		<u>10,184,028</u>	<u>-</u>
Coastal Wetlands Planning, Protection and Restoration	15.614	605,020	-
Cooperative Endangered Species Conservation Fund	15.615	413,970	-
Clean Vessel Act	15.616	125,908	97,411
Sportfishing and Boating Safety Act	15.622	952,537	-
State Wildlife Grants	15.634	653,420	(19,557)
Highlands Conservation	15.667	-	-
National Cooperative Geologic Mapping	15.810	154,590	-
National Geological and Geophysical Data Preservation	15.814	9,892	-
Historic Preservation Fund Grants-In-Aid	15.904	1,281,406	114,135
Outdoor Recreation Acquisition, Development and Planning	15.916	1,967,990	-
Emergency Supplemental Historic Preservation Fund	15.957	2,496,661	869,556
National Ground-Water Monitoring Network	15.980	19,038	-
<b>Total U.S. Department of the Interior</b>		<b><u>19,324,383</u></b>	<b><u>1,061,545</u></b>
<b>U.S. Department of Justice</b>			
Sexual Assault Services Formula Program	16.017	444,841	443,549
Equal Employment Opportunity	16.101	351,138	-
Juvenile Justice and Delinquency Prevention	16.540	641,039	406,801
Missing Children's Assistance	16.543	372,526	-
Crime Victim Assistance	16.575	44,587,747	39,109,945
Crime Victim Compensation	16.576	3,764,597	1,335,387
Drug Court Discretionary Grant Program	16.585	615,589	607,468

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Justice (continued)</b>			
Violence Against Women Formula Grants	16.588	\$ 3,277,603	\$ 2,558,012
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	133,411	90,509
Residential Substance Abuse Treatment for State Prisoners	16.593	96,356	83,840
State Criminal Alien Assistance Program	16.606	4,059,419	-
Public Safety Partnership and Community Policing Grants	16.710	1,739,378	167,809
Special Data Collections and Statistical Studies	16.734	165,360	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,261,518	78,424
DNA Backlog Reduction Program	16.741	855,728	47,824
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	117,473	38,222
Support for Adam Walsh Act Implementation Grant Program	16.750	166,345	-
Edward Byrne Memorial Competitive Grant Program	16.751	184,813	-
Harold Rogers Prescription Drug Monitoring Program	16.754	340,646	48,392
Second Chance Act Reentry Initiative	16.812	223,264	197,456
NICS Act Record Improvement Program	16.813	14,835	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	48,197	-
Children of Incarcerated Parents	16.831	141,186	45,045
Body Worn Camera Policy and Implementation	16.835	1,171,122	-
STOP School Violence	16.839	173,664	92,404
Contractual Agreements	16.CON	50,000	-
<b>Total U.S. Department of Justice</b>		<b>64,997,795</b>	<b>45,351,087</b>
<b>U.S. Department of Labor</b>			
Labor Force Statistics	17.002	1,420,363	-
Compensation and Working Conditions	17.005	345,204	-
<i>Employment Services Cluster</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	20,119,564	-
Jobs for Veterans State Grants	17.801	2,757,318	-
Local Veterans' Employment Representative Program	17.804	915,009	-
<i>Total Employment Services Cluster</i>		<u>23,791,891</u>	<u>-</u>
COVID-19 - Unemployment Insurance	17.225	6,966,243,972	-
Unemployment Insurance	17.225	4,485,556,501	-
Total Unemployment Insurance	17.225	<u>11,451,800,473</u>	<u>-</u>
Senior Community Service Employment Program	17.235	2,127,806	-
Trade Adjustment Assistance	17.245	3,861,788	1,585,265
<i>WIOA Cluster:</i>			
WIOA Adult Program	17.258	26,733,396	21,150,606
WIOA Youth Activities	17.259	19,566,524	18,867,096
WIOA Dislocated Worker Formula Grants	17.278	25,497,695	18,124,535
<i>Total WIOA Cluster</i>		<u>71,797,615</u>	<u>58,142,237</u>
Work Opportunity Tax Credit Program (WOTC)	17.271	439,534	-
Temporary Labor Certification for Foreign Workers	17.273	505,165	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Labor (continued)</b>			
Occupational Safety and Health State Program	17.503	\$ 1,732,428	\$ -
Consultation Agreements	17.504	2,144,855	-
Mine Health and Safety Grants	17.600	(4,945)	-
<b>Total U.S. Department of Labor</b>		<b>11,559,962,177</b>	<b>59,727,502</b>
<b>U.S. Department of Transportation</b>			
Airport Improvement Program	20.106	322,851	-
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	920,293,180	308,775,351
Recreational Trails Program	20.219	840,350	50,213
<i>Total Highway Planning and Construction Cluster</i>		<u>921,133,530</u>	<u>308,825,564</u>
<i>FMCSA Cluster</i>			
Motor Carrier Safety Assistance	20.218	7,169,867	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	213,042	-
<i>Total FMCSA Cluster</i>		<u>7,382,909</u>	<u>-</u>
Commercial Driver's License Program Implementation Grant	20.232	718,349	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	72,141	-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	1,101,268	-
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	5,848,608	3,415,213
National Priority Safety Programs	20.616	6,262,932	3,984,460
<i>Total Highway Safety Cluster</i>		<u>12,111,540</u>	<u>7,399,673</u>
Pipeline Safety Program State Base Grant	20.700	1,021,706	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	503,789	188,962
State Damage Prevention Program Grants	20.720	101,634	-
Contractual Agreements	20.CON	215,552	-
<b>Total U.S. Department of Transportation</b>		<b>944,685,269</b>	<b>316,414,199</b>
<b>U.S. Department of the Treasury:</b>			
COVID-19 - Coronavirus Relief Fund	21.019	51,000,000	51,000,000
<b>Total Department of the Treasury</b>		<b>51,000,000</b>	<b>51,000,000</b>
<b>National Foundation on the Arts and the Humanities:</b>			
COVID-19 - Promotion of the Arts Partnership Agreements	45.025	458,600	458,600
Promotion of the Arts Partnership Agreements	45.025	886,916	472,610
Total Promotion of the Arts Partnership Agreements	45.025	1,345,516	931,210
<b>Total National Foundation on the Arts and the Humanities</b>		<b>1,345,516</b>	<b>931,210</b>
<b>Small Business Administration</b>			
State Trade Expansion	59.061	629,614	629,614
<b>Total Small Business Administration</b>		<b>629,614</b>	<b>629,614</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>Department of Veterans Affairs</b>			
Veterans State Nursing Home Care	64.015	\$ 34,332,479	\$ -
Burial Expenses Allowance for Veterans	64.101	2,064,332	-
Vocational and Educational Counseling for Servicemembers and Veterans	64.125	494,793	-
Unassigned Catalog Numbers From Federal Government	64.UNA	124,433	124,433
<b>Total U.S. Department of Veterans Affairs</b>		<b>37,016,037</b>	<b>124,433</b>
<b>U.S. Environmental Protection Agency</b>			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	446,375	-
State Clean Diesel Grant Program	66.040	14,316	14,316
Water Quality Management Planning	66.454	176,437	176,437
<i>Clean Water State Revolving Fund Cluster</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	68,448,997	64,675,840
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants For Clean Water State Revolving Funds	66.482	4,362,141	4,001,361
<i>Total Clean Water State Revolving Fund Cluster</i>		<u>72,811,138</u>	<u>68,677,201</u>
Regional Wetland Program Development Grants	66.461	247,166	-
<i>Drinking Water State Revolving Fund Cluster</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	15,922,358	12,909,888
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds	66.483	328,137	135,693
<i>Total Drinking Water State Revolving Fund Cluster</i>		<u>16,250,495</u>	<u>13,045,581</u>
Beach Monitoring and Notification Program Implementation Grants	66.472	616,358	335,856
Performance Partnership Grants	66.605	14,070,828	2,479,648
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	144,030	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	325,699	-
Pollution Prevention Grants Program	66.708	48,867	36,880
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	839,894	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804	1,073,032	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	2,579,257	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	850	-
State and Tribal Response Program Grants	66.817	747,221	-
<b>Total U.S. Environmental Protection Agency</b>		<b>110,391,963</b>	<b>84,765,919</b>
<b>U.S. Department of Energy</b>			
State Energy Program	81.041	1,276,732	332,220
Weatherization Assistance for Low -Income Persons	81.042	5,260,810	4,243,578
State Energy Program Special Projects	81.119	49,167	-
Administration Costs Consolidations	81.ADM	(1,455,058)	-
<b>Total U.S. Department of Energy</b>		<b>5,131,651</b>	<b>4,575,798</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Education</b>			
Adult Education - Basic Grants to States	84.002	\$ 16,456,093	\$ 14,678,014
Title I Grants to Local Educational Agencies	84.010	387,021,817	383,394,829
Migrant Education State Grant Program	84.011	1,932,463	1,747,375
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	1,955,365	782,419
<i>Special Education Cluster (IDEA)</i>			
Special Education Grants to States	84.027	374,138,793	350,857,674
Special Education Preschool Grants	84.173	11,856,846	11,730,334
<i>Total Special Education Cluster</i>		<u>385,995,639</u>	<u>362,588,008</u>
Federal Family Education Loans	84.032	4,081,122	-
Career and Technical Education -- Basic Grants to States	84.048	24,225,673	21,400,785
Career and Technical Education -- National Programs	84.051	38,460	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	61,978,078	4,513,066
Migrant Education Coordination Program	84.144	29,322	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	820,883	820,656
Special Education-Grants for Infants and Families	84.181	9,921,990	7,356,757
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	416,003	(145,269)
Education for Homeless Children and Youth	84.196	1,504,835	1,314,536
Twenty-First Century Community Learning Centers	84.287	25,855,214	24,808,870
Special Education - State Personnel Development	84.323	1,752,171	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,954,593	1,909,164
Rural Education	84.358	17,843	17,354
English Language Acquisition State Grants	84.365	18,173,475	17,334,196
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	45,674,174	43,955,834
Grants for State Assessments and Related Activities	84.369	6,266,762	-
School Improvement Grants	84.377	6,340,061	6,251,058
Preschool Development Grants	84.419	6,726,888	6,304,245
Student Support and Academic Enrichment Program	84.424	19,244,816	18,623,967
Education Stabilization Fund	84.425	749,756	741,110
Disaster Recovery Assistance for Education	84.938	690,343	690,343
Contractual Agreements	84.CON	165,044	-
Unassigned Catalog Numbers from Federal Government	84.UNA	43,009	-
<b>Total U.S. Department of Education</b>		<u><b>1,030,031,892</b></u>	<u><b>919,087,317</b></u>
<b>U.S. Election Assistance Commission</b>			
Help America Vote Act Requirements Payments	90.401	2,088	-
COVID-19 - 2018 HAVA Election Security Grants	90.404	1,430,429	-
2018 HAVA Election Security Grants	90.404	484,135	-
Total 2018 HAVA Election Security Grants	90.404	<u>1,914,564</u>	<u>-</u>
<b>Total U.S. Election Assistance Commission</b>		<u><b>1,916,652</b></u>	<u><b>-</b></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<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	\$ 88,865	\$ -
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	538,476	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	698,366	698,366
<i>Aging Cluster</i>			
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	5,035,690	5,035,690
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	10,853,302	10,853,302
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	15,888,992	15,888,992
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	18,446,517	18,446,517
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	20,867,920	19,447,522
Total Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	39,314,437	37,894,039
Nutrition Services Incentive Program	93.053	3,536,505	3,536,505
<i>Total Aging Cluster</i>		58,739,934	57,319,536
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	2,537,589	2,537,589
National Family Caregiver Support, Title III, Part E	93.052	5,202,197	4,918,745
Total National Family Caregiver Support, Title III, Part E	93.052	7,739,786	7,456,334
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065	150,000	-
Public Health Emergency Preparedness	93.069	9,223,405	1,689,334
Environmental Public Health and Emergency Response	93.070	1,842,805	23,215
Medicare Enrollment Assistance Program	93.071	382,741	353,362
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	2,988	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5,505,994	4,028,218
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	106,857	-
Guardianship Assistance	93.090	5,505,358	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1,002,095	957,225
<i>Hurricane Sandy Relief Cluster</i>			
HHS Programs for Disaster Relief Appropriations Act - Non Construction	93.095	9,985	9,985
<i>Total Hurricane Sandy Relief Cluster</i>		9,985	9,985
Food and Drug Administration Research	93.103	1,457,886	174,798
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	(79,665)	(257,191)
Maternal and Child Health Federal Consolidated Programs	93.110	1,289,498	951,100
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2,162,050	1,277,298
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	109,842	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
Emergency Medical Services for Children	93.127	\$ 100,615	\$ -
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	204,705	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	4,445,913	1,373,436
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	96,067	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,174,103	2,052,910
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	1,833,720	1,696,222
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	837,957	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	1,415,224	1,042,723
Grants to States to Support Oral Health Workforce Activities	93.236	259,243	52,332
State Capacity Building	93.240	560,096	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5,243,633	3,701,035
Early Hearing Detection and Intervention	93.251	255,379	161,431
Occupational Safety and Health Program	93.262	136,989	-
Immunization Cooperative Agreements (non-monetary)	93.268	83,464,113	-
Immunization Cooperative Agreements	93.268	7,295,966	1,504,617
Total Immunization Cooperative Agreements	93.268	90,760,079	1,504,617
Viral Hepatitis Prevention and Control	93.270	391,051	57,484
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	133,959	-
State Partnership Grant Program to Improve Minority Health	93.296	163,035	141,622
Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	653,070	628,197
Early Hearing Detection and Intervention Information System (EHD-IS) Surveillance Program	93.314	219,979	39
COVID-19 - Epidemiology and Lab Capacity for Infectious Diseases	93.323	141,067	-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	3,186,460	44,504
Total Epidemiology and Lab Capacity for Infectious Diseases	93.323	3,327,527	44,504
State Health Insurance Assistance Program	93.324	789,236	504,850
ACL Independent Living State Grants	93.369	551,523	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	7,306,676	2,309,612
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	2,317,848	1,201,196
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	9,624,524	3,510,808
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	331,125	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	1,560,480	783,246
Every Student Succeeds Act/Preschool Development Grants	93.434	4,906,308	3,632,143

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
ACL Assistive Technology	93.464	\$ 518,611	\$ 482,776
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478	74,636	70,396
MaryLee Allen Promoting Safe and Stable Families Program	93.556	6,432,695	5,876,050
Temporary Assistance for Needy Families	93.558	314,532,908	115,940,344
Child Support Enforcement	93.563	154,694,652	33,535,054
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	27,209	27,209
Low -Income Home Energy Assistance	93.568	116,572,347	19,695,967
Community Services Block Grant	93.569	22,405,835	21,386,238
Community-Based Child Abuse Prevention Grants	93.590	1,551,766	1,454,997
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	266,302,789	50,863,796
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	62,161,038	35,551,200
<i>Total CCDF Cluster</i>		<u>328,463,827</u>	<u>86,414,996</u>
State Court Improvement Program	93.586	731,350	-
Grants to States for Access and Visitation Programs	93.597	194,789	-
Chafee Education and Training Vouchers Program (ETV)	93.599	594,689	594,689
Head Start	93.600	172,104	-
Adoption and Legal Guardianship Incentive Payments	93.603	815,990	815,990
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,709,496	909,164
Children's Justice Grants to States	93.643	633,167	628,681
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5,264,270	-
Foster Care Title IV-E	93.658	98,465,825	72,673
Adoption Assistance	93.659	76,956,140	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	360	-
Social Services Block Grant	93.667	52,232,982	1,617,960
Child Abuse and Neglect State Grants	93.669	636,161	636,161
Child Abuse and Neglect Discretionary Activities	93.670	223,017	127,748
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	3,110,868	3,079,905
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2,090,527	2,090,527
State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735	257,787	37,477
Elder Abuse Prevention Interventions Program	93.747	129,739	-
COVID-19 - Children's Health Insurance Program	93.767	14,062,903	-
Children's Health Insurance Program	93.767	557,847,890	5,205,889
Total Children's Health Insurance Program	93.767	<u>571,910,793</u>	<u>5,205,889</u>
<i>Medicaid Cluster</i>			
State Medicaid Fraud Control Units	93.775	3,308,068	-
State Survey and Certification of Health Care Providers and Suppliers (Title XV/II) Medicare	93.777	13,590,186	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>			
<i>Medicaid Cluster (continued)</i>			
COVID-19 - Medical Assistance Program	93.778	\$ 416,110,986	\$ -
Medical Assistance Program	93.778	10,421,354,075	140,143,093
Total Medical Assistance Program	93.778	<u>10,837,465,061</u>	<u>140,143,093</u>
<i>Total Medicaid Cluster</i>		<u>10,854,363,315</u>	<u>140,143,093</u>
Opioid STR	93.788	18,028,588	14,795,610
Money Follow s the Person Rebalancing Demonstration	93.791	11,404,193	5,967,391
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	436,057	198,605
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	12,341,383	11,139,243
National Bioterrorism Hospital Preparedness Program	93.889	3,670,274	1,892,074
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	3,375,442	1,864,747
Grants to States for Operation of State Offices of Rural Health	93.913	125,757	42,311
HIV Care Formula Grants	93.917	62,240,792	8,352,396
HIV Prevention Activities Health Department Based	93.940	11,844,012	6,491,964
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1,048,289	370,980
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	187,280	-
Block Grants for Community Mental Health Services	93.958	13,522,878	12,834,579
Block Grants for Prevention and Treatment of Substance Abuse	93.959	42,831,833	34,302,594
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	2,208,104	72,677
Preventive Health and Health Services Block Grant	93.991	3,534,587	2,707,359
Maternal and Child Health Services Block Grant to the States	93.994	9,815,380	5,935,747
Contractual Agreements	93.CON	3,918,214	408,427
<b>Total U.S. Department of Health and Human Services</b>		<u><b>13,043,753,724</b></u>	<u><b>643,789,867</b></u>
<b>Corporation for National and Community Service</b>			
AmeriCorps	94.006	3,201,999	2,915,790
State Commissions	94.003	396,676	-
Training and Technical Assistance	94.009	214,128	-
<i>Foster Grandparent/Senior Companion Cluster</i>			
Foster Grandparent Program	94.011	756,616	485,063
Volunteer Generation Fund	94.021	281,680	250,872
<i>Total Foster Grandparent/Senior Companion Cluster</i>		<u>1,038,296</u>	<u>735,935</u>
<b>Total Corporation for National and Community Service</b>		<u><b>4,851,099</b></u>	<u><b>3,651,725</b></u>
<b>Social Security Administration</b>			
<i>Disability Insurance/SSI Cluster</i>			
Social Security Disability Insurance	96.001	57,364,305	-
<i>Total Disability Insurance/SSI Cluster</i>		<u>57,364,305</u>	<u>-</u>
Unassigned Catalog Numbers From Federal Government	96.UNA	108,083	78,254
<b>Total Social Security Administration</b>		<u><b>57,472,388</b></u>	<u><b>78,254</b></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department Homeland Security</b>			
Non-Profit Security Program	97.008	\$ 4,621,240	\$ 4,621,240
Boating Safety Financial Assistance	97.012	2,092,488	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	553,934	-
National Urban Search and Rescue (US&R) Response System	97.025	3,588,367	1,053,523
Flood Mitigation Assistance	97.029	9,088,968	8,913,844
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	114,703,646	1,206,372
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	122,202,975	96,991,949
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	236,906,621	98,198,321
Hazard Mitigation Grant	97.039	23,241,880	19,693,928
National Dam Safety Program	97.041	127,122	-
Emergency Management Performance Grants	97.042	8,840,181	1,873,805
Cooperating Technical Partners	97.045	1,114,942	-
Pre-Disaster Mitigation	97.047	236,374	135,000
Port Security Grant Program	97.056	1,594,505	-
Homeland Security Grant Program	97.067	30,628,428	22,656,754
Homeland Security Biowatch Program	97.091	362,635	-
Presidential Residence Protection Security Grant	97.134	234,693	-
<b>Total U.S. Department Homeland Security</b>		<b>323,232,378</b>	<b>157,146,415</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 29,607,468,634</b>	<b>\$3,059,241,201</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020. The State financial reporting entity is described in note 1b of the State's Comprehensive Annual Financial Report. Accordingly, the accompanying Schedule presents the federal awards programs administered by the State, as defined above, for the year ended June 30, 2020.

**Federal Family Education Loan Program**

The State administered the Federal Family Education Loan Program - Guaranty Program (FFELP) during the first six months of fiscal year 2020. On December 31, 2019 the State transferred its outstanding FFELP portfolio to the federally designated successor agency, Kentucky Higher Education Assistance Authority (KHEAA). As of January 1, 2020, the State is no longer a FFELP guaranty agency and has not purchased or serviced defaulted loans per the transfer agreement. As a result of this transfer of the State's entire portfolio to KHEAA during the fiscal year, the principal amount outstanding for guaranteed loans as of June 30, 2020 and 2019, were \$0 and \$1,447,948,141, respectively. Program administrative costs during the year amounted to \$4,081,122.

**Federal Awards Programs Numbers**

Certain programs presented in the accompanying Schedule includes federal award programs that have not been assigned a Catalog of Federal Domestic Assistance (CFDA) number, which are reported by the respective federal agency and titled "UNA." Programs under direct contract are titled "CON." Administration Cost consolidations are 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 and in accordance with 2 CFR §200.502.

**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 and departments continue to use negotiated rates.

**STATE OF NEW JERSEY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 BASIS OF ACCOUNTING (CONTINUED)**

**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 basis explained in note 2.

**NOTE 4 NONMONETARY FEDERAL FINANCIAL ASSISTANCE**

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

	CFDA Number	Amounts
Supplemental Nutrition Assistance Program	10.551	\$ 226,910,614
Emergency Food Assistance Program	10.569	3,505,591
Food for Education	10.608	3,753,805
Immunization Grants	93.268	1,181,777

**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.

**STATE OF NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 6 DISASTER GRANTS – PUBLIC ASSISTANCE (CFDA 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 2020, FEMA approved approximately \$6,600,000 of eligible expenditures that were incurred in a prior year and are included in the Schedule.

**NOTE 7 UNEMPLOYMENT INSURANCE**

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

State Regular UC Benefits	\$ 4,376,826,972
Federal UC Benefits	6,966,243,972
Federal Administration	108,729,529
	<u>\$ 11,451,800,473</u>

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

During fiscal year 2020, the state received cash rebates from infant formula manufacturers in the amount of \$33,024,212 on sales of formula to participants in the WIC program (CFDA 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)**

The State is the recipient of federally donated PPE. The fair market value of the PPE at the time of receipt was \$60.1 million. This amount is not reported on the Schedule.



**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Financial Statements**

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

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

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
- Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes   X   None

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

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
- Noncompliance material to schedule of expenditures of federal awards noted? \_\_\_\_\_ Yes   X   None

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   X   Yes \_\_\_\_\_ No
- Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes \_\_\_\_\_ None reported

Type of auditors’ report issued on compliance for major programs: **See below**

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)?   X   Yes \_\_\_\_\_ No

Dollar threshold used to distinguish between type A and type B programs: **\$44,411,203**

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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***Identification of Major Programs***

Major Programs	CFDA #	Opinion
Food Distribution Cluster	10.565, 10.568, 10.569	Unmodified
Unemployment Insurance	17.225	Qualified
Coronavirus Relief Fund	21.019	Unmodified
Adult Education - Basic Grants to States	84.002	Unmodified
Student Support and Academic Enrichment Program	84.424	Unmodified
Temporary Assistance For Needy Families	93.558	Unmodified
Children's Health Insurance Program	93.767	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Opioid STR	93.788	Unmodified
HIV Prevention Activities - Health Department Based	93.940	Unmodified
Block Grants for Community Mental Health Services	93.958	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified
Hazard Mitigation Grant	97.039	Unmodified

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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**Section II – Financial Statement Findings**

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None reported.

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

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

Major Federal Program	Federal Agency (Prefix)	CFDA #	Finding #	Internal Control		Compliance
				Material Weakness	Significant Deficiency	
Unemployment Insurance	U.S. DOL (17)	17.225	2020-001		X	
Unemployment Insurance	U.S. DOL (17)	17.225	2020-002		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-003		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-004		X	X
Unemployment Insurance	U.S. DOL (17)	17.225	2020-005	X		X
Adult Education	U.S. DOE (84)	84.002	2020-006		X	X
Medicaid Cluster CHIP	U.S HHS (93)	93.775, 93.777, 93.778, 93.767	2020-007		X	X
HIV Prevention	U.S. HHS (93)	93.940	2020-008		X	X
HIV Prevention	U.S. HHS (93)	93.940	2020-009		X	X
Block Grant for Community Mental Health Services	U.S HHS (93)	93.958	2020-010		X	X
Block Grant for Community Mental Health Services	U.S HHS (93)	93.958	2020-011		X	X

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Reference Number:** 2020-001  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor and Workforce Development  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** All grant awards  
All grant years  
**Compliance Requirement-Other:** Information Technology General Controls  
**Type of Finding:** Significant Deficiency in Internal Control

**Criteria or specific requirement:**

*Control:* 2 CFR, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D, section 200.303 requires that non-Federal entities receiving Federal awards establish and maintain effective internal controls 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. As part of the 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 New Jersey Local Office Online Payment System (NJLOOPS) application management is provided by the Department of Labor and Workforce Development (DLWD) staff. The NJLOOPS application is an essential system hosted within Office of Information Technology's (OIT) infrastructure used by DLWD for unemployment insurance eligibility, claims, benefit calculations, and payments.

1. Management did not document system changes that management applied to the production application environment per the DLWD Application Change Management Policy or the overarching (OIT) Change Management Guidelines. Documentation around the testing and approval of changes were verbally communicated and not formally documented, as stated in the policy.
2. There was a lack of segregation of duties between application development and promotion of code to production in the NJLOOPS environment. Management granted developers (including contractors) the ability to develop code and to promote code to production. There is a procedural workflow in place to prevent the same individual from developing and moving a change to the production environment; however, there is no technical limitation.

**Context:** None

**Questioned costs:** None

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Cause:**

Due to limitations on staffing and increased demand on IT resources related to responding 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 related to documentation and segregation of duties could increase the risk of potential unauthorized changes occurring to the application.

**Statistically valid:** Yes

**Recommendation:**

We recommend following the statewide change management policy and formally document the request, testing, and approval of all changes related to the NJLOOPS application. Additionally, DLWD should assess their segregation of duties control environment to prevent the same user from developing and promoting a system change to the production environment.

**Views of responsible officials:**

The Division of Information Technology (DIT) utilizes the FootPrints system to document all change control requests made by program areas within the New Jersey Department of Labor. This system will be utilized to ensure that all system changes are documented including changes requested, programmatic work performed, testing, and approval of the effort for promotion to the Production environment. The FootPrints system will document all actions taken, the signoffs by the application development staff, the testing efforts by quality assurance testing staff, and the sign off and approval to move the changes to the Production environment. In addition, the team will improve the documentation by including Change Control number and Service Request numbers in the Subject line of change control request associated emails. This will be fully operational in FY 2022 and all new change requests in the current FY 2021 will be documented in this manner.

With regard to segregation of duties, there are two individuals within the DIT that have the ability to promote code to the Production environment. Procedures will be enforced that will not allow a developer to promote their own code to Production and this has been reinforced as of April 26, 2021.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Reference Number:** 2020-002  
**Prior Year Finding:** 2019-007  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor and Workforce Development  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI-32614-19-55-A-34 (2020)  
**Compliance Requirement:** Period of Performance  
**Type of Finding:** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

*Compliance* – CFR section 200.309 - Period of performance.

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

*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:**

Expenditures charged to the grant by the Department of Labor and Workforce Development (the Department) in the amount of \$1,036 were incurred prior to the start of the grant’s period of performance.

**Context:**

Ten of 60 expenditure transactions selected for testing were incurred prior to the award start date of October 1, 2019.

**Questioned costs:**

\$1,036

**Cause:**

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

**Effect:**

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

**Statistically valid:** Yes

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Recommendation:**

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

**Views of responsible officials:**

At the time the expenditures were paid, the DLWD Accounts Payable unit thought that the FY 2019 award did not have available funding remaining. So as to not delay payment, they charged the expenditures to the FY 2020 award. The Department's current policy includes detailed review of fiscal year end cut off procedures by the respective Accounting Supervisors. The transactions in question fell outside the scope of that review process. DLWD has since expanded its review procedures and is assessing the need for a fiscal analyst in their Accounts Payable Unit. Additionally, the Accounts Payable Unit standard operating procedures have been updated to include contacting the Accounting Supervisor of the respective program area if any prior year invoice is presented for payment. Corrective actions are expected to be completed by September 30, 2021.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Reference Number:** 2020-003  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor and Workforce Development  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI-32614-19-55-A-34 (2020)  
**Compliance Requirement:** Reporting (UI-3 Special Report)  
**Type of Finding:** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

Compliance - The UI-3 Report is a quarterly report of staff years worked and paid by program category. Key line items are one through seven of Section A. DOL requires the report to be submitted within 30 days after the end of the quarter.

*Control* – Per 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 UI-3 Report for the quarter-ended June 30, 2020 is required to be submitted by July 31, 2020. However, the report was not submitted until August 12, 2020.

**Context:** None

**Questioned costs:** None

**Cause:**

The Department’s supervisory review and approval control was not operating effectively to ensure that the report was submitted timely.

**Effect:**

The Department was not compliant with the grant’s reporting submission requirements which could result in the grantor’s withholding of subsequent grant awards.

**Statistically valid:** Yes

**Recommendation:**

We recommend that the Department review its policies and procedures to ensure that the UI-3 report is submitted by the required deadline.



**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Views of responsible officials:**

At the time of reporting for the UI-3 Special Report, DOL staff had limited access to the building due to COVID-19 remote working restrictions, which prevented timely access to needed information. Additionally, the DOL were contending with staff outages due to COVID-19 health situations. Since that time, DOL has addressed the remote working limitations that caused the report submission to be 12 days late. Corrective action will be implemented for this finding for the period ending June 30, 2021.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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<b>Reference Number:</b>	<b>2020-004</b>
<b>Prior Year Finding:</b>	2019-008
<b>Federal Agency:</b>	U.S. Department of Labor
<b>State Agency:</b>	Department of Labor and Workforce Development
<b>Federal Program:</b>	Unemployment Insurance
<b>CFDA Number:</b>	17.225
<b>Award Number and Year:</b>	UI-29857-17-55-A-34 (2017), UI-31382-18-55-A-34 (2018), UI-32614-19-55-A-34 (2019), UI-32614-19-55-A-34 (2020)
<b>Compliance Requirement:</b>	Special Tests and Provisions – UI Benefit Payments
<b>Type of Finding:</b>	Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

*Compliance* – The Improper Payments Elimination and Recovery Act (IPERA) of 2010 codified the requirement for valid statistical estimates of improper payments. State Workforce Agencies (SWA) are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is Department of Labor’s (DOL) 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 small 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 the degree of accuracy in the administration of the State Unemployment Compensation program and Federal law (20 CFR section 602.21(d)). DOL has promulgated investigational requirements and instructions in ET Handbook No. 395 (see below), pursuant to 20 CFR section 602.30(a). As presented in the handbook, the investigation involves a review of the records, and contacting the claimant, employers, and third parties (either in-person, by telephone, by fax) to complete standard questionnaires and conduct new and original fact-finding to assess all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to State law as well as Federal law and official policy. For claims that were overpaid, underpaid, or erroneously denied, the BAM investigator determines the amount of payment error or, for erroneously denied claims, the potential eligibility of the claimant; the cause of and the responsibility for any payment error; the point in the UI claims process at which the error was detected; and actions taken by the agency and employer prior to the payment or denial decision that is in error. BAM covers State UC, UC for Federal Employees (UCFE), and UC for Ex-Service Members (UCX).

Excerpt from ET Handbook No. 395, 5<sup>th</sup> Edition, Benefit Accuracy Measurement State Operations Handbook (page VI-11): Prompt completion of investigations is important to ensure the integrity of the information being collected by questioning claimant and employers before the passage of time adversely affects recollections. Prompt entry of associated data is necessary for both the SWA and the Department of Labor to maintain current databases. Therefore, the following time limits are established for completion of all cases for the year:

- A minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch, and 95 percent of cases must be completed within 90 days of the ending date of the calendar year.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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- A minimum of 98 percent of cases for the year must be completed within 120 days of the ending data 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 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 (the Department) did not review the required number of cases within the time limits required by the U.S. Department of Labor.

**Context:**

The Department completed 85% of cases within 90 days or less, which is under the 95% minimum requirement. The Department completed 88% of cases within 120 days or less, which is under the 98% minimum requirement.

**Questioned costs:** Undetermined

**Cause:**

The Department’s Benefits Accuracy Measurement Unit (BAM) currently has a limited number of resources to complete the reviews due to turnover.

**Effect:**

Untimely BAM case reviews could allow inaccurate benefit payments to be undetected, resulting in the potential for ongoing payment errors.

**Statistically valid:** Yes

**Recommendation:**

We recommend that the Department comply with its policies and procedures and complete case reviews within the required number of days as stipulated by the U.S. Department of Labor.

**Views of responsible officials:**

The Division of Unemployment Insurance currently has eight BAM investigators and the ideal staffing level for the unit to meet current case review requirements is 10. One of the current eight on staff was also newly hired in March 2020, right as the pandemic began, and was unable to be completely trained at that time on the BAM job responsibilities. This was also due to the overwhelming workload demands from the increased UI claims filed once the pandemic hit New Jersey, leaving only seven fully trained BAM Technicians available to perform the function of this operation.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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Due to the increased overall demand for UI services in all areas of the Division, New Jersey requested a waiver from having to review BAM cases for Denied Claims Accuracy (DCA) from USDOL. This waiver was granted at the onset of the pandemic in March 2020 and continues through June 2021. Some BAM staff have been temporarily reassigned to other units within the Division to assist with high workloads where their skills are most appropriate. This will continue for the coming months, until workloads are back to a more manageable number.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Reference Number:** 2020-005  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Labor  
**State Agency:** Department of Labor and Workforce Development  
**Federal Program:** Unemployment Insurance  
**CFDA Number:** 17.225  
**Award Number and Year:** UI-32614-19-55-A-34 (2020)  
**Compliance Requirement:** Eligibility  
**Type of Finding:** Material Weakness in Internal Control, Material Noncompliance

**Criteria or specific requirement:**

*Compliance* – State Workforce Agencies (SWA) responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of federal laws and regulations; (2) determining the state UI tax structure; (3) collecting state UI contributions from employers (commonly called “unemployment taxes”); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program’s revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting state UC law that conforms with federal UC law.

*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:**

During the fiscal year ending June 30, 2020, the President signed the CARES Act into law that authorized additional funding under the Unemployment Insurance program. This pandemic-related funding was significant and expanded the population of eligible individuals to support changes in employment status caused by COVID-19. Additionally, there was a priority on distributing funds under self-attestation strategy with limited verification to expedite disbursement of funds and support individuals in greatest need. As a result, several states experienced significant fraudulent claims. The U.S. Department of Labor and the State have partnered to investigate the extent and methods used to perpetuate the fraud. For the State, given the extent and circumstances, eligibility determinations made by the management were following the existing policies and procedures for this pandemic funding. However, by design to meet Federal and State expectations, the policies and procedures did not include verification procedures of eligibility. The procedures and policy accommodations contributed to vulnerabilities within the Unemployment Insurance program.

**Questioned costs:**

Undetermined and under investigation by both federal and local authorities.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Cause:**

The State experienced unprecedented claims volume with increased funding and additional program requirements with a priority for efficient distribution from both the U.S. Department of Labor and State officials. Management made decisions to relax verification procedures to meet demand and program expectations.

**Effect:**

By relaxing verification procedures, the unemployment insurance program became more vulnerable to fraudulent claims.

**Statistically valid:** Not applicable

**Recommendation:**

We recommend considering additional internal controls that management could implement to efficiently verify program eligibility while providing timely payment to program beneficiaries.

**Views of responsible officials:**

The New Jersey Department of Labor and Workforce Development (DLWD) recognizes that there is no one solution to address fraud and will consider implementing additional controls to efficiently verify program eligibility including one currently being evaluated with an external vendor. This vendor software has the ability to assign a device fingerprint to a claim which will enable DLWD to both track the location of the device and establish a timing sequence for the claim duration. Also, DLWD is in discussions with three other vendors to review their fraud prevention proposals. Furthermore, DLWD has implemented many anti-fraud measures to assist with eligibility verification. These controls include:

- SPLUNK software- an application used at the time a claim is filed to search for commonalities including IP address, phone number, and email address.
- ID.ME – As of March 29, 2021 DLWD began utilizing the software from a vendor ID.ME - all initial UI claims are now validated through ID.ME to validate a claimant's identity. Any claims not successfully validated are placed on hold and no benefits are issued until investigated by DLWD.

Existing fraud control measures for eligibility verification include:

- New Jersey Department of Corrections weekly match of incarceration data vs benefit collection;
- Death Match – matching Vital Statistic death data records vs weekly UI benefit payment rolls;
- Foreign IP - flag and suspend any online certification for benefits made from outside the United States; and
- Interstate Cross -match conflicting claims between States.

The State also has an existing data sharing agreement with the National Association for State County and Workforce Agencies' Integrity Data Center (IDH) to review initial claims that are in the IDH data repository of other states for multiple state claim filings and perform Identity Data Verification (IDV) using the metrics established by IDH's vendor.

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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<b>Reference Number:</b>	<b>2020-006</b>
<b>Prior Year Finding:</b>	N/A
<b>Federal Agency:</b>	U.S. Department of Labor
<b>State Agency:</b>	Department of Corrections
<b>Federal Program:</b>	Adult Education – Basic Grants to States
<b>CFDA Number:</b>	84.002
<b>Award Number and Year:</b>	V002A170031 (2018), V002A180031 (2019), V002A190031 (2020)
<b>Compliance Requirement:</b>	Allowable Costs (Effort Reporting)
<b>Type of Finding</b>	Significant Deficiency in Internal Control, 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.

*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).

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

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**Condition:**

For one of 60 samples, management could not support the hours and related wages charged to the grant.

**Context:** During pay period 25, which included the date of December 13, 2019, one employee worked at the Albert C. Wagner Youth Correctional Facility. This facility subsequently closed in January 2020 and outstanding timesheets were transferred by management to the Garden State Youth Correctional Facility. Attempts by Human Resources to recover the timesheet selected for testing were unsuccessful.

**Questioned costs:** \$2,854

**Cause:**

Management was not able to locate stored records.

**Effect:**

Management may charge unsubstantiated payroll costs to a program in error.

**Statistically valid:** Yes

**Recommendation:**

We recommend that the Department strengthen its procedures that allow them to properly maintain all relevant supporting documentation, including timesheets, even under uncommon circumstances, to substantiate all hours and wages charged to the grant.

**Views of responsible officials:**

The New Jersey Department of Corrections (NJDOC) understands the importance of proper record retention and the ability for the agency to provide required documents during periodic audits, Open Public Records Act (OPRA) requests, litigation and any other times where the department is required to produce said documents. The NJDOC will continue to remind all supervisors, managers, directors and alike, of the importance for proper record retention, and the ability to provide requested documents as needed. A memorandum will be drafted and issued prior to June 30, 2021 to all NJDOC staff reminding them of the importance of proper record retention.



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

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**Reference Number:** 2020-007  
**Prior Year Finding:** 2019-016, 2018-008  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Department Name:** Department of Health and Social Services  
**State Division Name:** Division of Medicaid and Medical Services  
**Federal Program:** Children’s Health Insurance Program (CHIP)  
Medicaid Cluster  
**CFDA Number:** 93.767, 93.775, 93.777, 93.778  
**Award Number and Year:** 1805-NJ5021 (2018), 1905-NJ5021 (2019),2005-NJ5021 (2020)  
1805-NJ5MAP (2018), 1805-NJ5ADM (2018),1905-NJ5MAP  
(2019), 1905-NJ5ADM (2019)  
**Compliance Requirement:** Special Tests and Provisions - Provider Eligibility (Screening and  
Enrollment), Provider Health and Safety Standards  
**Type of Finding:** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

*Compliance* – Provider Eligibility: In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)) and the providers must make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106).

Providers Health and Safety Standards: Providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/MR (42 CFR pat 442). The standards may be modified in the State plan.

*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 Health and Human Services (the Department) contracts with a 3<sup>rd</sup> party provider to manage medical provider eligibility. The 3<sup>rd</sup> party provider is responsible for verifying providers’ license statuses and that providers meet health and safety standards. We noted that medical provider files maintained by the 3<sup>rd</sup> party contractor did not consistently support providers’ eligibility and compliance with the State’s health and safety standards in accordance with federal and state requirements. Out of a sample of 60 provider files, the following was noted:

- Eight provider files did not have an active license on file;
- Nine provider files did not contain the provider agreement checklist.
- One provider file did not contain the agreement between the provider and the State

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

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**Context:** none

**Questioned costs:**  
Undetermined.

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

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

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

**Views of responsible officials:**  
The Division of Medical Assistance and Health Services (DMAHS) reports no material change to the FY 2019 CAP response for this repeat finding as detailed in the State's FY 2020 Summary Schedule of Prior Years Findings. Updates to the FY2019 CAP plan include that the licensing field was expanded in calendar year 2020 and the DMAHS is also moving forward to capture active license information and build system claim edits to ensure payment for claims are only made to providers with active licenses. Also, the DMAHS will initiate its Provider Enrollment Revalidation process effective the 3<sup>rd</sup> quarter of calendar year 2021.

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

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**Reference Number:** 2020-008  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Health  
**Federal Program:** HIV Prevention Activities Health Department Based  
**CFDA Number:** 93.940  
**Award Number and Year:** 6 NU62PS924524-01-04 (2018), 18NU62PS924524 (2019),  
5 NU62PS924524-03-00 (2020), 6 NU62PS924524-03-02  
(2020)  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**Type of Finding** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

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

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

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

**Condition:**

We noted missing documentation supporting one of 30 sampled disbursements. The total amount of the disbursement was \$85.

**Context:** None

**STATE OF NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**Questioned costs:** \$85

**Cause:**

Due to personnel changes, the Department was unable to locate the supporting documentation.

**Effect:**

The Department was unable to assure that the adjusted cost was allowable following the program requirements.

**Statistically valid:** Yes

**Recommendation:**

We recommend that the Department review its current retention policy to ensure that all program-related documentation is retained and readily available following the State's retention policy.

**Views of responsible officials:**

The expense in question totaling \$85.00 for refuse disposal services was presented to Accounts Payable during the 90-day close-out period for this federal grant. This was also the same time period when the close-out of the State's fiscal year-end occurred. There is a high-volume of document processing that occurs during the year-end closeout period and that most likely led to the storing of the documents supporting this expenditure in the wrong file. Under normal circumstances the NJDOH maintains two years of fiscal records on site prior to sending to offsite storage in addition to the current fiscal year. In FY 2021 that would allow for FY 2021, FY 2020, and FY 2019 records to be maintained onsite. The NJDOH moved to a new building in December 2020 resulting in all fiscal records needing to be boxed and moved. The new building has a smaller footprint allowing for less square footage available for file cabinets. Seeking to ensure that there would be sufficient file space available for all fiscal units in the new, open-concept shared space along with minimizing moving files twice, a decision was made to send fiscal year 2019 records offsite sooner than normally done. In FY 2022 the NJDOH will return to the current record retention policy and maintain two years of prior fiscal records along with the current year. This will allow for the records to be onsite for future single audit periods.

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

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**Reference Number:** 2020-009  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Health  
**Federal Program:** HIV Prevention Activities Health Department Based  
**CFDA Number:** 93.940  
**Award Number and Year:** 6NU62PS924524-01-04 (2018), 18NU62PS924524 (2019),  
5NU62PS924524-03-00 (2020), 6NU62PS924524-03-02  
(2020)  
**Compliance Requirement:** Period of Performance  
**Type of Finding** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

*Compliance* – CFR section 200.309 - Period of performance.

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that was authorized by the Federal awarding agency or pass-through entity.

August 2020 Compliance Supplement - Unless the federal awarding agency or pass-through entity authorizes an extension, a non-federal entity must liquidate all obligations incurred under the federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (2 CFR section 200.343(b)).

*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:**

1. One of 22 expenditure transactions selected for testing was incurred after the end of the grant’s period of performance.
2. One of 14 transactions selected for testing unliquidated obligations was paid more than 90 days after the end of the grant’s period of performance.

**Context:**

1. The costs for the referenced sample were incurred in March 2020, which was after the award end date of December 31, 2019.
2. The invoice for the referenced sample was paid on April 22, 2020, which was greater than 90 days after the end date of the period of performance of December 31, 2019.

**Questioned costs:** \$24,202

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

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**Cause:**

In both exceptions, accounting staff identified and charged program costs to the incorrect grant. The Department's review process did not detect the error nor take timely corrective action.

**Effect:**

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

**Statistically valid:** Yes

**Recommendation:**

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

**Views of responsible officials:**

Transactions received for processing after an award's period of performance and extended closeout/liquidation period has ended will now require an additional approval from the federal fund manager, who oversees timing and reporting restrictions, for processing. The federal fund manager will be responsible for acquiring a time extension, if necessary, or take other necessary corrective actions to ensure the transaction is in compliance with the grant award's period of performance requirements. This NJDOH procedural change is effective as of June 1, 2021.

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

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<b>Reference Number:</b>	<b>2020-010</b>
<b>Prior Year Finding:</b>	N/A
<b>Federal Agency:</b>	U.S. Department of Health and Human Services
<b>State Agency:</b>	Department of Human Services
<b>Federal Program:</b>	Block Grants for Community Mental Health Services
<b>CFDA Number:</b>	93.958
<b>Award Number and Year:</b>	18B1NJCMHS (2018), 19B2NJCMHS (2019), 20B1NJCMHS (2020)
<b>Compliance Requirement:</b>	Allowable Costs (Effort Reporting)
<b>Type of Finding</b>	Significant Deficiency in Internal Control, 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 and/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.

*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).

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

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**Condition:**

For one of 34 samples, the employee was on “leave without pay.” However, federal grant funds for this program were charged. Total wages per the payroll register were \$3,654.

**Context:** None

**Questioned costs:** \$3,654

**Cause:** The program used annual salary costs for allocations instead of actual payroll costs incurred for each pay period.

**Effect:** Program funds were utilized improperly, and the grant is overcharged.

**Statistically valid:** Yes

**Recommendation:**

We recommend that the Department implement policies and procedures that allow them to correctly charge employee time and effort to the program that is supported by certified timesheets. This should include possible refinement of the review and approval process.

**Views of responsible officials:**

The Division’s procedure of allocating employees’ annual salaries to the Mental Health Block Grant (in proportion to their work on eligible activities) ordinarily results in correct charge-backs. However, as noted in the Finding, the allocation was incorrect in only one case where the employee was on unpaid leave for several months. In response to this Finding, the Division has already implemented a change in procedure where fiscal staff will use the actual payroll costs incurred for each employee as the basis for allocation, and not the annual salaries. This change made effective as of May 2021 will prevent this issue from recurring.

DMHAS will also reimburse the federal Mental Health Block Grant for the amount that was incorrectly charged.



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

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**Reference Number:** 2020-011  
**Prior Year Finding:** N/A  
**Federal Agency:** U.S. Department of Health and Human Services  
**State Agency:** Department of Human Services  
**Federal Program:** Block Grants for Community Mental Health Services  
**CFDA Number:** 93.958  
**Award Number and Year:** 18B1NJCMHS (2018)  
**Compliance Requirement:** Special Tests and Provisions - Earmarking  
**Type of Finding:** Significant Deficiency in Internal Control, Other Matters

**Criteria or specific requirement:**

*Compliance* – States must allocate 10 percent of grant funds awarded for FFY 2018 to implement programs showing strong evidence of effectiveness for individuals with a diagnosis of Early Serious Mental Illness or a first episode psychosis only. (Pub. L. No. 114-113 (129 Stat. 2609) and MHBG 10 Percent Set-Aside Guidance February 8, 2016 (<http://www.samhsa.gov/grants/block-grants/resources>)).

*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 FY18 grant closed during the audit period. The Department spent only 9.07% of these grant funds on first episode psychosis costs which is below the required 10%.

**Context:** None

**Questioned costs:** None

**Cause:**

The monitoring control associated with this requirement does not appear to be at the correct precision level. The grant amount awarded had increased and the Department had not increased the contract ceilings on the related contracts nor notified the providers of their increased allotment. It appears the requirement was not being monitored closely or frequently enough to catch this.

**Effect:**

When earmarking requirements are not monitored closely enough, this could result in compliance with the requirements not being met.

**Statistically valid:** Yes

**STATE OF NEW JERSEY  
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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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**Recommendation:**

We recommend the Department review and potentially revise its monitoring review control to ensure it is at the correct precision level, both in terms of level of review and frequency, to ensure compliance with the requirement is met.

**Views of responsible officials:**

The Division of Mental Health and Addiction Services (DMHAS) realized an increase in the Mental Health Block Grant allocation for FFY18. The allocation was originally \$14.5 million but was increased to \$18.96 million (not counting the Technical Assistance funding). The First Episode Psychosis (FEP) contracts with community providers were originally set at levels that would have met the 10% requirement. However, the increase in the grant amount resulted in a higher target, which was not met. It has taken time for the FEP providers to ramp up capacity to meet these higher targets for service delivery. In addition, part of the shortfall indicated in the audit finding resulted from the providers underspending their contractual ceilings. We estimate that if actual spending was at the ceilings, the Division would have increased its set aside spending to 9.7%.

As of May 2021, the Fiscal Office has established procedures where spending targets are actively discussed with program and contracting staff at least every month. At these meetings, potential shortfalls based on actual spending data will be identified and specific steps to address them will be outlined and made part of meeting agendas.