

Department of Environmental Protection
Bureau of Coastal Resilience Planning
Resilient NJ Grant Program

SUBJECT: Policy on Audit Findings

APPROVAL: _____


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Bureau Chief

DATE: _____

05/17/2019

In June 2016, HUD awarded New Jersey \$15,000,000 as part of the National Disaster Resilience (NDR) Competition. Of this amount, \$10 million was awarded to the Resilient NJ Program (RNJ) within DEP's Office of Climate Resilience. The RNJ will provide grants to four Regional Teams comprising local governments and non-profits to participate in a comprehensive planning process to develop strategies and actions to better prepare communities for future storms and other extreme events and increase resiliency to flooding. The ultimate product will be a regional adaptation action plan.

A Memorandum of Understanding (MOU) was signed between the New Jersey Department of Community Affairs (DCA) as the Grantee, and the New Jersey Department of Environmental Protection (DEP). DCA will provide DEP with CDBG-DR funding for DEP to implement the NDR Program.

Audit Requirements

Every member of the regional team must comply with the Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Before final approval of the grant, team members must submit various documents to the Program including the most recent Audit reports.

A Single Audit is required if the recipient expended more than \$750,000 of federal and state financial assistance during their 12-month fiscal year. If they expend less than \$750,000 in federal or state assistance during their fiscal year but expend \$100,000 or more in Federal AND/OR State financial assistance during their fiscal year, a financial GAO "Yellow Book" financial statement audit is required.

Resilient NJ Program Risk Assessment Policy on Audit Findings

RNJ routinely consults with Division of Local Government Services (DLGS) in the Department of Community Affairs and DEP's Office of Internal Audit (OIA) to interpret the findings and recommendations in the audit reports. DLGS is the assigned "cognizant agency" for all municipalities, counties, fire districts and local authorities. OIA provides guidance on the non-profit organization reports.

Unless the deficiencies, material weaknesses or instances of noncompliance, including questioned costs identified in the report will negatively impact the ability of the subrecipient (the Regional Team) to fulfill its responsibility as required by the grant and as described in their application document, RNJ will

consider the Regional Team and its members, a low financial risk. It is therefore the policy of RNJ to allow the Regional Team to participate in the project and be reimbursed for staff time and expenses.

The main responsibility of Regional Teams is to actively work with the provided Consultant team by participating in a collaborative process to identify regional assets, engage the local communities, set resilience priorities, select a community-supported comprehensive resilience and adaptation strategy, and work with the consultants to execute selected actions from that strategy. Regional Team representatives are expected to attend meetings and participate in the discussions.

Regional team representatives are local government and non-profit organization staff assigned to the project. The local governments and non-profits are reimbursed for the number of hours the staff are present at the meetings as well as for expenses, such as mileage and copying costs. The costs must be documented with signed timesheets and receipts.

Additional monitoring during the award period is conducted to ensure that financial assistance provided to recipients is being used for its intended purpose and that all terms and conditions outlined in the grant agreement have been met and complied with. A staff planner employed by the DEP will be assigned to each Regional Team to provide oversight over all grant activities. The planner will be in the field and present at every team meeting to ensure the activities and discussions are moving toward the intended outcome. In addition, both the construction management firm and the DEP RNJ project manager will be reviewing all documents submitted into the SIROMS system by the regional teams.