

STATE GRANT COMPLIANCE SUPPLEMENT

INTRODUCTION

As a result of the passage of the Single Audit Act of 1984 and the issuance of the State Department of the Treasury Circular Letter 93-05, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, the Department of the Treasury, Office of Management and Budget, Management Audit Unit prepared the State Grant Compliance Supplement. This fourth update to the Supplement includes the most recent compliance requirements received from each department and identifies both the old (NJFIS) and new (NJCFIS) State grant and aid account numbers.

The purpose of this document is to expedite the process of determining State grant and aid audit compliance requirements which must be reviewed during single audits of grant recipients. By codifying State grant and aid compliance requirements in one document, communication between grant recipient auditors and each department should be minimized. Department representatives will be assured that auditors performing single audits will be required to include in their audit scope each department's requirements as delineated in this Supplement.

The requirements are divided into two parts. The first part contains those generally applicable requirements that must be considered in an organization-wide financial and compliance audit. These requirements are prescribed by State Statute, Executive Order, Administrative Code, or other authoritative source, and would, if non-compliance occurs, materially affect the audited entity's financial statements. The second part of the document provides specific requirements for each State grant and aid program as determined by the disbursing department.

For each program, each department was requested to provide the following: Program Objectives; Program Procedures (a brief description of how the program operates); and the major compliance requirements including the New Jersey Administrative Code (N.J.A.C.) or other statutory reference where additional information for the requirement can be obtained. The Compliance Requirements and Suggested Audit Procedures are organized into five categories: Types of Services Allowed or Unallowed; Eligibility; Matching, Level of Effort, and/or Earmarking Requirements; Reporting Requirements and Special Tests and Provisions. In general, not complying with these requirements may materially affect the program. Each requirement is accompanied by suggested audit procedures that can be used to test for compliance. These are not the only procedures an auditor can use. However, if auditors decide to apply professional judgment and use other procedures to determine the extent of reviews and tests to be performed, prior written approval from the State disbursing department must be obtained.

The specific compliance requirements and suggested audit procedures for each program have been provided by the State department or Agency that administers the program. Auditors may refer to the New Jersey Statutes and Codes to obtain a complete understanding of compliance requirements. Also, specific requirements may change periodically, and auditors should be alert to the possibility through their contacts with State departments, the audited organization and by other means.

Questions regarding a requirement, including requests for information about changes in requirements, should be addressed to the department responsible for administering the program. In addition, requirements and suggested audit procedures for programs not included in the Supplement should be obtained from the department responsible for administering the program. A Listing of Department Single Audit Contacts and telephone numbers is included in the Supplement.