

Financial Management

Contents

Introduction..... 3

Applicable Requirements 3

 Allowable Costs 3

 Reasonable Costs 4

 Allocable Costs..... 4

Financial Management Systems for CDBG-DR..... 5

 Overview 5

 Requirements 5

 Internal Controls 6

 Accounting Records..... 6

 Budget Controls..... 7

 Source Documentation 7

 Receipt of Funds Procedures 7

 Administrative Costs 7

 Pre-Award Costs..... 8

 Duplication of Benefits 8

 Matching Funds 8

 Real Property Management..... 8

Program Income..... 9

 Overview 9

 What is Program Income 9

 CDBG-DR Program Income Funds and Closeout.....10

 Accounting Systems for Program Income 11

 Revolving Funds..... 11

Subrecipient Requests for Payment.....11

 Prerequisites for Payment Requests..... 11

 Advance Payments.....12

 Request for Payment Process12

 Common Mistakes to Avoid12

Audits13

Audit Requirements 13

Source Documents 15

Introduction

Subrecipients receiving New Jersey's Community Development Block Grant Disaster Recovery (CDBG-DR) funding must have a sound financial management system. This chapter provides subrecipients with the required information related to the administration of CDBG-DR grants from the Department of Community Affairs (DCA).

CDBG-DR funding comes with specific administrative and financial management requirements. Financial management is the constant process of tracking progress towards financial objectives and safeguarding the financial assets of an organization. The key principles of financial management are common to all types of organizations and include sound financial management systems, internal controls, allowability of costs, use and tracking of program income, and audits.

Applicable Requirements

CDBG-DR Subrecipients must comply with all applicable regulations, including the CDBG regulations at [24 CFR 570](#), as well as all Federal Register Notices which govern the CDBG-DR allocation and may provide waivers and alternative requirements. These regulations require Subrecipients that are governmental entities or public agencies to adhere to certain administrative and financial management requirements.

[2 CFR Part 200](#) "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" which was adopted by HUD at [2 CFR 2400](#) and clarified applicability at [24 CFR 570.502](#) also applies.

The requirements found at 2 CFR Part 200 establish principles and standards for determining allowable costs under federal grants. It also includes requirements for audits such as the type and level of audit required, reports issued by auditors, and audit review and resolution. It includes requirements for financial management systems, reports, records, and grant closeouts for recipients of federal grant funding. Subjects covered include financial management standards, internal controls, budget controls, accounting controls, cash management, procurement, and contracting.

Allowable Costs

Subrecipients will evaluate the allowability of costs as guided by criteria outlined in [2 CFR 200.403](#), including ensuring that all costs:

- a) Are necessary and reasonable for the performance of the federal award and are allocable thereto under these principles;
- b) Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items;
- c) Are consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity;
- d) Are given 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) Are determined to be in accordance with Generally Accepted Accounting Principles (GAAP), except for State and local governments and Indian tribes only, as otherwise provided for in this part;
- f) Are not 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 [2 CFR 200.306\(b\)](#);
- g) Are adequately documented. See also 2 CFR 200.300 through 200.309; and
- h) Are incurred during the approved budget period. At its discretion, the federal awarding agency (in the case of CDBG-DR funds, HUD) is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to [2 CFR 200.308\(g\)\(3\)](#).

Reasonable Costs

Subrecipients will evaluate the reasonableness of costs as guided by criteria outlined in [2 CFR 200.404](#), including:

- a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the subrecipient for the proper and efficient performance of the federal award;
- b) The restraints or requirements imposed by such factors as: sound business practices, arms-length bargaining, Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the federal award;
- c) Market prices for comparable goods or services for the geographic area;
- d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the subrecipient, its employees, where applicable its students or membership, the public at large, and the federal government; and
- e) Whether the subrecipient significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Allocable Costs

Subrecipients will evaluate the allocability of costs as guided by criteria outlined in [2 CFR 200.405\(a\)](#). A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- 1) Is incurred specifically for the federal award;
- 2) Benefits both the federal award and other work of the non-federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- 3) Is necessary to the overall operation of the non-federal entity and is assignable in part to the federal award in accordance with the principles in this subpart.

Financial Management Systems for CDBG-DR

Overview

Financial management is important to subrecipients administering CDBG-DR funding. A fundamental purpose of financial management is to ensure the appropriate, effective, timely and honest use of funds.

Specifically, subrecipients must ensure that:

- CDBG-DR funds are managed separately from other funds—they cannot be intermingled with the subrecipient’s general budget;
- Internal controls are in place and adequate;
- Documentation is available to support accounting record entries;
- Financial reports and statements are complete, current, reviewed periodically; and
- Audits are conducted in a timely manner and in accordance with applicable standards.

Requirements

Both [24 CFR Part 570](#) and [2 CFR Part 200](#) govern CDBG-DR subrecipient financial management systems. In addition, subrecipients are required to follow Generally Accepted Accounting Principles (GAAP) in the management of CDBG-DR funds.

Failure to account for and manage CDBG-DR funds accordingly may result in sanctions imposed by DCA and/or HUD.

A subrecipient’s financial management system must provide for the following:

- Accurate, current, and complete disclosure of financial results;
- Records that adequately identify the source and application of grant funds;
- Comparison of actual outlays with amounts budgeted for the grant;
- Procedures for determining reasonableness and allowable costs;
- Accounting records that are supported by appropriate source documentation; and
- A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

The three basic functions, which must be served by the financial management system, are:

- The financial management system must have an identified procedure for recording all financial transactions.
- All expenditures should be related to allowable activities in the grant agreement approved by DCA.
- All expenditures of CDBG-DR funds must be in compliance with applicable laws, rules, and regulations.

Subrecipients must complete the Financial Management Checklist as a tool to help your organization set up and maintain a compliant financial management system.

Internal Controls

Internal controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization (or an agency) to maintain adequate oversight and control of its cash, property, and other assets.

The soundness of any subrecipient's financial management structure is determined by its system of internal controls. Specifically, internal controls refer to:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with the federal statutes, regulations, and award terms.

With a sound internal control system, a subrecipient can ensure:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
- Resources are protected against waste, mismanagement, or loss; and
- Information on the source, amount, and use of funds is reliable, secure, and up-to-date, and that this information is disclosed in appropriate reports and records.

Subrecipients are expected to maintain adequate separation of duties to ensure that no single individual has authority over an entire financial transaction, reducing the risk of errors and fraud while promoting sound financial management. Additionally, subrecipients must ensure that appropriate controls are in place so that only authorized persons can access accounting records, access, blank forms, and confidential records.

Primary Contact for Financial Management

As part of an effective internal control system, one person should be designated as the primary person responsible for the financial management of a CDBG-DR project at the subrecipient's organization. This person should be familiar with their organization's present accounting system. The accounting of CDBG-DR funds can be integrated into the subrecipient's existing system. Refer to [2 CFR 200.303](#) for more information.

Accounting Records

Each subrecipient should determine the accounting procedures that will assist in providing accurate and complete financial information. Subrecipients are required to maintain accounting records that sufficiently identify the source and use of the CDBG-DR funds provided to them. All records must be supported by source documentation (see Source Documentation).

The subrecipient may have CDBG-DR accounting records fully integrated into an existing accounting system. Subrecipients may also have partially integrated records into an existing system; however, ledgers should be developed to provide the required accounting information for the CDBG-DR grant. Separate records eliminate potential conflicts with the subrecipient's usual record keeping systems.

At a minimum, a subrecipient's accounting system, must:

- Clearly identify all receipt and expenditure transactions of the grant; and

- Provide budgetary control by tracking expenditures and accrued obligations by approved activity.

DCA staff and the subrecipient's auditors should be able to readily trace all transactions through the accounting system at any time during the grant period of performance or after grant closeout.

Budget Controls

The subrecipient must be able to report expenditures for each approved activity. A record of the account balances must be maintained for each approved activity that accounts for expenses accrued as well as obligations that have been incurred but have not yet been paid out.

Source Documentation

Accounting records must be supported by source documentation. Source documentation includes many items such as canceled checks, paid bills, payrolls, time and attendance records, invoices, contract documents and other paperwork.

The subrecipient must establish a system where all source documents related to the project are clearly marked with an identifier. This will help ensure that transactions are properly classified and segregated in the accounting records.

Source documentation should tell the story of the basis of the costs incurred and the actual dates of the expenditure. For example, source documentation on payments to contractors would include a request for payment, proof of inspection to verify work and materials, and canceled checks. DCA encourages the use of purchase orders or payment vouchers when preparing expenditures for payment of any cost associated with the project. These documents are prepared in accordance with local policies and procedures as well as those required by federal regulations.

Additionally, contracts should be kept in a file separate from accounting files. The signed contract represents an obligation of funds. When payments are made on the contract, they should be recorded in the contract file.

Receipt of Funds Procedures

In addition to CDBG-DR funds received from DCA, receipt of other project funds may also include program income and project funds received from other sources.

The subrecipient must be certain that project funds are adequately safeguarded. This includes providing proper bonding of those individuals that handle program funds, in accordance with State and local law.

All project funds should be promptly deposited into the proper bank account and recorded as a receipt in the accounting system.

Administrative Costs

Administrative costs are those associated with implementation of the grant. These costs may include salaries for personnel who devote full-time or part-time to the grant, supplies used for grant activities, and the cost of administrative services provided by other agencies. General administration costs are those costs **directly** related to the administration of grant requirements.

In charging administrative costs, subrecipients should note:

- All administrative costs charged to the project must be documented through timesheets, purchase orders, and invoices.
- For those projects directly administered by the subrecipient, employees paid in whole or in part from CDBG-DR funds are required to prepare timesheets indicating the hours worked for each pay period.
 - Timesheets must show the exact hours each individual worked on the project, the hours worked on non-CDBG-DR projects, the date on which the work was performed, and a description of the work performed.
 - The employee and the employee's supervisor must both sign the timesheet.

Pre-Award Costs

As specified in [24 CFR 570.200\(h\)](#), subrecipients may not submit any pre-award costs for reimbursement.

Duplication of Benefits

The duplication of benefits requirement in the Stafford Act applies to all federal agencies administering a disaster recovery program providing financial assistance, including HUD and CDBG-DR. For the purposes of sound financial management, and to adhere to the federally required cost principles, it is not considered necessary or reasonable to use to CDBG-DR funds to pay for activities which have already been funded through another recovery source.

Subrecipients should refer to Chapter 3 of the DCA Subrecipient Manual for complete details and requirements on Duplication of Benefits.

Matching Funds

CDBG-DR funds may be used to satisfy match requirements for any other federal program when used to carry out an eligible CDBG-DR activity. However, if using CDBG-DR funds to match a U.S. Army Corps of Engineers (USACE) project, the match is capped at \$250,000 CDBG-DR funds. Grant records should account for all matching funds committed to the project.

The receipt and expenditure of the matching funds must be carefully documented. If matching funds are derived from a source outside the local government, project records should identify the source and amount. Guidelines for appropriate matching contributions are contained in [2 CFR 200](#).

Real Property Management

The State is required to establish and implement requirements governing the use, management, and disposition of real property acquired with CDBG-DR funds, as specified in [24 CFR 570.489\(k\)](#). Subrecipients that maintain real property paid in whole or in part with CDBG-DR funds are required to properly manage these assets and to ensure that the assets continue to be used for their intended purposes in accordance with the CDBG-DR regulations and [2 CFR 200.310-200.316](#), Property Standards. This should include periodic physical inventories and/or inspections of the property.

Note: While some of the asset management standards in the regulation cited are applicable to personal property/equipment, program subrecipients are not permitted to acquire personal property/equipment under the State's CDBG-DR infrastructure programs.

Subrecipients must maintain appropriate records of their real property assets, whether in their possession or in the possession of a subrecipient organization. Specifically, in the case of real property, meaning land and any improvements to structures on the land, subrecipients must maintain a current real property inventory, updated at least biannually. In cases where the subrecipient is maintaining land, they should also describe the intended reuse of the land and the timeframe for improving the land so that it meets a CDBG-DR national objective.

[24 CFR 570.489\(j\)](#) applies standards to real property acquired or improved with CDBG-DR funds within the subrecipient's control.

Subrecipients must maintain records that properly document the disposition of any CDBG-DR-funded property.

Real property purchased with CDBG-DR funds in excess of \$150,000 must continue to meet the CDBG-DR national objective approved for the project for at least five (5) years after closeout of the grant that funded the property purchase or improvement. Should the recipient choose to change the use of property they must contact DCA to ensure that proper procedures are followed. Failure to do so can result in recapture of grant award funding.

Program Income

Overview

Under the CDBG-DR Program, funds received back to the community as a result of a CDBG-DR funded activity are generally referred to as program income. Program income retains its federal identity **and must be spent on eligible CDBG-DR program activities**, subject to all CDBG-DR and other federal requirements.

In general, program income is transferred from the subrecipient to DCA to pay the next CDBG-DR-eligible expense.

What is Program Income

Program income is defined as gross income received by a subrecipient that was generated from the repayment of CDBG-DR funds regardless of when the funds were appropriated and whether the activity has been closed out. There are some types of gross income that are not considered program income, and those exceptions are listed below. HUD, in the applicable federal register notices, has waived the applicable program income rules at [24 CFR 570.489\(e\)\(1\)](#) and [24 CFR 570.500](#) and [24 CFR 570.504](#). Instead, the following alternative requirement applies:

- When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used (e.g., a single loan supported by CDBG-DR funds and other funds, or a single parcel of land purchased with CDBG-DR funds and other funds).

- If CDBG funds are used with CDBG–DR funds on an activity, any income earned on the CDBG portion would not be subject to the waiver and alternative requirement in the Consolidated Notice.
- Program income includes, but is not limited to, the following:
 - Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG–DR funds.
 - Proceeds from the disposition of equipment purchased with CDBG–DR funds.
 - Gross income from the use or rental of real or personal property acquired by a state, local government, or subrecipient thereof with CDBG–DR funds, less costs incidental to generation of the income.
 - Gross income from the use or rental of real property owned by a state, local government, or subrecipient thereof, that was constructed or improved with CDBG–DR funds, less costs incidental to generation of the income.
 - Payments of principal and interest on loans made using CDBG–DR funds. Proceeds from the sale of loans made with CDBG–DR funds.
 - Proceeds from the sale of obligations secured by loans made with CDBG–DR funds. Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.
 - Funds collected through special assessments made against nonresidential properties and properties owned and occupied by non-LMI households, where the special assessments are used to recover all or part of the CDBG–DR portion of a public improvement.
 - Gross income paid to a state, local government, or subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG–DR assistance.
- Program income—does not include:
 - The total amount of funds that is less than \$35,000 received in a single year and retained by a state, local government, or a subrecipient thereof.
 - Amounts generated by activities eligible under section 105(a)(15) of the Housing and Community Development Act (HCDA) and carried out by an entity under the authority of section 105(a)(15) of the HCDA. III.E.1.c. Retention of program income. State grantees may permit a local government that receives or will receive program income to retain the program income but are not required to do so.

CDBG-DR Program Income Funds and Closeout

Program income received before or after closeout of the grant that generated the program income, and used to continue disaster recovery activities, is treated as additional CDBG–DR

funds. In general, program income is transferred from the subrecipient to DCA to pay the next CDBG-DR-eligible expense.

Accounting Systems for Program Income

A program income accounting system should ensure:

- Program income is recorded appropriately in the subrecipient's accounting records;
- All program income is collected and properly classified; and
- The handling of program income complies with applicable federal and State requirements.

The method of accounting to be used for tracking program income shall meet GAAP standards. Any accounting system used must be detailed enough to provide the necessary information to accurately report program income. All program income received/generated during the project must be used prior to requesting other funds for the CDBG-DR project.

The subrecipient must maintain files that accurately account for all funds received and remitted to the CDBG-DR program.

Revolving Funds

Revolving Funds (RFs) are a special category of program income that allows the funds to be set aside for a designated use. An RF is a separate fund (with a separate set of accounts that are independent of other program accounts) established to carry out specific activities that, in turn, generate payments that fund future activities. **Due to the one-time appropriation of disaster recovery funds, revolving funds will not be permitted under any programs or activities funded by the CDBG-DR program.**

Subrecipient Requests for Payment

Subrecipients operate on a reimbursement basis only. Requests for payments will be made only on activities and expenses which have been fully executed and paid for by the subrecipient.

Prerequisites for Payment Requests

A Request for Payment may not be submitted until the subrecipient has executed an agreement with DCA.

In order to safeguard the grant funds and ensure an effective system of internal controls, an individual apart from the person authorized to request funds should approve expenditures. Additionally, all invoices should be reviewed to determine that the costs are accurate, allocable, reasonable, and allowable.

Although it is not likely to occur, DCA is required to ensure that program income is expended before additional funds are drawn down. To allow DCA to track available program income, subrecipients are required to report all program income that has been received since the last draw of CDBG-DR funds on the Cover Letter of the Invoice Package Checklist.

Invoices and Vouchers

Before providing full payment on a contractor's invoice, subrecipients should verify that the work has been completed. Subrecipients must ensure that all payments for expenditures are

supported by source documentation (i.e., invoices, canceled checks or vouchers and kept on file).

Subrecipients are required to pay their contractors in accordance with the New Jersey Prompt Payment Act, ensuring timely and compliant disbursement of funds for services rendered.

Advance Payments

This is a reimbursement-based program, and advanced payments are not permitted.

Request for Payment Process

To request payment of CDBG-DR funds, subrecipients must submit the required documentation, as outlined in the applicable Invoice Package Checklist to the DCA and their Construction Management Firm (CMF) via email for review and approval.

Contractors or Professional Services Firms will prepare and submit payment requests to the subrecipient. These payment requests must include all required documentation in the appropriate Invoice Checklist corresponding to the established contract milestones. See Appendix A and B for more information regarding the Invoice Checklists:

- Contractor Invoice Package Checklist (Appendix A)
- Professional Services Invoice Package Checklist (Appendix B)

Subrecipients will review the Invoice Package for completeness and accuracy, verify the work was completed properly, and submit the Invoice Package to the CMF/Program for review.

The CMF will conduct an independent review of the Invoice Package to ensure it is completed accurately and conduct a site inspection to verify the work. The CMF will notify them of the status of the Invoice Package. If the package is determined to be complete, the CMF will instruct them to proceed with making payment to the Contractor or Professional Services Firm. If the package is found to be incomplete, the CMF will provide detailed comments outlining the deficiencies, and they will be required to address these issues and resubmit the package for further review. This process ensures that all payment requests are accurate, complete, and compliant before payment is issued.

The subrecipient will send evidence of payment to the CMF to finalize the Invoice Package. The CMF will process a request for funds to obtain DCA approval and then an automated payment is distributed to the subrecipient.

Common Mistakes to Avoid

- Failure to maintain records that track CDBG-DR expenditures by activity.
- Lack of source documentation for CDBG-DR expenditures.
- Bank statements not reconciled.
- Program income not reported.
- Inadequate documentation of local administrative costs.
- Lack of tracking of real or personal property purchased with CDBG-DR funds.

Audits

One of the primary financial management requirements implicit with the use of federal funds is the annual audit. [2 CFR Part 200 Subpart F](#) provides requirements for audits of governmental entities and nonprofit organizations.

Audits are a critical component of any financial management system. Regardless of the type or size of the entity, an effective audit can improve management operations and yield significant dollar savings.

Audit Requirements

An audit is an official examination and verification of accounts and records. Audits are an important part of effective financial systems, as they produce useful financial reports and verify the reliability of a subrecipient's financial management systems. In accordance with the Generally Accepted Government Auditing Standards (GAGAS), only an independent Certified Public Accountant (CPA), with a current license to practice in New Jersey, or the New Jersey Auditor of Public Accounts can perform an audit.

The subrecipient and all contractors and subcontractors shall comply with federal and State laws regarding audit requirements, including NJ OMB Circular Letter 15-08-OMB, which incorporates the Federal Single Audit Act of 1984 and [2 CFR Part 200 Subpart F](#), establishing standards for audits of governmental entities and nonprofit organizations. There may be differences between State and federal requirements; however, cities and counties are required to follow both laws.

A federal Single Audit is a specialized audit required under [2 CFR 200.501\(b\)](#), with the standards and scope of audit detailed under [2 CFR 200.514](#), and assesses financial statements, internal controls, and compliance with federal grant requirements, and is detailed further in the section below. The federal single audit threshold requirements in [2 CFR Part 200](#) were updated, effective October 1, 2024. Contracts executed after this date will trigger a single audit if they expend more than \$1,000,000. Contracts executed before October 1, 2024 will follow the previous guidance, which had a threshold of \$750,000.

Failure to comply with the audit requirements can jeopardize the subrecipient's ability to draw grant funds and receive future grants.

Federal Requirements – Single Audit

The type and level of audit required by [2 CFR 200 Subpart F](#) is based on the amount of federal funds expended by an organization in a given fiscal year. Federal awards include financial assistance provided by the federal government to the entire organization in the form of grants, loans, property, contracts, loan guarantees, etc.

Organizations that have expended more than \$1,000,000 in a fiscal year (if the contract was executed after the October 1, 2024 [2 CFR Part 200](#) update) are required to have a single audit. A single audit is an audit that includes both an entity's financial statements and its federal awards (from all applicable federal programs).

Organizations that have expended less than \$1,000,000 in federal funds in a fiscal year are exempt from the audit requirement; however, financial records must be made available if requested.

The Single Audit Process

In procuring audit services, subrecipients must follow the applicable procurement standards located in Chapter 4: Procurement. The subrecipient should ensure that the auditor is knowledgeable about specific accounting requirements that apply to local government.

All audits must be conducted in accordance with [2 CFR Part 200](#) and must be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) (refer to [2 CFR 200.514\(a\)](#)). According to the GAGAS standards, a financial audit should determine whether:

- Financial information is presented in accordance with established or stated criteria;
- The subrecipient has adhered to specific financial compliance requirements; or
- The subrecipient's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve control objectives.

It is the responsibility of both the subrecipient and DCA to ensure compliance with all audit requirements.

The Audit Report

[2 CFR Part 200](#) requires that audit reports issued upon completion of an audit include:

- An opinion as to whether financial statements are presented fairly in all material respects in accordance with GAGAS.
- An opinion as to whether the schedule of expenditures is presented fairly in all material respects in relation to the financial statements taken as a whole.
- A report on internal controls related to financial statements and major programs.
- A report on compliance with laws, regulations, and the provisions of contracts or grant agreements.
- An opinion as to whether the auditee organization has complied with laws, regulations, and the provisions of contracts or grant agreements.
- A schedule of findings and questioned costs, which include a summary of the auditor's results and all audit findings.
- The summary of audit results must include:
 - Type of report the auditor issued on financial statements;
 - A statement that reportable conditions in internal controls were disclosed by the audit (where applicable);
 - Statement on whether the audit disclosed any noncompliance which is material to the auditee financial statements;
 - Type of report the auditor issued on compliance for major programs;
 - Statement as to whether the audit disclosed any audit findings;
 - Identification of major programs;

- Dollar threshold used to distinguish between type A and type B programs (as defined in [2 CFR 200.518](#)); and
- Statement as to whether the auditee qualifies as a low-risk organization.

Deadline and Submission

The submission of all audit information is the responsibility of the subrecipient. It is DCA’s responsibility to inform the subrecipient of all audit requirements and to ensure that **completed audit reports are submitted to DCA** and the appropriate offices, including the Federal Audit Clearinghouse, on a timely basis.

Federal Submission Requirements

Under [2 CFR Part 200](#), audits must be completed within nine months from the end of the fiscal year.

Subrecipients have no later than thirty (30) days after receipt of the auditor’s report or March 31st (whichever is earlier) to submit the final copies to the Federal Audit Clearinghouse (FAC). The subrecipient should also forward one copy to DCA, Office of Legal and Regulatory Affairs.

According to [2 CFR 200 Subpart F](#), subrecipients must make copies of their audit available for public inspection, ensuring that protecting personally identifiable information is not included.

Source Documents

File Name	Financial Management Checklist (Attachment)
-----------	---