

L. ROBINSON & COMPANY LLC
FREE RESOURCE

NJ Health Care Service Firm Financial Compliance Guide

Understanding Annual Review & Audit Requirements for NJ DCA License Renewal

A guide to NJ HCSF financial reporting obligations, revenue thresholds, and compliance deadlines.

Provided by L. Robinson & Company LLC · South Brunswick / Kingston, NJ

AUDIT · REVIEW · ASSURANCE SERVICES

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NJ HEALTH CARE SERVICE FIRM FINANCIAL COMPLIANCE GUIDE

NJ Health Care Service Firm Financial Compliance Guide

New Jersey health care service firms (HCSFs) are subject to mandatory financial reporting requirements as a condition of license renewal through the NJ Division of Consumer Affairs (DCA). This guide explains who is affected, what is required, and the consequences of non-compliance.

IMPORTANT — 2026 AUDIT DEADLINE

Health care service firms registered with NJ DCA before July 1, 2022 have a full independent audit due in 2026.

If your firm was registered before that date and receives \$250,000 or more in Medicaid funding, you must engage a licensed CPA for a triennial audit this year.

Operating without a valid registration carries a penalty of \$500 per day.

SECTION 1 — What Is a Health Care Service Firm?

Under New Jersey law (N.J.S.A. 34:8-67 et seq.), a health care service firm is any person or organization that refers or employs individuals to provide in-home health care or personal care services to consumers in private residences, assisted living facilities, or similar settings.

- Home health agencies
- In-home personal care service providers
- Companion and homemaker service agencies
- Firms that place caregivers in private residences or residential facilities
- Any firm registered with the NJ DCA under the HCSF registration program

SECTION 2 — Financial Reporting Requirements by Revenue Tier

The type of independent financial engagement required depends on your firm's annual gross revenue and Medicaid funding levels.

Revenue / Funding Threshold	Required Engagement	Frequency
All registered HCSFs	Annual financial statements consistent with State tax filing	Annually
\$1M – \$10M gross revenue	Independent third-party financial review by a licensed CPA	Annually
\$250,000+ in Medicaid funding	Full independent audit by a licensed CPA	Every 3 years
\$10M+ gross revenue	Full independent audit by a licensed CPA	Annually

SECTION 3 — What the Review or Audit Must Cover

The financial engagement required by NJ DCA is not a standard financial statement audit alone. It must address both financial and compliance components specific to health care service firm operations.

Financial Components

- Balance sheet (statement of financial position) as of the firm's fiscal year-end
- Income statement (statement of operations) for the fiscal year
- Statement of cash flows
- Notes to financial statements including significant accounting policies
- Working capital assessment and liquidity analysis

Compliance Components

- Review of firm's compliance with NJ HCSF registration requirements
- Assessment of caregiver credentialing and background check procedures
- Review of workers' compensation and general liability insurance coverage
- Verification that the firm is operating within the scope of its registration
- Review of any adverse findings from prior NJ DCA examinations

SECTION 4 — Penalties for Non-Compliance

NON-COMPLIANCE PENALTIES

\$500 per day for operating without a valid DCA registration

License suspension or revocation for repeated or willful violations

Ineligibility for Medicaid reimbursement during periods of non-compliance

Potential civil penalties and legal action by the NJ Attorney General's office

Non-compliance is not simply a financial issue — it can disrupt your ability to operate entirely. The \$500 per day penalty accumulates quickly, and the process of reinstatement after a lapsed registration can be lengthy and disruptive to your clients and caregivers.

SECTION 5 — Preparing for Your Review or Audit

Whether you need an annual review or a triennial audit, the preparation process is similar. Having your records organized in advance significantly reduces the time and cost of the engagement.

Documents to Prepare

- Current NJ DCA registration certificate
- Most recent financial statements and general ledger
- All bank account statements for the period under review
- Bank reconciliations for each month of the review period
- Payroll records and payroll tax filings (941s, W-2s)
- Caregiver credentialing files and background check documentation
- Workers' compensation and general liability insurance certificates
- Any prior NJ DCA examination reports or corrective action correspondence
- List of all active clients and service agreements

- Documentation of Medicaid billing and reimbursement if applicable

Timeline Guidance

We recommend beginning your review or audit engagement at least 90 days before your license renewal deadline to allow sufficient time for fieldwork, report preparation, and any required corrective actions.

90+ days before renewal	Engage your CPA and begin gathering records
60–90 days before renewal	Fieldwork and testing by the CPA firm
30–60 days before renewal	Review draft findings and management letter
14–30 days before renewal	Receive final report and submit to NJ DCA
Renewal date	License renewal submitted with financial report enclosed

SECTION 6 — What L. Robinson & Company LLC Provides

L. Robinson & Company LLC provides independent financial reviews and audits specifically designed to meet NJ DCA requirements for health care service firm license renewal. We understand the specific compliance components required, the documentation NJ DCA expects, and how to structure the engagement to minimize disruption to your operations.

- Annual financial statement reviews for firms with \$1M–\$10M gross revenue
- Review of financial records, general management, and internal controls
- Financial compliance component required by NJ DCA
- Management letter with recommendations for operational improvements
- Guidance on corrective action if an adverse finding is made

DON'T WAIT UNTIL YOUR RENEWAL DATE

If your firm was registered with NJ DCA before July 1, 2022 and receives Medicaid funding, your triennial audit is due in 2026.

Contact L. Robinson & Company LLC today to discuss your timeline and begin the engagement process.
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