

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

TO: Manual Holders

DATE: February 9, 2004

SUBJECT: Revised Audit Requirements, Policy Circular P7.06, Section III, A. and B.

SUPERSEDES: Policy Circular P7.06, Section III A. and B., Promulgated June 1, 2001.

The purpose of this Information Memorandum is to inform Provider Agencies, their Independent Auditors and Departmental Components of revisions to Policy Circular P7.06, Audit Requirements. The purpose of the revision is to align Departmental audit requirements with those recently promulgated by the Federal Office of Management and Budget (Circular A-133) and New Jersey Office of Management and Budget (Circular 04-04-OMB).

The following policy changes regarding audits of Departmental Recipients are effective for fiscal years ending **after** December 31, 2003:

III. POLICY

- A. All provider agencies which expend \$500,000 or more in Federal **or** State awards within their fiscal year, in which the Department is the largest funding source (cognizant), must have an annual single audit performed in accordance with Federal OMB Circular A-133, New Jersey OMB Circular 04-04-OMB and Departmental policy.
- B. All provider agencies which expend \$100,000 or more in combined Federal **and** State awards but less than \$500,000 in Federal **or** State awards within their fiscal year, in which the Department is cognizant, must have an annual organization-wide financial statement audit performed in accordance with Government Auditing Standards (Yellow Book) and Departmental policy.

As a reminder, audit reports meeting the above requirements are **due within 120 days of the agency's fiscal year-end** and a copy should be sent **directly** to the Office of Auditing **in addition** to forwarding to the cognizant Departmental Component.

Departmental Component Contract administrators should contact the DHS Office of Auditing if they have any questions concerning this matter.

Issued by:



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Office of Contract Policy and Management