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GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

NOTICE OF PROPOSED RULES

TITLE 44: GOVERNMENTAL CONTRACTS, GRANTMAKING,
PROCUREMENT AND PROPERTY MANAGEMENT
SUBTITLE F: GRANTMAKING

CHAPTER I: GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

PART 7000

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

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AUTHORITY: Implementing and authorized by the Grant Accountability and Transparency Act [30 ILCS 708].

SOURCE: Adopted at 39 Ill. Reg. 10777, effective July 24, 2015; former Part repealed at 41 Ill. Reg. _____ and new Part adopted at 41 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL

Section 7000.10 Purpose and Applicability

- a) The Act and This Part
 - 1) The Grant Accountability and Transparency Act (Act or GATA) *is intended to comply with the General Assembly's directives to:*
 - A) *develop a coordinated, nonredundant process for the provision of effective and efficient oversight of the selection and monitoring of grant recipients, thereby ensuring quality programs and limiting fraud, waste and abuse; and*

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- B) *define the purpose, scope, applicability and responsibilities in the life cycle of a grant. [30 ILCS 708/5(a)]*
- 2) *GATA is also intended to increase the accountability and transparency in the use of grant funds from whatever source and to reduce administrative burdens on both State agencies and grantees by adopting federal guidance and regulations applicable to those grant funds; specifically, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements (UR)). [30 ILCS 708/5(b)]*
- 3) *GATA is consistent with the State's focus on improving performance and outcomes while ensuring transparency and the financial integrity of taxpayer dollars through such initiatives as the Management Improvement Initiative Committee created by Section 1-37a of the Department of Human Services Act, the State prioritized goals created under Section 50-25 of the State Budget Law (also known as "Budgeting for Results"), and the Grant Information Collection Act. [30 ILCS 708/5(c)]*
- 4) **Supersession of GATA**
Section 80 of GATA states that, on and after July 1, 2015, in the event of a conflict with the Grant Funds Recovery Act, the provisions of GATA shall control.
- b) **Purpose**
- 1) *The purpose of GATA is to establish uniform administrative requirements, cost principles, and audit requirements for State and federal pass-through awards to non-federal entities. State grantmaking agencies shall not impose additional or inconsistent requirements, except as provided in UR section 200.102, unless specifically required by State or federal statute. GATA and this Part do not apply to private awards.*
- 2) *GATA and this Part provide the basis for a systematic and periodic collection and uniform submission to the Governor's Office of Management and Budget of information of all State and federal financial assistance programs by grantmaking agencies. GATA and this Part also establish policies related to the delivery of this information to the public, including through the use of electronic media. [30 ILCS 708/10] (Refer to*

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Section 7000.50 and 7000.250 for State agency responsibilities associated with the Catalog of State Financial Assistance.)

c) Applicability

- 1) *The requirements established under GATA apply to State grantmaking agencies that make State and federal pass-through awards to nonfederal entities. These requirements apply to all costs related to federal and federal pass-through awards. The requirements established under GATA do not apply to private awards. [30 ILCS 708/45(a)]*
- 2) *Nothing in GATA shall prohibit the use of State funds for purposes of federal match or maintenance of effort. [30 ILCS 708/45(a-5)]*
- 3) *The terms and conditions of State, federal and federal pass-through awards apply to subawards and subrecipients unless a particular Section of GATA or the terms and conditions of the award specifically indicate otherwise. Non-federal entities receiving State or federal funds shall comply with requirements of GATA regardless of whether the non-federal entity is a recipient or subrecipient of the award. Pass-through entities shall comply with the requirements set forth under this Part, but not to any requirements in GATA directed towards State grantmaking agencies or federal awarding agencies, unless the requirements of the federal awards indicate otherwise. [30 ILCS 708/45(b)]*
- 4) *When a non-federal entity is awarded a cost-reimbursement contract, only UR sections 200.330 through 200.332 are incorporated by reference into the contract. However, when the Cost Accounting Standards are applicable to the contract, they take precedence over the requirements of GATA unless they are in conflict with UR subpart F. In addition, costs that are made unallowable under 10 USC 2324(e) and 41 USC 4304(a), as described in the Federal Acquisition Regulations, subparts 31.2 and 31.603, are always unallowable. For requirements other than those covered in UR subpart D, the terms of the contract and FAR apply. [30 ILCS 708/45(b)]*
- 5) *With the exception of UR subpart F, which is required by the federal Single Audit Act, in any circumstances in which the provisions of federal statutes or regulations differ from the provisions of the Act, the federal statutes or regulations govern. [30 ILCS 708/45(b)]*

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- 6) *State grantmaking agencies may apply UR subparts A through E to for-profit entities, foreign public entities, or foreign organizations, except when the grantmaking agency determines that the application of these subparts would be inconsistent with the international obligations of the United States or the statutes or regulations of a foreign government. [30 ILCS 708/45(c)]*
- 7) *Except for UR sections 200.202 and 200.330 through 200.332, the requirements of UR subparts C, D and E do not apply to the programs listed in UR section 200.101 and Section 45(d) of the Act. [30 ILCS 708/45(d)]*
- 8) Section 5(b) of GATA applies to State funded grants any federal guidance and regulations that are applicable to those grants.

Section 7000.20 Grant Accountability and Transparency Unit (GATU)

- a) Under Section 55(b) of the Act, the Governor's Office of Management and Budget (GOMB) shall establish a centralized unit within GOMB known as the Grant Accountability and Transparency Unit.
- b) GATU will be responsible for adopting rules, implementing a State-wide grants management framework for compliance with the rules, and monitoring the implemented framework.
- c) GATU will be funded with a portion of the administrative funds provided under existing and future State, federal pass-through and federal grants. State agency charges will be allocated through a revolving fund named the GATA Fund. State agency charges will be based on the actual cost of the services provided in accordance with applicable federal cost principles contained in the Uniform Requirements. The GATA Fund may include catch-up billings for prior fiscal year amounts due. State agencies can utilize appropriations from the fiscal year in which the catch-up billing is issued.
- d) GATA will not cause a reduction in the amount of State or federal awards that have been or will be directed to State agencies or public institutions of higher education.

Section 7000.30 Definitions

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The following definitions shall apply to this Part:

"Acquisition cost" means the cost of the asset, including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duties, protective in-transit insurance, freight and installation may be included in or excluded from the acquisition cost in accordance with the awardee's regular accounting practices.

"Act" or "GATA" means the Grant Accountability and Transparency Act [30 ILCS 708].

"Administrative rules" means the administrative rules codified in the Illinois Administrative Code.

"Advance payment" means a payment that a State grantmaking agency, federal awarding agency or pass-through entity (PTE) makes by any appropriate payment mechanism, including a predetermined payment schedule, before the awardee disburses the funds for program purposes.

"A/E" means architectural and engineering services.

"AICPA" means the American Institute of Certified Public Accountants.

"Allocation" means the process of assigning a cost, or a group of costs, to one or more cost objectives, in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost directly to a final cost objective or through one or more intermediate cost objectives.

"Allowable cost" means a cost allowable to a project (i.e., that can be paid for using award funds). Costs will be considered to be allowable if they:

are reasonable and necessary for the performance of the award/;

are allocable to the specific project;

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are treated consistently in like circumstances to federally-financed, State-financed, and other activities of the awardee;

conform to any limitations of the cost principles or the sponsored agreement;

are accorded consistent treatment (a cost may not be assigned to a State or federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the award as an indirect cost);

are determined to be in accordance with generally accepted accounting principles;

are not included as a cost or used to meet federal cost-sharing or matching requirements of any other program in either the current or prior period;

are not used to meet the match requirements of another State or federal grant; and

are adequately documented.

"Audit finding" means deficiencies the auditor is required, by UR section 200.516(a), to report in the schedule of findings and questioned costs.

"Auditee" means any awardee that expends State, federal or federal pass-through awards that must be audited as provided in UR Subpart F (Audit Requirements).

"Auditor" means an auditor who is an Illinois licensed public accountant or a federal, State, or local government audit organization that meets the general standards specified for external auditors in generally-accepted government auditing standards (GAGAS). "Auditor" does not include internal auditors of nonprofit organizations.

"Auditor General" means the Auditor General of the State of Illinois.

"Award" means financial assistance that provides support or stimulation to accomplish a public purpose. "Awards" include grants and other agreements in the form of money, or property in lieu of money, by the state agency or federal

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government to an eligible recipient. *"Award" does not include: technical assistance that provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies or insurance; direct payments of any kind to individuals; or contracts that must be entered into and administered under State or federal procurement laws and regulations.* In this Part, the term "award" is used interchangeably with "grant".

"Awardee" or "Non-federal entity" means a State, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a State, federal or federal pass-through award (grant) as a recipient or subrecipient.

"Awarding agency" means a State or federal agency or PTE that has grantmaking authority.

"Billing rate" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on federal or federal pass-through awards pending the establishment of a final rate for the period. (See also the definition of provisional rate.)

"Budget" means the financial plan for the project or program that the State grantmaking agency or federal awarding agency or PTE approves during the award/grant process or in subsequent amendments to the award/grant. It may include the State or federal and non-federal share or only the State or federal share, as determined by the awarding agency or PTE.

"Call to action" means a communication that includes any one or more of the following:

The communication states that the recipient should contact a member or employee of a legislative body, or any other government official or employee who may participate in the formulation of legislation, when the principal purpose of the contact is lobbying.

The communication states the address, telephone number or similar information of a legislator or an employee of a legislative body.

The communication provides a petition, a tear-off postcard or similar material for the recipient to communicate with any such individual.

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The communication specifically identifies one or more legislators who will vote on the legislation, indicating that the legislator will:

oppose the organization's view with respect to the legislation;

be undecided with respect to the legislation;

be the recipient's representative in the legislature; or

be a member of the legislative committee or subcommittee that will consider the legislation.

Naming the main sponsors of the legislation for purposes of identifying the legislation does not independently constitute a call to action.

"Capital assets" means tangible or intangible assets used in operations having a useful life of more than one year that are capitalized in accordance with GAAP. Capital assets include:

Land; buildings (facilities); equipment and intellectual property (including software); and whether acquired by purchase, construction, manufacture, lease-purchase or exchange, or through capital leases; and

Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

"Capital expenditures" means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.

"CAS" means the Cost Accounting Standards established by the Federal Cost Accounting Standards Board.

"Catalog of Federal Domestic Assistance" or "CFDA" means the database, accessible at <http://www.cfda.gov>, that helps the federal government track all programs it has domestically funded.

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"Catalog of Federal Domestic Assistance Number" or "CFDA Number" means the number assigned to a federal program in the CFDA.

"Catalog of State Financial Assistance" or "CSFA" means the single, authoritative, Statewide, comprehensive source document of State financial assistance program information maintained by the Governor's Office of Management and Budget (available at <http://grants.illinois.gov>).

"Catalog of State Financial Assistance Number" or "CSFA Number" means the number assigned to a State program in the CSFA. The first 3 digits represent the State agency number and the last 4 digits represent the program.

"Central service cost allocation plan" means the documentation identifying, accumulating and allocating or developing billing rates based on the allowable costs of services provided by the State or local government on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

"CFDA program title" means the title of the program under which the federal award was funded in the CFDA.

"Claim" means, depending on the context, either:

A written demand or written assertion by one of the parties to a State award or federal or federal pass-through award seeking, as a matter of right:

The payment of money in a sum certain;

The adjustment or interpretation of the terms and conditions of the award/grant; or

Other relief arising under or relating to a State, federal or federal pass-through award/grant; or

A request for payment that is not in dispute when submitted.

"Class (of awards)" means a group of State awards or federal awards either awarded under a specific program or group of programs or to a specific type of

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awardee or group of awardees to which specific provisions or exceptions may apply.

"Closeout" means the process by which the State grantmaking agency or federal awarding agency or PTE determines that all applicable administrative actions and all required work of the federal award or State grant have been completed and takes actions as described in UR section 200.343 or Section 7000.440 of this Part.

"Cluster of programs" means a grouping of closely related programs that share common compliance requirements. The types of clusters of programs are research and development, student financial aid, and other clusters. A "cluster of programs" shall be considered as one program for determining major programs and, with the exception of research and development, whether a program-specific audit may be elected.

"CMIA" means the federal Cash Management Improvement Act and the Department of the Treasury's Rules and Procedures for Efficient Federal-State Funds Transfers.

"CMS" means the Illinois Department of Central Management Services.

"CFO Council" means the federal Chief Financial Officer Council (see <http://cfo.gov/grants>).

"Compliance Supplement" means UR appendix XI (previously known as the OMB Circular A-133 Compliance Supplement).

"Comprehensive Annual Financial Report" or "CAFR" means the financial report of a governmental entity. The report contains basic financial statements, notes to the basic financial statements, and required supplementary information (RSI), plus voluntarily provided supplementary information (SI) such as an introductory section, supporting schedules with more detailed financial information than is found in the financial statements, and a statistical section.

"Computing devices" means machines used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or peripherals) for printing, transmitting and receiving, or storing electronic information. (See also the definitions of "Information technology systems" and "Supplies".)

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"Conflict of interest" means a situation that arises when a person in a position of authority over an organization, such as an officer, director or manager, may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.

"Conflict of interest policy" means a policy that defines conflict of interest, identifies the classes of individuals within an organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest.

"Contract" means a legal instrument by which an awardee purchases property or services needed to carry out the project or program under an award/grant.

"Contract" does not include a legal instrument, even if the awardee considers it a contract, when the substance of the transaction meets the definition of an award/ or subaward.

"Contractor" means a person or entity that receives a contract funded through grant funds awarded by a State grantmaking agency or IHE.

"Cooperative Agreement" means a legal instrument of financial assistance between a State grantmaking agency, federal awarding agency or PTE and an awardee consistent with 31 USC 6302-6305 that:

is used to enter into a relationship with the principal purpose of transferring anything of value from the awarding agency or PTE to the awardee to carry out a public purpose authorized by law, but is not used to acquire property or services for the awarding agency's or PTE's direct benefit or use; and

is distinguished from a grant in that it provides for substantial involvement between the awarding agency or PTE and the awardee in carrying out the activity contemplated by the award.

"Cooperative audit resolution" means the use of audit follow-up techniques that promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the State or federal agency and the awardee. This approach is based upon:

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a strong commitment, by State, federal and federal PTE and awardee leadership, to program integrity;

State, federal and federal PTEs strengthening partnerships and working cooperatively with awardees and their auditors, and awardees and their auditors working cooperatively with State, federal and PTEs;

a focus on current conditions and corrective action going forward;

State, federal and federal PTEs offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred; and

State, federal and federal pass-through agency leadership sending a clear message that continued failure to correct conditions identified by audits that are likely to cause improper payments, fraud, waste or abuse is unacceptable and will result in sanctions.

"Corrective action" means action taken by the auditee that:

corrects identified deficiencies;

produces recommended improvements; or

demonstrates that audit findings are either invalid or do not warrant auditee action.

"COSO" means the Committee of Sponsoring Organizations of the Treadway Commission, a joint initiative of the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA) and Financial Executives International (FEI). COSO has established an internal control model that companies and organizations use to assess their control systems.

"Cost allocation plan" means a central service cost allocation plan or public assistance cost allocation plan.

"Cost objective" means a program, function, activity, award, organizational subdivision, contract or work unit for which cost data is desired and for which

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provision is made to accumulate and measure the cost of processes, products, jobs and capital projects. A "cost objective" may be a major function of the awardee, a particular service or project, an award, or an indirect cost activity.

"Cost sharing" means the portion of project costs, including third party in-kind contributions, not paid by State, federal or federal pass-through funds, unless otherwise authorized by statute. (See also the definition of matching.)

"Data Universal Numbering System number" or "DUNS number" means the 9-digit number established and assigned by Dun and Bradstreet, Inc. to uniquely identify entities and that, under federal law, is required for non-federal entities to apply for, receive, and report on a federal award as a unique identifier. Entities required to have a DUNS number for the purpose of State or federal contracts or grants can obtain one for free at <http://fedgov.dnb.com/webform>.

"Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems or methods, including design and development of prototypes and processes.

"Direct costs" means costs that can be identified specifically with a particular final cost objective, such as a State, federal or federal pass-through award or a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

"Direct lobbying" means any attempt to influence legislation or executive action through communications with:

any member or staff of a legislative or executive body;

any governmental official or employee (other than a member or employee of a legislative or executive body) who may participate in formulating legislation, but only if the principal purpose of the communication is to influence legislation or executive action; or

the general public.

The communications must refer to specific legislation or executive action and must reflect a view on the legislation or executive action. (See 26 CFR 56.4911-2(b).)

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"Disallowed costs" means charges to a State, federal or federal pass-through award determined by the awarding agency or PTE to be unallowable, in accordance with the applicable State or federal statutes or regulations, or the terms and conditions of the State, federal or federal pass-through award.

"Discretionary grant" means an award for which the State or federal agency or PTE may exercise judgment (discretion) in determining the recipient and/or the amount of the award and may be issued under a competitive application process.

"Eligible applicant" means any organization that meets the eligibility requirements listed in the Notice of Funding Opportunity.

"Equipment" means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the awardee for financial statement purposes or \$5,000.

"Executive" means, with respect to an organization, the officers, managing partners, or any other employees in management positions. "Executive" means, with respect to the federal government, the executive branch.

"Executive branch" means that branch of State or federal government that is under the jurisdiction of the Governor or the President, respectively.

"Expenditures" means charges made by an awardee to a project or program for which a State, federal or federal pass-through award was received.

The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.

For reports prepared on a cash basis, expenditures are the sum of:

Cash disbursements for direct charges for property and services;

The amount of indirect expense charged;

The value of third-party in-kind contributions applied; and

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The amount of cash advance payments and payments made to subrecipients.

For reports prepared on an accrual basis, expenditures are the sum of:

Cash disbursements for direct charges for property and services;

The amount of indirect expense incurred;

The value of third-party in-kind contributions applied; and

The net increase or decrease in the amounts owed by the awardee for:

Goods and other property received;

Services performed by employees, contractors, subrecipients and other payees; and

Programs for which no current services or performance are required, such as annuities, insurance claims or other benefit payments.

"FAIN" means the unique federal award identification number assigned to each federal award issued to a particular awardee.

"FAR" means the Federal Acquisition Regulation (48 CFR 1).

"F&A costs" means facilities and administrative costs (see also the definition of indirect costs).

"Federal agency" means each authority of the government of the United States, regardless of whether it is within or subject to review by another agency.

"Agency" includes any executive department, military department, government corporation, government controlled corporation, or other establishment in the executive branch of the government (including the Executive Office of the President), or any independent regulatory agency, but does not include the Congress, U.S. courts, or the governments of the District of Columbia or U.S. territories and possessions. (See 5 USC 551(1) and 552(f).)

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"Federal award" means:

the federal financial assistance that an awardee receives directly from a federal awarding agency or indirectly from a PTE;

the cost-reimbursement contract under the Federal Acquisition Regulations that an awardee receives directly from a federal awarding agency or indirectly from a PTE; or

the instrument setting forth the terms and conditions when the instrument is the Grant Agreement, Cooperative Agreement, other agreement for assistance, or cost-reimbursement contract awarded under FAR.

"Federal award" does not include other contracts that a federal agency uses to buy goods or services from a contractor or a contract to operate federal government owned, contractor-operated facilities. (See also definitions of financial assistance, Grant Agreement and Cooperative Agreement.)

"Federal awarding agency" means the federal agency that provides a federal award directly to an awardee.

"Federal award date" means the date the federal award is signed by the authorized official of the federal awarding agency.

"Federal Debarred and Suspended List" means the list of those persons and entities who are identified as excluded on the System for Award Management (<https://www.sam.gov>), as described in UR appendix II, paragraph (i).

"Federal Financial Assistance" means financial assistance, as defined in this Section, offered to an awardee by a federal agency.

"Federal Fiscal Year" means the period beginning on October 1 and ending on September 30.

"Federal interest" means, when used in connection with the acquisition or improvement of real property, equipment or supplies under a federal or federal pass-through award, the dollar amount that is the product of the federal share of total project costs and current fair market value of the property, improvements, or both to the extent the costs of acquiring or improving the property were included as project costs.

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"Federal program" means all federal awards that are assigned a single number in the CFDA. When no CFDA number is assigned, all federal awards made for the same purpose from the same agency to awardees should be combined and considered one program. "Federal program" can also mean a cluster of programs, as defined in this Section.

"Federal share" means the portion of the total project costs that are paid by federal funds.

"Fee-for-service" means payments for Medicaid services that are made on the basis of a rate, unit cost or allowable cost incurred and is based on a statement or bill as required by the administering State or federal agency.

"FFATA" means the Federal Funding Accountability and Transparency Act.

"Final cost objective" means a cost objective that has allocated to it both direct and indirect costs and, in the awardee's accumulation system, is one of the final accumulation points, such as a particular award, internal project or other direct activity of an awardee. .

"Final rate" means an indirect cost rate applicable to a specified past period that is based on the actual costs of the period. A final rate is not subject to adjustment.

"Financial assistance" means the following:

For grants and Cooperative Agreements, "financial assistance" means assistance that non-federal entities receive or administer in the form of:

grants;

Cooperative Agreements;

non-cash contributions or donations of property, including donated surplus property;

direct appropriations;

food commodities; and

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other financial assistance, except Cooperative Agreements.

For auditing purposes and for purposes of publication in the CFDA, "financial assistance" also includes assistance that non-federal entities receive or administer in the form of loans, loan guarantees, interest subsidies and insurance.

"Financial assistance" does not include amounts received as reimbursement for services rendered to individuals.

"Fixed amount award" means a type of Grant Agreement under which the federal or State awarding agency, or PTE provides a specific level of support without regard to actual costs incurred under the award. "Fixed amount awards" reduce some of the administrative burden and recordkeeping requirements for both the awardee and awarding agency or PTE. Accountability is based primarily on performance and results.

"Fixed rate" means an indirect cost rate that has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period. (See UR appendix VII, subsection B.)

"Fixed-rate grant" means a type of Grant Agreement for non-Medicaid services in which reimbursement is made on the basis of a rate, unit cost or allowable cost incurred and is supported by a bill or statement.

"FOIA" means the Illinois Freedom of Information Act or the federal Freedom of Information Act, as applicable.

"Foreign organization" means an entity that is:

a public or private organization, located in a country other than the United States and its territories, that is subject to the laws of the country in which it is located, irrespective of the citizenship of project staff or place of performance;

a private nongovernmental organization, located in a country other than the United States, that solicits and receives cash contributions from the general public;

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a charitable organization, located in a country other than the United States, that is nonprofit and tax exempt under the laws of its country of domicile and operation, but is not a university, college, accredited degree-granting institution of education, private foundation, hospital, organization engaged exclusively in research or scientific activities, church, synagogue, mosque, or other similar entity organized primarily for religious purposes; or

an organization, located in a country other than the United States, not recognized as a foreign public entity.

"Foreign public entity" means:

a foreign government or foreign governmental entity;

a public international organization that is entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act;

an entity owned, in whole or in part, or controlled by a foreign government; or

any other entity consisting wholly or partially of one or more foreign governments or foreign governmental entities.

"Formula-based grant" means a grant or award that is determined by a formula established in federal or State statute or rule.

"FR" means the Federal Register (<http://www.federalregister.gov>).

"GASB" means the Governmental Accounting Standards Board.

"GATA" means the Grant Accountability and Transparency Act [30 ILCS 708].

"GATA Fund" means the revolving fund administered by GOMB to allocate expenses to State agencies for costs incurred to comply with Federal Uniform Guidance and GATA and Budgeting for Results (BFR). The GATA Fund allocation to State agencies is based on a proportionate share of GATU expenses incurred, as determined by the CSFA program and award data and the

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proportionate share of BFR expenses incurred, as determined by the Illinois Performance Reporting System (IPRS).

"GATU" means the Grant Accountability and Transparency Unit within the Illinois Governor's Office of Management and Budget.

"General purpose equipment" means equipment that is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. (See also the definitions of equipment and special purpose equipment.)

"Generally Accepted Accounting Principles" or "GAAP" has the meaning provided in accounting standards issued by the Government Accounting Standards Board and the Financial Accounting Standards Board.

"Generally Accepted Government Auditing Standards" or "GAGAS", also known as the Yellow Book, means generally accepted government auditing standards issued by the Comptroller General of the United States that are applicable to financial audits.

"GFRA" means the Illinois Grant Funds Recovery Act.

"GOCO" means a State or federal government-owned, contractor-operated facility.

"GOMB" means the Illinois Governor's Office of Management and Budget.

"Grant" means financial assistance that provides support or stimulation to accomplish a public purpose. "Grant" includes grants and other agreements in the form of money, or property in lieu of money, by State government to an eligible recipient. "Grant" does not include: technical assistance that provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies or insurance; direct payments of any kind to individuals; or contracts that must be entered into and administered under State procurement laws and regulations. In this Part, the term "grant" is used interchangeably with "award".

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"Grantee" or "Non-federal entity" means a State, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a State, federal or federal pass-through grant (award) as a recipient or subrecipient.

"Grant Agreement" means a legal instrument of financial assistance between a federal or State awarding agency, or PTE and an awardee that:

is used to enter into a relationship, the principal purpose of which is to transfer anything of value from the awarding agency or PTE to the awardee to carry out a public purpose authorized by law and not to acquire property or services for the awarding agency's or PTE's direct benefit or use; and

is distinguished from a Cooperative Agreement in that it does not provide for substantial involvement between the awarding agency or PTE and the awardee in carrying out the activity contemplated by the award.

"Grant Agreement" does not include an agreement that provides only direct cash assistance to an individual, a subsidy, a loan, a loan guarantee or insurance.

"Grant application" means a specified form that is completed by a potential grantee in connection with a request for a specific funding opportunity or a request for financial support of a project or activity.

"Grantee Portal" means the internet-based platform used by the State of Illinois to conduct registration, pre-qualification and fiscal and administrative risk assessments of entities that seek to receive an award from a state grantmaking agency. Awardees utilize the Grantee Portal to monitor and maintain qualified status.

"Grassroots lobbying" means a call to action that attempts to influence legislation or executive action by influencing public opinion. To be considered grassroots lobbying, the communication must:

refer to specific legislation or specific executive action;

reflect a view on the legislation or executive action; and

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encourage the recipient to take action with respect to that legislation or executive action.

"HFS Suspended List" means the list, maintained by the Illinois Department of Healthcare and Family Services, of persons and entities who are debarred, suspended or otherwise excluded from the receipt of federally financed Medicaid. The list may be viewed on the HFS website at <http://www.state.il.us/agency/oig/sanctionlist.asp>.

"Hospital" means a facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state, or a subdivision of a state.

"IHE" means an Institution of Higher Education as defined at 20 USC 1001(a).

"Illinois Debarred and Suspended List" means the list maintained by the Governor's Office of Management and Budget that contains the names of those individuals and entities that are ineligible, either temporarily or permanently, to receive grant funds, regardless of source, from a State grantmaking agency.

"ILSAC" means the Illinois Single Audit Commission.

"Improper payment" means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. "Improper payment" includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except when these payments are authorized by federal statute), any payment that does not account for credit for applicable discounts, and any payment in which insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

"In Relation to Opinion" means required auditing standards for Supplemental Information Accompanying Audited Financial Statements. Auditing Standards No. 17 sets forth the auditor's responsibilities when the auditor of financial statements is engaged to perform audit procedures and report on whether the supplemental information accompanying the financial statement is fairly stated, in all material respects, in relation to the financial statements as a whole.

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"*Indirect (facilities & administrative (F&A)) costs*" or "indirect facilities and administrative costs" means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs. Indirect cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived. (See also the definition of F&A costs.)

"Indirect Cost Rate Negotiator" means the vendor contracted with the Governor's Office of Management and Budget to review indirect cost rate proposals, collaborate with state agency subject matter experts and the Grant Accountability and Transparency Unit to establish awardee indirect cost rates and elections.

"Indirect cost rate proposal" means the documentation prepared by an awardee to substantiate its request for the establishment of an indirect cost rate for the reimbursement of indirect costs. This proposal provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.

"Indirect Cost Rate System" means the internet-based, centralized, statewide framework for awardees to negotiate an indirect cost rate and/or make an indirect cost rate election.

"Information technology systems" means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

"*Inspector General*" means the *Office of Executive Inspector General* for Illinois.

"Institution of Higher Education" means an educational institution of the State that 1) admits as regular students only persons who have a certificate of graduation from a school providing secondary education, or the recognized equivalent, 2) is legally authorized within the State to provide a program of education beyond secondary education, 3) provides an education program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree, or awards a degree acceptable for admission to a graduate or professional degree program, 4) is a public or other nonprofit institution; and 5) is accredited by a nationally recognized accrediting agency or associate, or is an institution that has been granted pre-accreditation

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status by such an agency or association. (See 20 U.S. Code Chapter 28, Subchapter I Part A 1001)

"Intangible property" means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

"Intermediate cost objective" means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives. (Also see the definitions of cost objective and final cost objective.)

"Internal controls" means a process, implemented by an awardee, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

Effectiveness and efficiency of operations;

Reliability of reporting for internal and external use; and

Compliance with UR sections 200.62 and 200.303 and the Illinois Fiscal Control and Internal Auditing Act.

"Internal control over compliance requirements for State, federal or federal pass-through awards" means a process implemented by an awardee designed to provide reasonable assurance regarding the achievement of the following objectives for State, federal or federal pass-through awards:

Transactions are properly recorded and accounted for, in order to:

Permit the preparation of reliable financial statements and State, federal and federal pass-through reports;

Maintain accountability over assets; and

Demonstrate compliance with State and federal statutes, regulations, and the terms and conditions of the award;

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Transactions are executed in compliance with:

State and federal statutes, regulations, and terms and conditions of the award that could have a direct and material effect on a federal or federal pass-through program;

Any other State or federal statutes and regulations that are identified in the Compliance Supplement; and

Funds, property and other assets are safeguarded against loss from unauthorized use or disposition.

"Internal Control Questionnaire" or "ICQ" means the financial and administrative risk assessment tool centrally used to assess an organization's fiscal and administrative risk profile. The automated ICQ is available through the Grantee Portal.

"IRC" means the Internal Revenue Code.

"Legislation" means action by the Congress, any state legislature, any local council, or similar legislative body, or by the public in a referendum, ballot initiative, constitutional amendment, or similar procedure. "Legislation" includes a proposed treaty required to be submitted by the President to the U.S. Senate for its advice and consent from the time the President's representative begins to negotiate its position with the prospective parties to the proposed treaty. (See 26 CFR 56.4911-2(d)(1)(i))

"Lobbying" means communication that is intended to influence legislation or executive action. (See the definitions of legislation, specific legislation, direct lobbying and grassroots lobbying and 26 CFR 56.4911-2.)

"Local government" means any entity defined as a unit of local government by Article VII, Section 1 of the Illinois Constitution and includes school districts.

"Maintenance of effort" means a requirement contained in a program's authorizing legislation or program regulations stating that, in order to receive federal grant funds, a recipient must agree to maintain a specified level of financial effort for the grant from its own resources and other non-federal sources.

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"Major program" means a State or federal program determined by the auditor to be a major program in accordance with UR section 200.518 or a program identified as a major program by a State or federal awarding agency or PTE in accordance with UR section 200.503(e).

"Management decision" means the evaluation by the State or federal awarding agency or PTE of the audit findings and corrective action plan and the issuance of a written decision to the auditee as to what corrective action is necessary.

"Mandatory formula-based grant" or "mandatory grant" means noncompetitive grant funding that is allocated to recipients based upon a set of pre-existing criteria, such as population and/or other census criteria; all applicants who meet the minimum requirements of the application process are entitled to receive money.

"Matching" means third-party in-kind contributions and the portion of project costs not paid by federal funds, unless otherwise authorized by statute. (See the definition of cost sharing.)

"Merit Based Review Policy" means the federally required application review process mandated for all competitive State and federal pass-through awards (UR 200.204).

"Micro-purchase" means a purchase of supplies or services using simplified acquisition procedures (see Section 7000.30), the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of an awardee's small purchase procedures. The awardee uses these procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold for federally-funded grants is set under FAR in 48 CFR subpart 2.1. It is \$3,000 except as otherwise discussed in subpart 2.1, but this threshold is periodically adjusted for inflation. The Illinois small purchase threshold is set by the appropriate Chief Procurement Officer (CPO) under Section 20-20(c) of the Illinois Procurement Code and published in this Title 44 by each CPO. Micro-purchase rules are applicable to local government and non-profit awardees. State agencies are subject to the State Procurement Act.

"Modified Total Direct Cost" or "MTDC" means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards up to the first \$25,000 of each subaward (regardless of the period of performance

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of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

"Negotiated rate" means the indirect (F&A) cost rate negotiated with and accepted by the federal or State awarding agency. Under the rate agreement, negotiated rates include final, fixed and predetermined rates and exclude provisional rates.

"NOFO" means the Notice of Funding Opportunity generated from the CSFA.

"Non-federal entity" means a state, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a State, federal or federal pass-through award as a recipient or subrecipient. (See also the definition of awardee.)

"Nonprofit organization" means any corporation, trust, association, cooperative or other organization, not including institutions of higher education, that:

is operated primarily for scientific, educational, service, charitable or similar purposes in the public interest;

is not organized primarily for profit; and

uses net proceeds to maintain, improve or expand the operations of the organization.

"NOSA" means the Notice of State Award issued by a State grantmaking agency.

"Notice of award" means the published announcement by a State agency, federal agency, or State agency acting as a pass-through for federal funds that a specific grant will be awarded to a named awardee. .

"Notice of funding opportunity" means an agency's formally issued announcement of the availability of State, federal or federal pass-through funding through one of its financial assistance programs. The announcement provides eligibility and evaluation criteria, funding preferences/priorities, the submission

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deadline, and information on how to obtain an application for the funding opportunity.

"Obligations", when used in connection with an awardee's utilization of funds under an award, means:

orders placed for property and services;

contracts and subawards; and

similar transactions, during a given period that require payment by the awardee during the same or future period.

"Office of Management and Budget" or "OMB" means the federal Office of Management and Budget of the Executive Office of the President.

"Oversight agency for audit", for federally-funded awards, means the federal awarding agency that provides the predominant amount of funding directly to an awardee not assigned a cognizant agency for audit. When there is no direct funding, the awarding agency that is the predominant source of pass-through funding must assume the oversight responsibilities. The duties of the oversight agency for audit and the process for any reassignments are described in UR section 200.513(b). For State-funded awards, "oversight agency for audit" is the state cognizant agency.

"Participant support costs" means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

"Pass-through entity" or "PTE" means a non-federal entity that provides a subaward to a subrecipient to carry out part of a program.

"Performance goal" means a target level of performance expressed as a tangible, measurable objective or as a qualitative standard, value or rate. A performance goal includes a performance indicator, a target, and a time period, and must be expressed in an objective, quantifiable or measurable form where possible. When necessary, a grantmaking agency and an awardee shall use an alternative performance goal (such as a set of milestones) described in a way that makes it possible to discern whether progress is being made toward that goal.

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"Period of performance" means the time during which the awardee may incur new obligations to carry out the work authorized under the State, federal or federal pass-through award. The State grantmaking agency, federal awarding agency or federal PTE must include start and end dates of the period of performance in the award (see, as applicable, Section 7000.370(a)(1) of this Part, UR section 200.210(a)(5), and UR section 200.331(a)(1)(D)).

"Personal property" means property other than real property. It may be tangible, having physical existence, or intangible.

"Personally Identifiable Information" or "PII" means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites and university listings. This type of information is considered to be public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source that, when combined with other available information, could be used to identify an individual.

"Predetermined rate" means an indirect cost rate, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

"Prior approval" or "Prior written approval" means an authorization by one party, provided in writing to another party, to proceed in a specified manner.

"Private award" means an award from a person or entity other than a State or federal entity or federal PTE. Private awards are not subject to GATA.

"Program income" means gross income received by the awardee directly generated by a supported activity, or earned only as a result of the federal award during the period of performance, except as provided in UR section 200.307(f) or

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Section 7000.120(c)(4) of this Part, as applicable (also see the definition of period of performance). "Program income" includes, but is not limited to, income from:

fees for services performed;

the use or rental of real or personal property acquired under State, federal or federal PTE awards;

the sale of commodities or items fabricated under a State, federal or federal PTE award;

license fees and royalties on patents and copyrights; and

principal and interest on loans made with State, federal or federal PTE award funds.

Interest earned on advances of State, federal or federal PTE award funds is not program income. Except as otherwise provided in State or federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts or interest earned on any rebates, credits or discounts.

"Project cost" means total allowable costs incurred under an award and all required cost sharing and voluntary committed cost sharing, including third-party contributions.

"Property" means real property or personal property.

"Protected Personally Identifiable Information" or "Protected PII" means an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, the following:

social security number;

passport number;

credit card numbers;

security clearances;

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bank numbers;

biometrics;

date and place of birth;

mother's maiden name;

criminal, medical and financial records; and

educational transcripts.

"Protected PII" does not include PII that is required by law to be disclosed.
(See also the definition of Personally Identifiable Information.)

"Provisional rate" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on State, federal or federal PTE awards pending the establishment of a final rate for the period.

"Public institutions of higher education" means *the University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, and the public colleges of the State* (Section 1 of the Board of Higher Education Act).

"Questioned cost" means a cost that is questioned by the auditor because of an audit finding:

That resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a State or federal award, including for funds used to match State or federal funds;

When the costs, at the time of the audit, are not supported by adequate documentation; or

When the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

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"Real property" means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

"Recipient" means an entity that receives a State or federal award directly from a State or federal agency to carry out an activity under an award program.

"Recipient" does not include subrecipients. (See the definition of non-federal entity.)

"Research and development " or "R&D" means all research activities, both basic and applied, and all development activities that are performed by awardees. The term "research" also includes activities involving the training of individuals in research techniques when these activities utilize the same facilities as other research and development activities and when these activities are not included in the instruction function. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied.

"Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems or methods, including design and development of prototypes and processes.

"SAM" means the federal System for Award Management (<https://www.sam.gov>). Illinois utilizes SAM.gov as the federal clearing house for qualification verification of potential awardees.

"SAIN" means the unique State award identification number assigned to each State award. The SAIN is system generated through the CSFA.

"Simplified acquisition threshold" means the dollar amount below which an awardee may purchase property or services using small purchase methods. Awardees adopt small purchase procedures to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by 48 CFR subpart 2.1 (Definitions) and adjusted for inflation in accordance with 41 USC 1908. The current simplified acquisition threshold for federal and federal PTE awardees is \$150,000. . The simplified acquisition threshold is applicable to local government and non-profit awardees receiving direct federal funding or federal pass-through funding. State agencies and awardees receiving State funding are subject to the State Procurement Act. (See the definition of micro-purchase

"Single Audit Act" means the federal Single Audit Act Amendments of 1996.

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"Special purpose equipment" means equipment that is used only for research, medical, scientific or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments and spectrometers.

"Specific legislation" means both legislation that has already been introduced in a legislative body and a specific legislative proposal that an organization either supports or opposes. In the case of a referendum, ballot initiative, constitutional amendment, or other measure that is placed on the ballot by petitions signed by a required number or percentage of voters, an item becomes "specific legislation" when the petition is first circulated among voters for signature.

"State agency" means an Illinois executive branch agency that is authorized to issue awards of State funds or awards of federal funds as a PTE. For purposes of GATA, "State agency" does not include public institutions of higher education.

"State cognizant agency" or "SCA" means the State grantmaking agency designated to carry out the responsibilities described in UR sections 200.513 (Responsibilities), 200.205 (awarding agency review of risk posed by applicants), 200.207 (specific conditions for the fiscal and administrative risk assessment) and 200.213 (suspension and debarment), and appendices III through VII and IX to part 200, and GATA Section 25(6) (recipient/subrecipient prequalification requirements). The State of Illinois uses these State cognizant agencies as the State cognizant agencies for audit, indirect cost, prequalification and fiscal and administrative risk assessment. A list of State cognizant agencies can be found on GOMB's internal GATA Implementation website.

"State fiscal year" means the period beginning on July 1 and ending on June 30.

"State grant" means:

the State financial assistance that an awardee receives directly from a State grantmaking agency or indirectly from a PTE; or

the instrument setting forth the terms and conditions when the instrument is the Grant Agreement, Cooperative Agreement or other agreement for assistance.

"State grant" does not include contracts issued pursuant to the Illinois Procurement Code that a State agency uses to buy goods or services from a

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contractor or a contract to operate State government-owned, contractor-operated facilities. (See also definitions of financial assistance, Grant Agreement and Cooperative Agreement.)

"State grant date" means the date that the State grant is signed by the authorized official of the State grantmaking agency.

"State grantmaking agency" means a State agency that provides a State funded grant (award) or a federal pass-through award to an awardee. "State grantmaking agency has the same meaning as "State awarding agency".

"State interest" means the acquisition or improvement of real property, equipment or supplies under a State award, the dollar amount that is the product of the State share of the total project costs and current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.

"State program" means all State awards that are assigned a single number in the CSFA or a cluster of programs.

"State share" means the portion of the total project costs that are paid by State funds.

"State Staff Inquiry Screen" means the intranet-based, centralized system used internally by the State of Illinois to manage pre- and post-award requirements of awardees

"Strategic objective" means a goal that reflects the outcome or management impact a grantmaking agency is trying to achieve and generally includes the agency's role. Each objective is tracked through a suite of performance goals and other indicators. Strategic objectives and performance goals should facilitate prioritization and assessment for planning, management, reporting and evaluation purposes. Agencies should use strategic objectives to help decide which indicators are most valuable to provide leading and lagging information, monitor agency operations, show how employees contribute to the organization's mission, determine needed program evaluation, communicate agency progress, and consider the impact of external factors on the agency's progress. The set of all agency strategic objectives should be comprehensive of all agency activity. Objectives are usually outcome-oriented; however, management and other

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objectives may be established to communicate the breadth of agency efforts. Federal OMB Circular A-11 (see https://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/s200.pdf) divides strategic objectives into 3 categories:

Mission Focused. A type of strategic objective that expresses more specifically the path an agency plans to follow to achieve or make progress on a single strategic goal.

Mission Focused (Crosscutting/Other). A type of strategic objective that is not directly tied to a single strategic goal, but may be tied to several or none. In some circumstances, agencies perform statutory or crosscutting activities that are not closely tied to a single strategic goal.

Management Focused. A type of strategic objective that communicates improvement priorities for management functions such as strategic human capital management, information technology, or financial stewardship. Often management objectives support more than one strategic goal.

"Student Financial Aid" or "SFA" means federal awards under those programs of general student assistance, such as those authorized by Title IV of the Higher Education Act of 1965, as amended, that are administered by the United States Department of Education and similar programs provided by other federal agencies. "Student Financial Aid" does not include federal awards under programs that provide fellowships or similar federal awards to students on a competitive basis or for specified studies or research. Individual direct recipients are not subject to the controls required by this Part.

"Subgrant" means a grant or award made to a first tier awardee pursuant to terms of the grant agreement. Terms of the grant agreement may specify that the primary grantee will utilize another party through a subgrant to carry out part of the State grant received by the grantee. "Subgrant" does not include payments to a contractor or payments to an individual who is a beneficiary of a State program. A "subgrant" may be provided through any form of legal agreement, including an agreement that the grantee considers a contract. In this Part, the term "subaward" is used interchangeably with "subgrant".

"Subrecipient" means a first tier awardee that directly receives State or federal pass-through funding under the terms of an executed grant agreement. "Subrecipient" does not include an individual who is a beneficiary of the

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program. A "subrecipient" may also be a recipient of other State or federal awards directly from a State or federal awarding agency.

"Supplies" means all tangible personal property other than those described in the definition of equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the awardee for financial statement purposes or \$5,000, regardless of the length of its useful life. (See the definitions of computing devices and equipment.)

"Suspension" means a post-award action by the State or federal agency or PTE that temporarily withdraws the State or federal agency's or PTE's financial assistance sponsorship under an award, pending corrective action by the awardee or subrecipient or pending a decision to terminate the award.

"Termination" means the ending of a federal or federal PTE award or State grant, in whole or in part, at any time prior to the planned end of the period of performance.

"Third-party in-kind contributions" means the value of non-cash contributions (i.e., property or services) that benefit a State- or federally-assisted project or program and are contributed by non-federal third parties, without charge, to an awardee under a State or federal award.

"Total compensation" means the cash and noncash dollar value earned by the executive during the grantee's or subrecipient's preceding fiscal year and includes the following: salary and bonus; awards of stock, stock options and stock appreciation rights; earnings for services under non-equity incentive plans; and change in pension value.

"Unallowable cost" means a cost specified by law or regulation, federal cost principles, or the terms and conditions of an award that may not be reimbursed under a Grant or Cooperative Agreement.

"Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards" or "Uniform Requirements" or "UR" means those rules applicable to grants contained in 2 CFR 200.

"Unliquidated obligations" means, for financial reports prepared on a cash basis, obligations incurred by the awardee that have not been paid (liquidated). For

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reports prepared on an accrual expenditure basis, these are obligations incurred by the awardee for which an expenditure has not been recorded.

"Unobligated balance" means the amount of funds under a State or federal award that the awardee has not obligated. The amount is computed by subtracting the cumulative amount of the awardee's unliquidated obligations and expenditures of funds under the State or federal award from the cumulative amount of the funds that the State or federal awarding agency or PTE authorized the awardee to obligate.

"USC" means the United States Code.

"Voluntary committed cost sharing" means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the award on the part of the awardee and that becomes a binding requirement of the award. [30 ILCS 708/15]

Section 7000.40 Incorporations and Referenced Materials

- a) References to Federal Statutes
 - 1) Cash Management Improvement Act (31 USC 1)
 - 2) Federal Funding Accountability and Transparency Act (FFATA) (31 USC 6101)
 - 3) Federal Grant and Cooperative Agreement Act (31 USC 6301)
 - 4) Freedom of Information Act (FOIA) (5 USC 552)
 - 5) Higher Education Act of 1965, Title IV (20 USC 1070 through 1099d)
 - 6) Improper Payments Elimination and Recovery Act of 2012 (31 USC 3321 note)
 - 7) International Organizations Immunity Act (22 USC 288)
 - 8) Internal Revenue Code (26 USC)
 - 9) Simplified Acquisition Procedures: Inflation adjustment of acquisition-related dollar thresholds (41 USC 1908)

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- 10) Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 (31 USC 7501)
- b) References to Illinois Statutes
- 1) Grant Accountability and Transparency Act [30 ILCS 708] (Act or GATA)
 - 2) Fiscal Control and Internal Auditing Act [30 ILCS 10]
 - 3) Freedom of Information Act (FOIA) [5 ILCS 140]
 - 4) Illinois Grant Funds Recovery Act (GFRA) [30 ILCS 705]; Section 15.1 creates the Illinois Single Audit Commission
 - 5) Illinois State Auditing Act [30 ILCS 5]
 - 6) Board of Higher Education Act [110 ILCS 205]
 - 7) Illinois Procurement Code [30 ILCS 500]
 - 8) State Property Control Act [30 ILCS 605]
 - 9) Illinois State Collection Act of 1986 [30 ILCS 210]
 - 10) State Budget Law [15 ILCS 20]; Section 50-25 creates Budgeting for Results
 - 11) Rights of Crime Victims and Witnesses Act [725 ILCS 120]
 - 12) Department of Human Services Act [20 ILCS 1305]
 - 13) Grant Information Collection Act [30 ILCS 707]
 - 14) Intergovernmental Cooperation Act [51 ILCS 220]
- c) Incorporations by Reference
- 1) Federal Regulations

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- A) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200 (December 26, 2014)):
- i) 2 CFR 200 Subpart B – General Provisions except for:
 - With respect to section 200.203(6)(b) the timeframe shall be 45 calendar days;
 - Section 200.204 requires that an appeal must be described and incorporated with the merit-based review process;
 - Under section 200.205, a risk based approach as described in subsection (c) shall be used; and
 - Section 200.210 contains State related references.
 - ii) 2 CFR 200 Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
 - iii) 2 CFR 200 Subpart D – Post-Federal Award Requirements except for:
 - In section 200.308(e), add that the State grantmaking agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for State and federal pass-through awards in which the State share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of those transfers exceeds or is expected to exceed 10% per detail line item or \$1,000, whichever is greater, of the total budget as last approved by the State grantmaking agency. The State grantmaking agency cannot permit a transfer that would cause any State appropriation to be used for purposes other than those consistent with the appropriation.

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- In section 200.336, add that any entity of the State, including but not limited to the State grantmaking awarding agency, the Auditor General, the Attorney General, any Executive Inspector General, and the Inspector General of the State grantmaking agency, as applicable, or any of the authorized representatives, must have the right of access to any documents, papers or other records of the awardee that are pertinent to the State award in order to make audits, examinations, excerpts and transcripts. This right also includes timely and reasonable access to the awardee's personnel for the purpose of interview and discussion related to these documents.
- iv) 2 CFR 200 Subpart E – Cost Principles
- v) 2 CFR 200 Subpart F – Audit Requirements
- vi) 2 CFR 200 Appendix I – Full Text of Notice of Funding Opportunity
- vii) 2 CFR 200 Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- viii) 2 CFR 200 Appendix III – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
- ix) 2 CFR 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
- x) 2 CFR 200 Appendix V – State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans
- xi) 2 CFR 200 Appendix VI – Public Assistance Cost Allocation Plans

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- xii) 2 CFR 200 Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals
 - xiii) 2 CFR 200 Appendix VIII – Nonprofit Organizations Exempted from Subpart E – Cost Principles
 - xiv) 2 CFR 200 Appendix IX – Hospital Cost Principles
 - xv) 2 CFR 200 Appendix X – Data Collection Form (Form SF-SAC)
 - xvi) 2 CFR 200 Appendix XI – Compliance Supplement
- B) Cost Accounting Standards (48 CFR 9904 (2014))
 - C) Federal Acquisition Regulations System (FAR) (48 CFR 1 (2014))
 - D) Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements (37 CFR 401 (2013))
 - E) Rules and Procedures for Efficient Federal-State Funds Transfers (31 CFR 205)
- 2) "Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs", Office of Management and Budget, Memorandum M-01-06 (2001)
 - 3) Government Auditing Standards (also known as "GAGAS" or the "Yellow Book"), U.S. Government Accountability Office by the Comptroller General of the United States (2011 Revision) (<http://www.gao.gov/yellowbook>)
 - 4) "Internal Control Integrated Framework" (2013), Committee of Sponsoring Organizations of the Treadway Commission (COSO), available at <http://www.coso.org/ic.htm>
 - 5) "Policies for Federal Credit Programs and Non-Tax Receivables", Office of Management and Budget, Circular A-129 (2013), available at https://www.whitehouse.gov/omb/circulars_a129_rev2013

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- 6) "Preparation, Submission, and Execution of the Budget", Office of Management and Budget, Circular A-11 (2015), available at https://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/s200.pdf
- 7) "Standards for Internal Control in the Federal Government" (2014) (also known as the "Green Book"), Comptroller General of the United States, available at <http://www.gao.gov/products/GAO-14-704G>
- d) No later editions of the regulations and standards listed in subsection (c) are incorporated in this Part.

Section 7000.50 Catalog of State Financial Assistance (CSFA)

- a) The Catalog of State Financial Assistance (<http://grants.illinois.gov>) is a single, authoritative, statewide, comprehensive source document of State financial assistance program information. The CSFA contains, at a minimum, the following information:
 - 1) An introductory section that explains how to use the Catalog, suggested grant proposal writing methods, and grant application procedures;
 - 2) A comprehensive indexing system that categorizes programs by issuing agency, eligible applicant, application deadline, function, popular name and subject area;
 - 3) Comprehensive appendices showing State assistance programs that require coordination through GATA and regulatory, legislative and Executive Order authority for each program, commonly used abbreviations and acronyms, agency regional and local office addresses, and sources of additional information;
 - 4) A list of programs that have been added to or deleted from the CSFA and the various program numbers and title changes;
 - 5) Program number, title and popular name, if applicable;
 - 6) The name of the State agency or independent agency and primary organization sub-unit administering the program;

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- 7) The enabling legislation, including popular name of the Act, titles and Sections, Public Act number, and citation to the Illinois Compiled Statutes;
 - 8) The type or types of financial and nonfinancial assistance offered by the program;
 - 9) Uses and restrictions placed upon the program;
 - 10) Eligibility requirements, including applicant eligibility criteria, beneficiary eligibility criteria, and required credentials and documentation;
 - 11) Objectives and goals of the program;
 - 12) Information regarding application and grant processing; application deadlines; range of approval or disapproval time; appeal procedures; and availability of a renewal or extension of assistance;
 - 13) Assistance considerations, including an explanation of the grant formula, matching requirements, and the length and time phasing of the assistance;
 - 14) Post-assistance requirements, including any reports, audits, and records that may be required;
 - 15) Program accomplishments (if available) describing quantitative measures of program performance;
 - 16) Regulations, guidelines, and literature containing citations to the Illinois Administrative Code, the Code of Federal Regulations, and other pertinent informational materials; and
 - 17) The names, telephone numbers, and e-mail addresses of persons to be contacted for detailed program information at the headquarters, regional, and local levels.
- b) The Notice of Funding Opportunity (NOFO) shall be generated from the CSFA.
 - c) All State grants, regardless of the funding source, shall be posted through the CSFA by the State grantmaking agency.

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Section 7000.60 Program-specific Exceptions and Exemptions to UR and GATA

- a) The Uniform Guidance exception rule is stated at UR section 200.102. GATA modeled its exception process after the federal process. If the federal OMB and awarding agency has granted an exception, GATU will accept that exception.
- b) UR section 200.101 cites types of awards with exceptions to UR. All cited exceptions shall apply to federal and federal pass-through awards. If the State of Illinois funds an equivalent program, the State award will be subject to the same exceptions as the federal award it mirrors.
- c) When a grant program is listed as exempt under UR section 200.101, the State agency must review the grant-specific requirements to determine if there are additional, grant-specific rules modeled after UR.
- d) Per UR, exceptions shall not be given for UR section 200.330 through 200.332 or subpart F – Audit Requirements. All grants are subject to post-award requirements, awardee and subrecipient monitoring and management, and audit requirements.
- e) State agencies shall complete and submit a "GATA Request for Exception Form" that must include the statutory federal or State reference authorizing the exception. All exceptions must be based on statutory authority.
- f) GATU shall review all Requests for Exceptions and consult with the Governor's Compliance Office as necessary for final determination on the exception request.
- g) All exceptions shall be requested in writing from the State agency and authorized in writing by GATU in the official Notice of Exception.
- h) All federal, federal pass-through and State-funded programs in the State of Illinois will be assumed to be subject to UR and GATA unless GATU has distributed a written Notice of Exception to the requesting State agency.
- i) Based on the Notice of Exception, State agencies are required to record the exceptions in the CSFA, the NOSA and the Uniform Grant Agreement.

Section 7000.70 Grantee Qualification Status

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- a) Prior to making an award, the State grantmaking agency or PTE is required by 31 USC 3321, 41 USC 2313 and Section 25(4)(C) of the Act to review information available through any GOMB- and/or OMB-designated repositories of government-wide eligibility qualification or financial integrity information, such as:
 - 1) Federal Awardee Performance and Integrity Information System (FAPIIS);
 - 2) Dun and Bradstreet;
 - 3) Suspension and Debarment requirements (2 CFR 180); and
 - 4) GATA requirements (Section 25(6)(G), (H) and (I) of the Act).
- b) Illinois grantee registration is centralized and automated through GATU from <https://www.grants.illinois.gov/portal>.
- c) An individual representing an organization must utilize the Illinois.gov Public Authentication Portal as a cyber security check and to formally associate the individual with the organization he or she represents. Authentication is initiated from the Grantee Portal (www.grants.illinois.gov/portal).
- d) An entity must provide the following information annually to be registered with the State of Illinois as a grantee (awardee):
 - 1) Organization name and contact information;
 - 2) Federal Employee Identification Number (FEIN);
 - 3) Data Universal Numbering System (DUNS) number; and
 - 4) Organization type.
- e) Illinois prequalification is centralized and includes an automated verification through www.SAM.gov and the GATA Implementation website based on information provided during registration.
- f) Based on the information provided, the entity is "qualified" to be an awardee if it:

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- 1) has an active DUNS number;
 - 2) has an active SAM.gov account;
 - 3) has an acceptable fiscal condition;
 - 4) is in good standing with the Illinois Secretary of State, if required;
 - 5) is not on the Illinois Debarred and Suspended or Stop Payment List;
 - 6) is not on the federal excluded parties list;
 - 7) is not on the Sanctioned Party List maintained by HFS.
- g) Upon registration, the Grantee Portal will list the status of each requirement. If a status is not "good", on-line HELP will provide an explanation and a link to correct the issue. The status of all requirements must be "good" for the entity to be qualified.
- 1) If an entity is on the Federal Excluded Parties List or the State Debarred and Suspended list, the entity is "Not Qualified". There is no remediation available. The State of Illinois cannot do business with entities on the Federal Excluded Parties List or the State Debarred and Suspended list.
 - 2) If an entity is on the Illinois Stop Payment List, is not in good standing with the Illinois Secretary of State, is on the HFS Sanctioned Parties list, does not have an active DUNS number, or has an expired SAM.gov account, the entity has a temporary "Not Qualified" status, but can remediate. On-line HELP through the Grantee Portal enables the entity to self-mediate the issue.
 - 3) If an entity's verification confirmed all requirements under subsection (f) are met, the entity has a "Qualified" status.
- h) Qualified status is re-verified nightly. If the entity's status changes, an email notice is sent to the designated representative with a link to the Grantee Portal. The entity shall utilize on-line HELP to self-mediate.

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- i) Registration and prequalification is required before an organization can apply for an award. State agencies shall use the State Staff Inquiry Screen to ensure an entity is "qualified" before accepting a grant application.
- j) Local governments are responsible for determining how the governmental department or agency unit will register and prequalify. In the case of a county government, the decision should be made by the individual with the highest level of fiscal and administrative authority.
 - 1) An entity may register as a single county if the county and the departments or agency units within the county use the same FEIN and:
 - A) Have one government-wide DUNS number;
 - B) Complete one government-wide Internal Control Questionnaire; and
 - C) Complete one government-wide indirect cost rate negotiation or election.
 - 2) If it is determined that the departments should register and prequalify separately, each department must:
 - A) Have a separate DUNS number for each department or agency unit;
 - B) Utilize a registration name that includes both the name of the local government and the governmental department or agency (e.g., Sangamon County, Public Health Department);
 - C) Complete separate Internal Control Questionnaires (ICQs) for each department or agency unit; and
 - D) Complete separate indirect cost rate negotiations or elections for each department or agency unit.

Section 7000.80 Grantee Compliance Enforcement System; Illinois Stop Payment List

- a) Grantees and applicants are subject to Section 26(6)(G) through (I) of GATA, which restricts grants (awards) and Cooperative Agreements to parties that are

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debarred, suspended or otherwise deemed ineligible for participation in State grant programs or activities.

- b) GATA established a Grantee Compliance Enforcement System (the System) that outlines a statewide framework for State agencies to manage occurrences of noncompliance with grant requirements.
- c) The System shall apply to all grants that are subject to UR and GATA. (All grants are assumed to be subject to UR and GATA unless an exception or exemption was authorized by GATA on behalf of the Governor's Compliance Office in accordance with Section 7000.60(f).)
- d) GATA requires GOMB to maintain a list *that contains the names of those individuals and entities that are ineligible, either temporarily or permanently, to receive grant funds from the State.* [30 ILCS 708/10] The list, termed the Illinois Stop Payment List, is a component of the System.
- e) The Illinois Stop Payment List is an internal database available to authorized State of Illinois personnel authorized by the State agency Chief Accountability Officer (CAO). It is a central repository for cross-agency information sharing for the purpose of improving grantee risk assessment processes and enhancing fiscal management transparency.
- f) The Stop Payment List is a dynamic snapshot of awardees out of compliance with select grant management requirements. Entities on the Illinois Stop Payment List are in Stop Payment Status. Utilizing a centralized list of awardees in Stop Payment Status raises awareness of noncompliance to promote timely resolution and safeguarding of State resources.
- g) Under the System, the severity of the awardee's noncompliance issue dictates the enforcement action required by the State grantmaking agency.
 - 1) Delinquent Reporting Based on the Terms Specified in the Grant Agreement
 - A) Internal State agency protocols shall specify procedures for managing awardee submittal of required financial and performance reports. The protocol shall provide a due diligence process for State agency generated reminders to the awardee in advance of reporting due dates.

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- B) Internal State agency protocol shall allow for reporting extensions by the grantmaking agency due to extenuating circumstances. Reporting extensions must be justified in writing by the grantmaking agency. A report due date may only be extended one time.
 - C) The State grantmaking agency shall withhold payments to the entity if a report is more than 15 business days past the due date or the date specified by the State agency's rules (including approved extension). The internal State agency protocol shall include awardee notification of payment withholders within the agency.
 - D) If the report is not submitted within 30 business days after the due date or the date specified by the State agency's rules (including approved extension), the State grantmaking agency shall report the awardee on the Illinois Stop Payment List. (See Section 7000.260.)
- 2) The following occurrences of noncompliance will result in the awardee being immediately placed on the Illinois Stop Payment List:
- A) Failure to submit a required refund payment or missed payment from the payment plan within 15 business days after the due date (including approved extensions);
 - B) Failure to clear fiscal/administrative monitoring issues;
 - C) Failure to submit an audit report within 15 business days after the due date (including approved extensions);
 - D) Failure to respond to an outstanding audit report or onsite review correction action for deficiencies and material weaknesses, including payment of questioned costs;
 - E) Fact-based discretionary issues documented by the Agency Director, General Counsel, Agency's Office of the Inspector General, Chief Financial Officer, Chief of Staff or Chief Operating Officer. (See Section 7000.260.)

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- 3) In accordance with the Illinois State Collection Act of 1986, all debts under subsection (g)(2)(A) that exceed \$250 and are more than 90 days past due (including approved extensions) shall be placed on the Comptroller's Offset System. All requirements of Section 5 of the Illinois State Collection Act of 1986 shall be applied.
- h) State agencies may not execute or modify a grant to an entity on the Illinois Stop Payment List. State agencies shall refer to the State Staff Inquiry Screen or the Illinois Stop Payment List to verify that an entity is not on the Illinois Stop Payment List before entering into or modifying a Grant Agreement.
 - 1) GOMB will initiate a nightly data inquiry to compare awardee FEIN and DUNS numbers on the Illinois Stop Payment List to the Illinois Comptroller's Data Warehouse to determine if any transactions have occurred after the Stop Pay Date.
 - 2) If a payment transaction has been initiated to an entity on the Illinois Stop Payment list:
 - A) The State agency that initiated the transaction will be notified via email of the Stop Pay Status and provided a link to the awardee's Illinois Stop Payment record.
 - B) The State agency shall review the Illinois Stop Payment record and determine if the recent payment initiated by the State agency should be withheld. It is recommended that the Stop Payment Status be enforced; however, extenuating circumstances (e.g., consent decree not associated with the Illinois budget or matching requirements) may necessitate the payment.
 - C) If applicable, the State agency shall explain why the Stop Payment Status is being overridden using the Payment Justification field in the Illinois Stop Payment List. All decisions to override the Stop Payment Status must be justified in the List. The override can be valid for one payment or a period of time. The override cannot exceed the duration of the current fiscal year (including the lapse period).
 - i) Only the State agency that placed an awardee on the Illinois Stop Payment List can remove the Stop Pay Status.

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- 1) The State agency that issued the Stop Pay Status is responsible for follow-up to resolve noncompliance.
 - 2) When the noncompliance issues are resolved, the State agency that issued the Stop Pay Status shall remove the awardee from the Illinois Stop Payment List.
 - 3) Refer to Section 7000.260 (Maintenance and Use of the Illinois Stop Payment List).
- j) A Stop Pay Status is effective for 3 consecutive years. The Illinois Stop Payment List will archive all Stop Pay Statuses to document historic prior performance issues. State agencies are encouraged to consider all Stop Pay Status occurrences as part of the grantmaking or modifying process.
- k) If criminal charges are brought as a result of an initial Stop Pay Status determination, the State of Illinois will invoke the Illinois Debarred Status. In accordance with 2 CFR 180.865, the period of debarment will be based on the seriousness of the causes for the debarment. State agencies shall not do business with an entity on either federal or Illinois Debarred Status.

Section 7000.90 Auditing Standards

Following UR section 200.501 (Audit Requirements):

- a) A non-federal entity (awardee) that expends \$750,000 or more during the non-federal entity's fiscal year in federal awards (federal pass-through and direct federal funds) must have a single audit conducted in accordance with UR section 200.514. Awardee's meeting certain requirements may elect to have a program-specific audit conducted in accordance with UR section 200.507.
- b) A non-federal entity that expends less than \$750,000 during the non-federal entity's fiscal year in federal awards (federal pass-through and/or direct federal funds) from all sources is exempt from federal audit requirements for that year. These non-federal entities are not subject to the single audit requirements.
- c) Non-federal entities who expend less than \$750,000 in direct federal and federal pass-through funds from all sources are subject to the following audit requirements:

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- 1) Non-federal entities who expend \$300,000 or more in State, direct federal and federal pass-through funds, singularly or in any combination, and are not subject to the single audit:
 - A) Must have a financial statement audit conducted in accordance with Generally Accepted Government Auditing Standards; and
 - B) If deemed to be high risk based on their grantee risk profile (obtained from the Financial and Administrative Risk Assessment, the Merit-Based Review, or the Programmatic Risk Assessment):
 - i) Must have an audit conducted in accordance with GAGAS; and
 - ii) Are required to undergo either an on-site review conducted by the State cognizant agency or an agreed upon procedures engagement, paid for and arranged by the PTE(s) in accordance with UR section 200.425.
- 2) Non-federal entities who do not meet the requirements in subsection (c)(1) but have *revenues* in excess of \$300,000 (from all sources) during the awardee's fiscal year must have a financial statement audit conducted in accordance with GAGAS.
- d) For-profit Subrecipient. The PTE(s) is responsible for ensuring subrecipient compliance with established requirements. Methods to ensure compliance for State and federal awards to for-profit subrecipients may include pre-award audits, monitoring during the agreement period of performance, and post-award audits. See also UR section 200.331 (Requirements for Pass-through Entities).
 - 1) For-profit Subrecipient Audit Requirements. For-profit subrecipients who expend \$750,000 or more in direct federal and federal pass-through funds during their fiscal year are required to have a program-specific audit conducted in accordance with UR section 200.507 (Program-specific Audits).
 - A) State grantmaking agencies must provide the recipient/subrecipient the program-specific audit guide, when available.

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- B) If a program-specific guide is not available, the auditor and auditee have the same responsibilities for the program as they would have for a major program in a single audit.
- 2) For-profit subrecipients who expend less than \$750,000 in direct federal and federal pass-through funds during their fiscal year are required to follow the audit requirements in subsection (c).
- e) Single Audit and Program Specific Audit Report Submission. Single audits conducted in accordance with this Section, including any program or regulatory audit requirements, must be completed and the reporting package described in subsection (g) must be submitted by the non-federal entity (grantee / subrecipient) to the Federal Audit Clearing House, as required by UR section 200.512 and the GATA Information Warehouse, within the earlier of 30 calendar days after receipt of the auditor's reports or 9 months after the end of the non-federal entity's audit period. If the due date falls on a Saturday, Sunday or State/federal holiday, the reporting package is due the next business day.
- f) Financial Statement Audits conducted in accordance with this Section must be completed and the reporting package described in subsection (g) must be submitted by the non-federal entity to the GATA Information Warehouse within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the non-federal entity's audit period. If the due date falls on a Saturday, Sunday or State/federal holiday, the reporting package is due the next business day.
- g) Reporting package submissions must include:
 - 1) For Single Audit and Program Specific Audit submissions:
 - A) All items identified in UR section 200.512(c);
 - B) Management letters and AU 325 communication issued by the auditors, and their respective corrective action plans; and
 - C) Consolidated Year-end Financial Report with an "in relation to opinion".
 - 2) For Financial Statement Audit submissions:

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- A) Financial Statements;
 - B) Summary schedule of Prior Audit Findings;
 - C) Auditor's report;
 - D) Corrective Action Plan;
 - E) Management letters and AU 325 communications issued by the auditors, and their respective corrective action plans; and
 - F) Consolidated Year-end Financial Report with an "in relation to opinion".
- 3) For Non-Federal Entities that are not required to have an audit conducted must submit a Consolidated Year-end Financial Report.

Section 7000.95 Annual Report and 5-Year Review

- a) *Effective January 1, 2016 and each January 1 thereafter, GOMB, in conjunction with ILSAC, shall submit to the Governor and the General Assembly a report that demonstrates the efficiencies, cost savings, and reductions in fraud, waste, and abuse as a result of the implementation of GATA and this Part. [30 ILCS 708/95] GATA performance is addressed in Section 7000.400.*
- b) *GOMB shall review GATA at least once every 5 years after December 26, 2014 in conjunction with the federal review of the UR, Cost Principles, and Audit Requirements for Federal Awards as required by UR section 200.109 in order to determine whether any existing rules need to be revised or new rules adopted. [30 ILCS 708/70]*

SUBPART B: GOVERNOR'S OFFICE OF MANAGEMENT
AND BUDGET (GOMB) RESPONSIBILITIES

Section 7000.100 GOMB Responsibilities

GOMB shall execute the specific requirements and responsibilities set forth in Section 55 of the Act.

Section 7000.110 GOMB Adoption of Supplemental Rules for Multi-year Grants

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- a) The Issuance of One-Year Grants to New Applicants
 - 1) An awardee must have a minimum of 5 years of experience in administering grants (federal, State or private sources) to be eligible for a multi-year award. .
 - 2) All awardees with less than 5 years of experience in administering grants (federal, State or private sources) shall be limited to a grant term of one year.
- b) The issuance of competitive grants in 3-year terms (one-year initial term with the option to renew for up to 2 additional years).
 - 1) All grant programs that have been in existence for 5 years may utilize a multi-year award. A multi-year award is defined as a one-year grant with 2 one-year renewal options.
 - 2) Agencies shall utilize a rolling multi-year schedule to manage the administrative responsibilities of rebidding. Under eligibility terms, agencies have discretion to stagger the grant terms and subsequent renewals.

Section 7000.120 GOMB Adoption of Supplemental Rules for Grant Payment Methods

- a) The agency's grant program rules shall establish which of the State payment methods in this Section will be used.
- b) Methods of payment to awardees must minimize the time elapsing between the transfer of funds by the State Comptroller and the expenditure or disbursement by the grantee, whether the payment is made by electronic funds transfer or by issuance or redemption of checks, warrants or payment by other means.
- c) The following types of payment methods are allowed:
 - 1) Reimbursement
Reimbursement is the preferred method of transferring State and federal pass-through payment. The State agency shall process the payment for submission to the Illinois Office of the Comptroller within 30 days after

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receipt of the billing, unless the agency reasonably believes the request to be improper.

- 2) Advance Payment
 - A) The specific grant program rules may authorize the awardee to be paid in advance. Advance payment shall only be allowed if the awardee demonstrates willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and expenditure or disbursement by the awardee and financial management systems that meet the standards for fund control and accountability established in UR sections 200.302 and 327.
 - B) Advance payments shall be limited to 2 months of estimated expenses in accordance with the actual, immediate cash requirements of the awardee to carry out the purpose of the grant.
 - C) Advance payments must be reconciled to actual expenses prior to the next advance.
 - D) Utilizing the advance, the awardee shall make timely payment to any contractors in accordance with the contract provisions.
- 3) Combination of Advance Payment and Reimbursement
 - A) If the awardee cannot meet the criteria for advance payment and the State agency has determined that reimbursement is not feasible because the awardee lacks sufficient working capital, the agency may provide cash on a working capital advance basis.
 - B) The State agency shall advance cash payments to the awardee to cover estimated disbursement needs for an initial period generally reflecting the grantee's disbursing cycle. Thereafter, the agency must reimburse the grantee for its actual cash disbursements.
- 4) Use of Resources Before Requesting Cash Advance Payments
To the extent these funds are available, the awardee shall disburse funds available from program income (including repayments to a revolving

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fund), rebates, refunds, contract settlements and audit recoveries, and interest earned on these funds, before requesting additional cash payments.

- 5) Payment Withholding
 - A) Unless otherwise required by State statute, payments for allowable costs shall not be withheld at any time during the period of performance unless the conditions of Section 7000.80 apply, the awardee is determined to be "not qualified" in accordance with Section 7000.320, or one or more of the following conditions exists:
 - i) The awardee has failed to comply with the project objectives, State statutes or regulations, or the Grant Agreement; or
 - ii) The awardee is delinquent in a debt to the State of Illinois (see the Illinois State Collection Act of 1986). Under these conditions, the agency may, upon reasonable notice, inform the awardee that the awardee shall not make payments for obligations incurred after a specified date until the delinquency is corrected or the indebtedness to the State is liquidated.
 - B) If the grant is suspended and payment is withheld because of the awardee's failure to comply with the Grant Agreement, payment must be released to the awardee upon subsequent compliance. Refer to Section 7000.80 for the Grantee Compliance Enforcement System and the Illinois Stop Payment List.
 - C) A payment must not be made to an awardee for amounts to be paid to contractors that the awardee retains to assure satisfactory completion of work. The payment shall be made when the awardee actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.
- 6) Deposit of Advanced State Funds

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- A) Advance payments of State funds must be deposited and maintained in insured accounts.
- B) The State agency shall not require separate depository accounts for funds provided to a recipient/subrecipient or establish any eligibility requirements for depositories for funds provided to the awardee.
- C) The awardee shall maintain advanced funds in interest-bearing accounts, unless:
 - i) The awardee receives less than \$120,000 in State grants per year;
 - ii) The best reasonably available interest-bearing account would not be expected to earn interest of more than \$500 per year on the advanced funds; or
 - iii) The depository would require an average or minimum balance higher than expected to be maintained by the recipient/subrecipient.
- 7) Interest on Advanced Funds
Interest earned in amounts up to \$500 per year may be retained by the awardee for administrative expense. Any additional interest earned on advanced payments deposited in interest-bearing accounts shall be remitted annually to the State Treasurer. Remittances must include pertinent information of the payee and nature of payment in the memo area.

SUBPART C: STATE AGENCY RESPONSIBILITIES AND IMPLEMENTATION

Section 7000.200 State Agency Responsibilities

- a) The specific requirements and responsibilities of State agencies and non-federal entities are set forth in Section 50 of the Act.
- b) State agencies making State awards to non-federal entities must adopt rules reflecting UR subparts B through F by July 1, 2017 unless different provisions are

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required by law or an exception is granted by GATU in accordance with Section 7000.60.

- 1) In applying UR subparts D through F to State funded grants, the following terms shall have the following meanings:

<u>Terms from 2 CFR 200 Subparts B Through F</u>	<u>Application to State Funded Awards</u>
Federal awarding agency	State grantmaking agency
Non-federal entity	State grant recipient
Catalog of Federal Domestic Assistance or CFDA	Catalog of State Financial Assistance or CSFA
Federal financial assistance	State funds
Federal pass-through financial assistance	Federal pass-through
Federal statutes or regulations	State statutes or regulations

- 2) The following UR sections are applicable to State and federal pass-through grants, with the modifications listed in subsection (b)(1):

- A) Subpart B – General Provisions (all sections)
- B) Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards (all sections)
- C) Subpart D – Post-Federal Award Requirements (all sections)
- D) Subpart E – Cost Principles (all sections)
- E) Subpart F – Audit Requirements (all sections)
- F) Appendices (applicable sections)
 - i) Appendix I Notice of Funding Opportunity (Except Section E)
 - ii) Appendix II Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

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|-------|---------------|--|
| iii) | Appendix III | Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs) |
| iv) | Appendix IV | Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations |
| v) | Appendix V | State/Local Government-wide Central Service Cost Allocation Plans |
| vi) | Appendix VI | Public Assistance Cost Allocation Plans |
| vii) | Appendix VII | States and Local Government and Indian Tribe Indirect Cost Proposals |
| viii) | Appendix VIII | Nonprofit Organizations Exempted From Subpart E – Cost Principles of Part 200 |
| ix) | Appendix IX | Hospital Cost Principles |
| x) | Appendix X | Data Collection Form (Form SF-SAC) |
| xi) | Appendix XI | Compliance Supplement |
| xii) | Appendix XII | Award Term and Condition for Recipient Integrity and Performance Matters |

- c) *Each State grantmaking agency shall appoint a Chief Accountability Officer to serve as a liaison to GATU and be responsible for the State agency's implementation of, and compliance with, the UR and this Part.*

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- d) *In order to effectively measure the performance of its awardees, each State grantmaking agency shall:*
- 1) *Require its awardees to submit a Periodic Performance Report (PPR) in the format prescribed by GATU and available through the GATA Resource Library at www.grants.illinois.gov. The frequency of PPR reporting shall be specified in the executed Grant Agreement and must be at least annually.*
 - 2) *Utilize the PPR to require its awardees to relate financial data to performance accomplishments of the award and, when applicable, require awardees to provide cost information to demonstrate cost-effective practices. The awardee's performance should be measured in a way that will help the State agency to improve program outcomes, share lessons learned, and spread the adoption of promising practices; and*
 - 3) *Provide awardees with clear performance goals, indicators, and milestones through the Grant Agreement and shall establish performance reporting frequency and content to not only allow the State agency to understand the awardee's progress, but also to facilitate identification of promising practices among awardees and build the evidence upon which the State agency's program and performance decisions are made.*
- e) *Each grantmaking agency shall enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards. When applicable, the process may include a corrective action plan. The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions. [30 ILCS 708/45(g)]*
- f) *GOMB shall provide such advice and technical assistance to the State agencies as is necessary or indicated in order to ensure compliance with the Act. [30 ILCS 708/50]*
- g) *Each State agency shall submit any exception requests to GATU for approval in accordance with Section 7000.60 (Program-specific Exceptions, Exemptions to UR and GATA).*

Section 7000.210 State Agency Implementation

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- a) *State agencies shall implement the policies and procedures applicable to federal and federal pass-through awards by adopting, on or before July 1, 2017, rules for non-federal entities. The federal rules took effect for fiscal years on and after December 26, 2014, unless different provisions are required by State or federal statute or federal rule.*
- b) *The standards set forth in the Act, which affect administration of federal, federal pass-through and State awards issued by State agencies, become effective once adopted as rules by the State agencies. [30 ILCS 708/90]*

Section 7000.220 State Cognizant Agency Responsibilities and Implementation

- a) The State Cognizant Agency is the State agency that provides the most funding to the awardee based on State agency entries into the CSFA. Each awardee is assigned a State Cognizant Agency. The State Cognizant Agency assignments are recorded in the Grantee Portal and the State Staff Inquiry Screen.
- b) As defined in Section 7000.30, the State Cognizant Agency is the State grantmaking agency designed to carry out specific pre-award responsibilities associated with prequalification, fiscal and administrative risk assessment, and indirect cost rate election/negotiation.
 - 1) The State Cognizant Agency provides support as necessary to assist the applicants in completing the prequalification process. Refer to Section 7000.320.
 - 2) The State Cognizant Agency reviews and accepts submitted ICQs pursuant to Section 7000.340(d)(1).
 - 3) The State Cognizant Agency reviews and accepts indirect cost rate elections/negotiations pursuant to Section 7000.420.
 - 4) The State Cognizant Agency designates staff to serve as the Indirect Cost Rate Subject Matter Expert to support Section 7000.420.
 - 5) The State Cognizant Agency designates staff to serve as the Audit Report Review Subject Matter Expert to support Section 7000.90.

Section 7000.230 Institution of Higher Education Responsibilities and Implementation

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- a) UR and GATA requirements shall apply to awards funded by State appropriations and federal pass-through awards from a State agency to a public institution of higher education (IHEs).
- b) IHEs shall be subject to UR appendix III (Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education).

Section 7000.240 Subrecipient/Contractor Determinations

- a) An organization may concurrently receive State awards as a grantee, a subgrantee (subrecipient), and a contractor, depending on the substance of the Grant Agreement, Cooperative Agreement, Interagency Agreement or Intergovernmental Agreement between State agencies and awardee. A PTE must make case-by-case determinations of whether the entity receiving the funds is a subrecipient or contractor.
 - 1) **Subrecipient**

A subaward is for the purpose of carrying out a portion of a Grant Agreement and creates a State assistance relationship with the subrecipient. Characteristics that support the classification of the grantee as a subrecipient include the following:

 - A) Determines who is eligible to receive what State and federal pass-through assistance;
 - B) Has its performance measured in relation to whether objectives of a State or federal pass-through program were met;
 - C) Has responsibility for programmatic decision making;
 - D) Is responsible for adherence to applicable State and federal pass-through program requirements specified in the State agency's rule; and
 - E) In accordance with its Grant Agreement, uses the State and federal pass-through funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for its own benefit.
 - 2) **Contractors**

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A contract is for the purpose of obtaining goods and services for the grantee's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the awardee and a contractor are when the contractor:

- A) Provides the goods and services within normal business operations;
- B) Provides similar goods or services to many different purchasers;
- C) Normally operates in a competitive environment;
- D) Provides goods or services that are ancillary to the operation of the State and federal pass-through program; and
- E) Is not subject to compliance requirements of the State award or federal pass-through program as a result of the agreement, though similar requirements may apply for other reasons.

3) Use of Judgment in Making Determination

- A) In determining whether an agreement between a PTE and another non-federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement.
 - B) Each characteristics listed in subsection (a)(1) may not be present in all cases. The PTE must use judgment in classifying each agreement as a subaward/subgrant or a procurement contract.
- b) The Recipient Checklist for Determining if the Entity Receiving Funds as a Contractor or Subrecipient Relationship should be used to document the subrecipient vs. contractor determination. The completed Checklist should be maintained for monitoring and audit purposes as evidence of the determination.
 - c) The Checklist is available on the GATA website (www.grants.illinois.gov).

Section 7000.250 CSFA Maintenance

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- a) Per UR Subpart C, State agencies shall maintain the Catalog of State Financial Assistance (CSFA) as the State's single, authoritative, statewide comprehensive source of State financial assistance program information.
- b) State agencies shall enter data into the CSFA as follows:
 - 1) When federal, federal pass-through or State funds are received by the State agency;
 - 2) When awards are issued from the federal, federal pass-through or State funds; and
 - 3) When exceptions or exemptions are given by GATU in writing on behalf of the Governor's Compliance Office for specific grant programs (see Section 7000.60).
- c) State agencies are encouraged to establish a data transmission from the State agency's grants management system and the CSFA to automate CSFA maintenance. GOMB's Information Technology Manager (OMB.helpdesk@illinois.gov) is the point of contact for the automated data transmission.
- d) State agencies shall generate the NOFO from the CSFA. CSFA-generated NOFOs will be published on the GATA website (www.grants.illinois.gov).
- e) State agencies shall generate the NOSA from the CSFA.

Section 7000.260 Maintenance and Use of the Illinois Stop Payment List

- a) The Grant Compliance Enforcement System is described in Section 7000.80.
- b) If an awardee is not compliant with grant terms stated in Section 7000.80(g), the Grant Compliance Enforcement System shall go into effect.
 - 1) Delinquent Reporting
 - A) State agency protocols shall dictate procedures for managing financial and programmatic reporting due dates. State agencies shall apply due diligence with awardees to support the

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administration of reporting requirements stated in the executed Grant Agreement and/or subsequent amendments.

- B) State agency protocols shall establish a methodology for the State agency to withhold payments at the entity level as prescribed in Section 7000.80(g)(1).
 - i) The State agency shall have authority to override the payment hold and generate payment to the entity.
 - ii) The circumstances necessitating the override shall be documented and maintained by the State Agency.
 - C) If an outstanding report is not submitted within the timeframe stated in Section 7000.80(g)(1), the State agency shall proceed with Stop Payment Status as prescribed in Section 7000.80(g)(1).
- 2) The State grantmaking agency shall place the awardee on Stop Payment Status for other occurrences of noncompliance, in accordance with Section 7000.80(g)(2).
 - 3) The State Agency shall perform the following due diligence before adding an awardee to the Illinois Stop Payment List:
 - A) The agency shall notify the awardee in writing of the pending Stop Payment Status. The notice shall include:
 - i) Applicable grant name and number;
 - ii) The specific noncompliance issues with supporting facts (e.g., specifications of delinquency);
 - iii) Instructions for correcting the noncompliance issues;
 - iv) Contact information to inquire and/or coordinate corrective action; and
 - v) The following statement: "State agencies cannot execute or modify grants to entities on Stop Payment Status.

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Payments to entities on the Illinois Stop Payment List are subject to additional authorization."

- B) If the awardee does not respond or take corrective action to the notice of Stop Payment Status with 15 calendar days, the State agency shall put the awardee on the Illinois Stop Payment List.
- 4) The following information is required for the Illinois Stop Payment List:
- A) Awardee's FEIN;
 - B) Awardee's DUNS number;
 - C) Awardee's name;
 - D) Stop Pay Date (date the Stop Payment Status was effective);
 - E) Stop Pay Reason (applicable noncompliance issues); and
 - F) Agency Contact (name, phone number and email address of State agency personnel with knowledge of the noncompliance issue).
- 5) The State agency can add an awardee to the Illinois Stop Payment List one of 2 ways:
- A) By direct data entry into the Illinois Stop Payment List through the GATA Implementation website; or
 - B) By utilizing an automated data transfer to the Illinois Stop Payment List from the State agency's grants management system. (Automated data transfers are strongly recommended to maintain data integrity. Data transfers can be coordinated through GOMB's Information Technology Manager.)
- 6) When the noncompliance issue is resolved, the State agency that placed the awardee on the Illinois Stop Payment List can remove it from the Illinois Stop Payment List. The methodology described in subsection (b)(5) is applied to remove a grantee from the Illinois Stop Payment List.

SUBPART D: STATE AND FEDERAL PASS-THROUGH

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PRE-AWARD REQUIREMENTS

Section 7000.300 Grant, Cooperative, Interagency and Intergovernmental Agreements

- a) This Subpart applies to grants issued from State and federal pass-through funds.
- b) The State agency shall decide on the appropriate instrument for the award (i.e., Grant Agreement or Cooperative Agreement):
 - 1) Grant Agreements
A State agency shall use the Uniform Grant Agreement (see Section 7000.370) as the legal instrument reflecting a relationship between the State and an awardee when:
 - A) The principal purpose of the relationship is to transfer a thing of value to the awardee to carry out a public purpose of support or stimulation authorized by State or federal law; and
 - B) Substantial involvement is not expected between the State agency and the awardee when carrying out the activity contemplated in the Grant Agreement.
 - 2) Cooperative Agreements
A State agency shall use a Cooperative Agreement as the legal instrument reflecting a relationship between the State and a recipient when:
 - A) The principal purpose of the relationship is to transfer a thing of value to the recipient to carry out a public purpose of support or stimulation authorized by State law instead of acquiring (by purchase, lease or barter) property or services for the direct benefit or use of the State government; and
 - B) Substantial involvement is expected between the State agency and the recipient when carrying out the activity contemplated in the Cooperative Agreement.
 - 3) Interagency Agreements

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- A) A State agency shall use the Uniform Interagency Grant Agreement (UIGA) as the legal instrument reflecting a relationship between the State grantmaking agency and the awardee when:
 - i) The principal purpose of the relationship is to transfer a thing of value to the State agency awardee to carry out a public purpose of support or stimulation authorized by State or federal law; and
 - ii) Substantial involvement is not expected between the State agency and the awardee when carrying out the activity contemplated in the Grant Agreement.
- B) The UIGA should be used when issuing a grant, as defined in Section 7000.20, to another governmental entity (see the Intergovernmental Cooperation Act), such as a city, municipality, county health department, State university or State agency (whether or not under the Governor's jurisdiction).
- C) Intergovernmental Agreements that pledge support, share data or pledge a joint effort on a project and do not constitute a grant should not use the UIGA.
- D) Employment or personal services Intergovernmental Agreements should not use the UIGA.
- 4) Multiple Agreements
A State agency is not limited to establishing only one Grant Agreement and/or Cooperative Agreement between the State and an awardee on a jointly financed project involving amounts from more than one program or appropriation when different agreements would otherwise be appropriate for different parts of the project.

Section 7000.310 Public Notice of Grant Programs

- a) The State agency must notify the public of available State grants in the Catalog of State Financial Assistance (CSFA).
 - 1) The CSFA is the single, authoritative, comprehensive source of State grant program information.

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- 2) The State agency shall only issue State and federal pass-through funds based on a program included in the CSFA.
- b) For each program, the State agency must submit the following information to GATU:
- 1) Program Description – Grant program description, including its purpose, goals and measurement process;
 - 2) Program Authority – Whether the program is created at the discretion of the agency or is prescribed by State statute;
 - 3) Funding – Projected total amount and source of funds available for the program;
 - 4) General Eligibility Requirements – The statutory and regulatory standards that determine the applicant's qualification for State grants under the program;
 - 5) Auditing – Audit requirements; and
 - 6) Indirect Costs – Approved statutory indirect costs limitations and restrictions.
- c) The State agency shall provide official public notice of competitively issued grant funding opportunities through a NOFO generated from the CSFA and posted on the GATA website (www.grants.illinois.gov).
- d) The State agency shall publish the NOFO for at least 45 calendar days and no less than 30 calendar days. The State agency may request an exception to the NOFO posting timelines from GOMB due to extenuating circumstances.
- e) The NOFO shall be produced on a uniform, statewide template (see the GATU website). This information shall precede the text of the announcement. It shall disclose the information required under UR section 200.203 and shall reflect the additional State requirements of Section 30 of the Act. The following are some of the types of information required by UR section 200.203 and GATA Section 30:
- 1) State Agency Name;

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- 2) Grant Program Title;
 - 3) Announcement Type (i.e., initial announcement or modification of a previous announcement);
 - 4) Funding Opportunity Number (assigned through the CSFA NOFO process);
 - 5) Catalog of State Financial Assistance (CSFA) Number and Title;
 - 6) Catalog of Federal Domestic Assistance (CFDA) Numbers (if applicable);
 - 7) Estimated Total Program Funding;
 - 8) Source of Funding;
 - 9) Cost Sharing or Matching Requirement;
 - 10) Approved Statutory Indirect Cost Limitations and Restrictions;
 - 11) Key Dates, including:
 - A) Due dates for applications and for any letters of intent or pre-applications;
 - B) Date when program application materials will be available (if applicable); and
 - C) Date for technical assistance session (if applicable); and
 - 12) Any additional information deemed necessary by the State agency.
- f) In compliance with UR section 200.203, the State agency shall include the following information in the full text of the grant announcement:
- 1) Full programmatic description of the funding opportunity;

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- 2) State grant information, including sufficient information to help an applicant make an informed decision about whether to submit an application;
 - 3) Specific eligibility information, including any factors or priorities that affect an applicant's eligibility for selection;
 - 4) Application preparation and submission information, including the applicable submission date and time;
 - 5) Application review information, including the standards and process to be used to evaluate applications;
 - 6) State grant administration information, including prior approval requirements;
 - 7) Restrictions on pre-award costs (UR section 200.209 and 2 CFR 458; GATA Section 25(4)(f)); and
 - 8) Any specific terms of, and conditions on, the grant.
- g) GATU shall provide technical assistance to promote State agency compliance with requirements for public notice of grant programs and grant announcements for State and federal pass-through awards.
 - h) State agencies shall utilize the NOFO and the announcement of the grant program to communicate all relevant State requirements and conditions of the pending grant award.
 - i) State agencies shall utilize the Uniform Grant Agreement or the Uniform Interagency Agreement to communicate all relevant State requirements and conditions for the grant award.
 - j) Awardees are responsible for complying with all requirements of the statute authorizing the grant, this Part, the rules of the specific grant program, and the Grant Agreement.

Section 7000.320 Grantee Registration and Pre-qualification

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- a) All requirements of Section 7000.70 (Grantee Qualification Status) apply to State and federal pass-through awards.
- b) Regardless of the source of funding (federal pass-through or State), all grantees are required to register with the State of Illinois, complete a prequalification process, and be determined "qualified" as described in Section 7000.70.
- c) Qualification verification is performed annually based on a completed registration and nightly thereafter through an automated verification conducted by GOMB. Notification of a change in qualified status shall be communicated through the Grantee Portal and the State Staff Inquiry Screen.

Section 7000.330 Uniform Grant Application and Budget Template

- a) Unless an exception has been granted and documented in the agency's administrative rules and the CSFA, State agencies shall use the uniform grant application template provided by GATU and available through the GATA Resource Library at www.grants.illinois.gov.
- b) The uniform grant application shall include a standard Agency Completed Section and a standard Grantee Completed Section.
- c) The completed application template serves as the transmittal for the agency required documentation that must be submitted to apply for grant funding. Each grant application is available from the NOFO (see Section 7000.310) provided through the publicly accessible CSFA.
- d) Unless an exception has been documented in the agency's administrative rules and the CSFA, State agencies shall use the uniform budget template provided by GATU and available through the GATA Resource Library at www.grants.illinois.gov.
 - 1) Illinois' uniform budget template was modeled after the federal budget template (SF-524).
 - 2) The budget template includes major line items and may be modified for additional grant-specific budget lines. Grantmaking agencies should format the template with the applicable line items before the template is released as part of the grant application.

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- 3) The uniform budget template was designed as a compliant format with State agency flexibility. A budget template guide in the Resource Library of the GATU website provides guidance on budget template modification.
- e) Unless otherwise required by State and Federal statute, as part of the application process, the State agency shall require the award applicant to submit mandatory disclosures, certifications and representations required by State and federal statutes or regulations.
- f) **Conflict of Interest**
State agency staff and award applicant must not have any conflicts of interest or apparent conflicts of interest that may impair the fairness and impartiality of the grant process. Authoritative sources and guidance regarding conflict of interest and financial disclosure are provided through the GATA Resource Library at www.grants.illinois.gov.
- 1) **Applicant Responsibilities**
 - A) Applicants shall disclose, in a timely manner and in writing, to the grantmaking State agency:
 - i) All real or potential conflicts of interest related to the issuance or execution of the award; and
 - ii) All violations of State or federal criminal law involving fraud, bribery or gratuity violations potentially affecting the award.
 - B) Applicants must comply with disclosure requirements specified in Section 60(a)(5) of the Act.
 - C) Applicant failure to make the required disclosures may result in remedial actions, including:
 - i) Temporary withholding of cash payments pending correction of the deficiency or more severe enforcement action by the grantmaking State agency;

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- ii) Disallowance of (i.e., denial of both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance;
 - iii) Whole or partial suspension or termination of the award;
 - iv) Initiation of suspension or debarment proceedings under 2 CFR 180. In the case of a PTE, the State agency may recommend that such a proceeding be initiated by the federal awarding agency;
 - v) Withholding further awards for the project or program; or
 - vi) Taking any other remedial action that may be legally available.
- 2) State Agencies
Unless prohibited by federal and/or State statutes or regulations, each State grantmaking agency or PTE is authorized to require the awardee to submit certifications and representations required by federal and State statute or regulations on an annual basis. Submissions may be required more frequently if the awardee fails to meet a requirement of a State or federal pass-through award.

Section 7000.340 Grantee Risk Assessments – Financial and Administrative (ICQ) and Programmatic

- a) Risk Posed by Applicants
 - 1) Review of Existing Recipient Information
 - A) For a grant applicant who is a prior awardee, the State agency shall review available information on the awardee's prior performance.
 - B) The State agency shall look for information that demonstrates a satisfactory record of executing programs or activities under federal and/or State awards, Cooperative Agreements, or procurement awards, as well as integrity and business ethics.

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- C) With written GATU approval, the State agency may issue a grant to an awardee that does not fully meet these standards if it determines that the nonattainment is not relevant to the current State grant under consideration or there are specific conditions that can appropriately mitigate the effects of the applicant's risk.
- 2) In evaluating risks posed by applicants, the State agency must use a risk-based approach that considers, at a minimum, the following criteria:
- A) Financial stability;
 - B) Quality of management systems;
 - C) History of performance. The applicant's record in managing State grants or federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous grants/awards, and, if applicable, the extent to which any previous amounts will be expended prior to future grants;
 - D) Reports and findings from audits performed on prior grants/awards;
 - E) The applicant's ability to effectively implement statutory, regulatory or other requirements imposed on awardees; and
 - F) Other information. The State agency must also evaluate the risks posed by applicants discerned during the application process.
- 3) If the State agency determines that a State award issued notwithstanding the risks posed, the agency shall establish in the Grant Agreement specific conditions, corresponding to the degree of risk assessed, that reduce this risk. The program rules for the specific grant shall list the specific risk assessment criteria to be used. The grant announcement shall cross-reference this information.
- b) The UR identifies the risk assessment as a pre-award requirement best practice.
 - c) Formula-funded, federally mandated and legislatively mandated awards are subject to risk assessment unless the terms of funding explicitly exclude a risk

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assessment. A risk assessment exception must be approved by GATU and recorded in the CSFA pursuant to Section 7000.60.

- d) There are 2 types of risk assessments: Financial and Administrative Risk Assessment and Programmatic Risk Assessment.
- 1) Financial and Administrative Risk Assessment. An automated Internal Control Questionnaire (ICQ) is used to review past performance of fiscal and administrative conditions on prior awards and the applicant's ability to conform with federal and State statutory requirements. The ICQ centralizes the fiscal and administrative risk assessment.
- A) An entity is required to complete the ICQ once annually. All State agencies utilize the ICQ results.
- B) The ICQ is a pre-award requirement. The timing of the ICQ is dependent on when the entity applies for State fiscal year funding.
- C) The entity initiates the ICQ from the Grantee Portal (www.grants.illinois.gov/portal).
- D) ICQ automation scores the questionnaire and assigns suggested specific conditions in response to the risk profile.
- E) The State Cognizant Agency approves the risk profile and the subsequent specific conditions. All agencies issuing awards to the entity will apply the specific conditions resulting from the ICQ risk assessment.
- F) Local governmental agencies that register and prequalify separately from the controlling local government must complete the ICQ at the agency level.
- i) Governmental agencies must have a unique DUNS number but the same FEIN as the highest level of local government to be eligible to register separately.
- ii) Separate ICQs may be appropriate if governmental agencies are independent in their fiscal and administrative responsibility and reporting structure.

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- iii) Specific conditions described in subsection (e) would apply to each ICQ.
- 2) Programmatic Risk Assessment. Program-specific risk assessments evaluate the entity's ability to successfully carry out the terms of a specific program. The assessment is customized based on the NOFO terms and the unique requirements of the grant.
 - A) An entity is required to complete the programmatic risk assessment as part of the application process.
 - B) The grantmaking agency distributes the customized programmatic risk assessment questionnaire to applicants that have met all other qualifications for an award.
 - C) The grantmaking agency scores the completed programmatic risk assessment questionnaire and applies the specific conditions in response to the risk profile.
 - D) The grantmaking agency approves the risk profile and the subsequent specific conditions. The specific conditions are applied to the Grant Agreement.
- e) Specific Conditions
 - 1) Within the Grant Agreement, the State agency shall impose additional specific grant conditions when:
 - A) It determines, pursuant to subsection (d), that the applicant presents a significant amount of risk resulting from a significant deficiency and/or material weakness identified by the pre-award process;
 - B) An applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a State grant or federal award;
 - C) An applicant or recipient fails to meet expected performance goals described in the Grant Agreement; or

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- D) An applicant or recipient is otherwise judged to be not responsible.
- 2) Additional State grant conditions may include items such as the following:
- A) Requiring payments as reimbursements rather than advance payments;
 - B) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within any timeframes established by the Grant Agreement;
 - C) Requiring additional, more detailed financial reports;
 - D) Requiring additional project monitoring;
 - E) Requiring the awardee to obtain technical or management assistance; or
 - F) Establishing additional prior approvals.
- 3) The State grantmaking agency or PTE will utilize the NOSA to notify the applicant regarding specific conditions as follows:
- A) The nature of the additional requirements;
 - B) The reason why the additional requirements are being imposed;
 - C) The nature of the action needed to remove the additional requirements, if applicable;
 - D) The time allowed for completing the actions, if applicable; and
 - E) The method for requesting reconsideration of the additional requirements imposed.
- 4) Awardees should utilize the Grantee Request to Remove a Specific Condition form when corrective action has been fully implemented. This form is available from the GATA Resource Library (www.grants.illinois.gov).

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- 5) In response to the awardee's request to remove a specific condition via the Grantee Request to Remove a Specific Condition, the applicable State agency will remove any specific conditions promptly once the agency Director or designee determines that the issues have been corrected.
 - A) If the specific condition pertains to the ICQ risk assessment, the request must be reviewed by the State Cognizant Agency. The State Cognizant Agency shall determine if the implemented corrective action is sufficient and shall utilize the State Staff Inquiry Screen to remove the condition, if applicable.
 - B) If the specific condition pertains to a programmatic risk assessment or the merit-based review, the request must be reviewed by the State agency that issued the condition. The agency that issued the condition will determine if the implemented corrective action is sufficient and utilize the State Staff Inquiry Screen to remove the condition, if applicable.

Section 7000.350 Merit Based Review of Grant Application

- a) A merit based application review is required for competitive (discretionary) Grant and Cooperative Agreements, unless prohibited by State or federal statute. This process must be described or incorporated by reference in the applicable NOFO.
- b) If there is a multi-phase review process, the applicable NOFO must describe the phases.
- c) Pursuant to UR section 200.204, state agencies shall follow the uniform Merit Based Review Policy developed by GATU and available through the GATA Resource Library at www.grants.illinois.gov.
- d) As described in Section C of the Merit Based Review Policy, the merit based review must include the following evaluation criteria: need, capacity and quality. Additional parameters and criteria can be incorporated based on grant and agency requirements.
- e) The merit based review shall be conducted by committee as described in Section D(5) of the Merit Based Review Policy. Evaluation committee members are required to sign the Merit Based Review Confidentiality Agreement and Conflict

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of Interest Disclosure forms available through the GATA Resource Library at www.grants.illinois.gov.

- f) The Merit Based Review Policy includes an appeal process by which applicants can appeal the review process. Pursuant to Section F of the Merit Based Review Policy, competitive grant appeals are limited to the evaluation process. Evaluation scores may not be protested. Only the evaluation process is subject to appeal.
- g) State agencies shall maintain a file of the grantmaking process that includes the written determination of grant issuance, grant application and requirements. The grant file shall be available for audit-related purposes.
- h) State agencies may impose specific conditions on the awardee based on the merit based review (see Section 7000.340(e) (Specific Conditions)).

Section 7000.360 Notice of State Award (NOSA)

- a) Prior to a State agency issuing a grant (award), the State agency must verify that there are no outstanding pre-award requirements. This includes verification of qualification, acceptance of risk assessments, approved budget, conflict of interest disclosures, and required certifications. All outstanding pre-award requirements must be resolved before a NOSA can be issued.
- b) If there are no outstanding requirements, the State grantmaking agency must issue a NOSA through the CSFA to comply with federal requirements.
- c) The NOSA shall communicate:
 - 1) Grant funding terms, including the source of funds;
 - 2) Grant terms and conditions (including corresponding citations) specified by the funder, the State of Illinois, the grantmaking agency, and the terms of the specific grant program;
 - 3) Specific conditions associated with the risk assessments and the merit based review, if applicable; and
 - 4) That the application budget has been approved.

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- d) The State grantmaking agency shall release the NOSA to the applicant from the CSFA. The applicant shall receive the NOSA through the Grantee Portal.
- e) The applicant shall review the NOSA and determine whether it will accept the specified terms of the award. .
 - 1) If the applicant accepts the NOSA, it is agreeing to all specified terms and conditions. Applicant acceptance triggers notification to the grantmaking agency. The CSFA will flag the NOSA as "accepted".
 - 2) If the applicant denies the NOSA, it is refusing to accept the specified terms and conditions. Applicant denial triggers notification to the grantmaking agency. The CSFA will flag the NOSA as "denied". The grantmaking agency should contact the applicant to discuss the denial decision.
 - A) If an incorrect response to the ICQ triggered a specific condition, the grantmaking agency shall notify the State Cognizant Agency. The State Cognizant Agency shall release the ICQ to the organization for correction and resubmittal. If the updated ICQ alters the risk profile of the organization and changes the specific conditions for the organization, an updated NOSA shall be generated by the grantmaking agency and submitted to the applicant.
 - B) If the ICQ responses appear valid, the grantmaking agency may need to clarify capacity building necessary in the specified area and the process under which specific conditions can be removed (see Section 7000.340(e) (Specific Conditions)).
- f) Upon applicant acceptance of the NOSA, the grantmaking agency shall initiate the Grant Agreement following the State agency's protocol.

Section 7000.370 Uniform Grant Agreement

- a) A State agency issuing a grant shall enter into a Grant Agreement with the awardee before any grant funds are transmitted to that recipient/subrecipient. The Grant Agreement must include the following:
 - 1) Awardee Information

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- A) Name (which must match the name associated with the awardee's DUNS number);
 - B) Awardee's DUNS number.
- 2) Agency Information
- A) Name of State agency;
 - B) Contact information for the awarding official specified in the NOFO;
 - C) Program under which the grant is being issued.
- 3) Grant Information
- A) CSFA number and name;
 - B) Unique State award identification number (SAIN);
 - C) Project description;
 - D) Type of grant;
 - E) Award date;
 - F) Period of performance start and end date;
 - G) Amount of the grant, contingent upon available appropriations;
 - H) Total amount of State or federal pass-through funds allocated;
 - I) Estimated budget (funding provided by the State grantmaking agency) approved by the State grantmaking agency;
 - J) Indirect cost rate for the State or federal pass-through award (including if the de minimis rate is charged or if there is a statutory limitation imposed by the funding agency);

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- K) Approved cost share or match, if applicable;
 - L) Identification of whether the award is for research and development; and
 - M) Any funds the agency may be authorized by statute to retain as its administrative expenses, citing the specific statutory authority.
- 4) General Terms and Conditions. State agencies must include in the Grant Agreement, as applicable, the following general terms and conditions, either by actual inclusion or by cross-reference:
- A) Administrative requirements implemented by the State agency by rule;
 - B) State policy requirements, including State statutes or regulations that apply; and
 - C) Recipient integrity and performance matters.
- 5) Agency, Program or Grant Specific Terms and Conditions. The Grant Agreement shall include any terms and conditions necessary to communicate requirements that are specific to the grant, grant program or awardee, including citations to any relevant CFR or Illinois Administrative Code provisions, and other regulatory information.
- 6) Grant Performance Goals
- A) The State agency shall indicate the timing and scope of expected performance by the awardee as related to the outcomes the program is intended to achieve.
 - B) When appropriate, the Grant Agreement shall include specific performance goals, indicators, milestones or expected outcomes, with an expected timeline for accomplishment.
- 7) Reporting requirements shall be clearly articulated so that they create a standard against which awardee performance can be measured. The State agency may include program-specific requirements, as required to meet

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agency strategic goals and objectives or performance goals that are relevant to the grant program.

- 8) Any other information that enables the State agency to adequately monitor the conduct of the awardee under the Grant Agreement and ensure adherence to the terms of the grant.

b) Revision of Budget and Program Plans

- 1) The approved budget for the State grant included in the Grant Agreement may include either the State and non-State share or only the State share, depending upon the specific State agency rules. The budget shall relate clearly to project or program performance.

- 2) An awardee shall not deviate from the budget, project scope, or objective stated in the Grant Agreement except with mutual agreement of the State grantmaking agency and the awardee. However, some revisions and deviations shall not be made without prior approval of the State grantmaking agency as required by subsection (b)(3).

3) Revisions – Nonconstruction Grant Agreements

- A) Mandated Prior Approval. For nonconstruction grants, the awardee shall request prior approval from the State agency for any of the following program or budget-related reasons:

- i) Change in the scope or the objective of the project or program (even if there is no associated budget revision).
- ii) Change in a key person specified by the recipient/subrecipient in the application or the Grant Agreement.
- iii) Disengagement from the project for more than 3 months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator.
- iv) Transfer of funds budgeted for participant support costs.

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- v) Unless described in the application and funded by the Grant Agreement, a subgrant transferring or contracting out of any work under a State award, including a fixed amount subgrant. This provision does not apply to the acquisition of supplies, material, equipment or general support services.
 - vi) Changes in the approved awardee cost-share or match.
 - vii) The need arises for additional State funds to complete the project.
- B) Prior Approval at the State Agency's Discretion
- i) If the State agency determines that additional prior approvals are needed to guarantee the integrity of a grant program, prior approval can be required in the program rules if universally applicable or in the Grant Agreement if awardee specific.
 - ii) If the State agency determines that granting blanket approval of additional revisions in or deviations from the budget, project scope or objective stated in a nonconstruction Grant Agreement is warranted and will cause no threat to the integrity of the grant program, the agency shall include those policies in its grant program rules if universally applicable or in the Grant Agreement if awardee specific.
 - iii) No discretionary prior approval shall be required without GATU approval.
- C) Transfer of Funds
- i) The State agency may, in its program rules or a specific Grant Agreement, allow transfer of funds among direct cost categories or programs, functions and activities if the cumulative amount of these transfers does not exceed 10% of the detail line or \$1,000, whichever is greater.

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- ii) The agency shall not permit a transfer that would cause any State appropriation to be used for purposes other than those for which that appropriation was made.
- 4) Revisions – Construction Grants. For State construction grants, no revisions or deviations in the budget stated in the nonconstruction Grant Agreement shall occur without the mutual agreement of the agency and the awardee.
- 5) When a State agency makes a State grant that provides support both for construction and nonconstruction work, the agency may require the awardee to obtain prior approval from the agency before making any fund or budget transfers between the two types of work supported.
- 6) When requesting approval for budget revisions, the recipient shall use the same format for budget information that was used in the application, unless the State agency's rules indicate that a letter of request suffices.
- 7) Within 30 calendar days after receipt of a request for budget revisions, the agency shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the agency shall inform the recipient in writing of the date the recipient may expect the decision.

SUBPART E: STATE POST-AWARD REQUIREMENTS

Section 7000.400 GATA Performance Measurement

- a) In compliance with GATA Section 95, GOMB, in conjunction with the Illinois Single Audit Commission, shall submit the annual report described in Section 7000.95(a).
- b) GATA performance shall be evaluated in the following areas:
 - 1) Number of entities placed on the Illinois Debarred and Suspended List and/or Illinois Stop Payment List;
 - 2) Savings realized as a result of the GATA implementation;
 - 3) Reduction in the number of duplicative audits;

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- 4) Number of persons trained to assist awardees and subrecipients;
- 5) Number of awardees to whom a fiscal agent was assigned.

Section 7000.410 Awardee Performance Measures

- a) State agencies shall apply UR sections 200.301 (Performance Measurement) and 328 (Monitoring and Reporting Program Performance) for awardee performance oversight.
- b) State agencies must provide awardees with clear performance goals, indicators and milestones and establish performance reporting frequency.
 - 1) The awardee must submit performance reports at the interval required by the State agency, as specified in the Grant Agreement. Intervals must be no less frequent than annually and no more frequent than quarterly, except in unusual circumstances as communicated through the Grant Agreement specific conditions.
 - 2) Annual reports are generally due 60 calendar days after the reporting period. Quarterly or semiannual reports must be due 30 calendar days after the reporting period. Due dates must be communicated through the Grant Agreement.
- c) The State agency shall require the awardee to use the Periodic Performance Report (PPR) to articulate performance outcomes. In addition, each State grantmaking agency shall utilize the PPR to:
 - 1) *Require its awardees to relate financial data to performance accomplishments of the award; and*
 - 2) *When applicable, require awardees to provide cost information to demonstrate cost-effective practices.* [30 ILCS 708/50(c)(1)]
- d) The awardee's performance shall be measured in a way that will help the State grantmaking agency and other applicants and recipients to improve program outcomes, share lessons learned, spread the adoption of promising practices, and build the evidence upon which the State agency's program and performance decisions are made.

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- e) The State grantmaking agency shall utilize the performance measurement data provided by the awardee to manage execution of the Grant Agreement.
 - 1) Actual accomplishments during the specified period should be compared to the objectives of the award. Reasons for not meeting goals should be specified.
 - 2) Trends in performance should be addressed through technical assistance, desk and/or field reviews, and/or monitoring. If applicable, the State agency may consider a change (increase or decrease) in the amount of the award based on awardee performance.

Section 7000.420 Centralized Indirect Cost Rate Negotiation

This Subpart applies to State grantmaking agencies, State awardees receiving awards from State and federal pass-through funds. With permission from the federal government, Illinois has centralized the negotiation and election of indirect cost rates with State and federal pass-through awardees.

- a) The State of Illinois' Indirect Cost Rate Negotiator will support the negotiation of indirect cost rates and/or cost rate elections. A User Guide for the centralized indirect cost rate negotiation system is provided in the GATA Resource Library to support State agency and awardee use of the system.
- b) Requirements for State Grantmaking Agencies
 - 1) Illinois shall utilize the centralized Indirect Cost Rate System. This system will be used by awardees to make an annual indirect cost rate election or negotiate a rate with the State of Illinois pursuant to one of the following options. Options for indirect cost rate election or negotiation include:
 - A) If eligible, election of the de minimis rate of 10% modified total direct costs (MTDC) allowed by UR section 200.414(f);
 - B) If applicable, submit a copy of the current federal Negotiated Indirect Cost Rate Agreement (NICRA);

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- C) Election of "no rate", meaning the awardee will not request or receive reimbursement for any indirect costs; or
 - D) Negotiate a rate with the State of Illinois.
- 2) All approved elections and negotiated rates shall be recorded in the State Staff Inquiry Screen for State agency reference.
 - 3) Once a rate is negotiated or an election accepted, all State grantmaking agencies are required to accept the approved rate, unless an exception has been granted by GATU requiring a lower rate or limitation on the amount charged.
 - 4) The awardee may volunteer to accept a lower indirect cost rate on an award. State agencies shall not force or coerce an awardee to take a lower rate.
- c) Requirements for State Cognizant Agencies (SCA)
- 1) The assigned SCA is required to review and, if appropriate, accept the negotiated rate or election of its awardee. Acceptance must be recorded in the Illinois' centralized Indirect Cost Rate System.
 - 2) The SCA shall provide technical support to its assigned awardees during the indirect cost rate negotiation/election process.
 - 3) On a case-by-case basis, the State of Illinois Indirect Cost Rate Negotiator shall determine if the submitted indirect cost rate proposal is complete for negotiation. Independence issues require the Negotiator to be separated from proposal development. If the submitted proposal is not complete, the Negotiator shall notify the SCA and the awardee.
 - 4) If the submitted proposal is not complete and the Indirect Cost Rate Negotiator cannot proceed with a rate negotiation, the SCA shall review the awardee's proposal submitted in the centralized Indirect Cost Rate System and provide additional technical assistance to the awardee or notify GATU that additional technical support may be necessary.
 - 5) If, after receiving additional assistance from the SCA and GATU, it is determined that an awardee lacks the capacity to prepare a complete

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proposal in compliance with federal cost principles, a final determination notification will be sent to the awardee. The final determination notification must include the reasons why the proposal did not meet the minimum requirements and recommend the awardee seek professional assistance in order to proceed with a future State negotiated indirect cost rate proposal. The recommendation may also include alternatives to a State negotiated rate, such as the election of the 10% de minimis rate, if eligible.

- A) If issues appear to be close to resolution, GATU may allow additional technical assistance to be offered by the Negotiator; or
 - B) GATU may concur with the SCA. If so, GATU and the SCA shall notify the awardee that professional assistance is required to complete the negotiation process.
- d) Requirements for an organization receiving a State or federal pass-through funded award.
- 1) Annually, each organization receiving an award from a State grantmaking agency is required to enter the centralized Indirect Cost Rate System and make one of the following elections for indirect costs to State and federal pass-through grants:
 - A) Federal Negotiated Indirect Cost Rate Agreement (NICRA);
 - B) Election of the de minimis rate of 10% of MTDC;
 - C) Elect not to charge indirect costs; or
 - D) Negotiation of an indirect cost rate.
 - 2) The awardee shall make one election or negotiate one rate that all State agencies must accept unless there are federal or State program limitations, caps or supplanting issues.
 - 3) The accepted election or negotiated rate shall be recorded in the Grantee Portal and the State Staff Inquiry Screen.

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- 4) The awardee may volunteer to accept a lower indirect cost rate on an award. State agencies are not allowed to force or coerce an awardee to take a lower rate.
 - 5) Awardees that fail to make an election or negotiate a rate in the centralized Indirect Cost Rate System will not be allowed to charge indirect costs to awards. Any indirect costs previously reimbursed during the corresponding grant period without making an election may be credited against future payments.
- e) Requirements for Local Education Agencies (LEAs)
- 1) Based upon the U.S. Department of Education delegation agreement number 2011-103, the Illinois State Board of Education (ISBE) has authority to develop indirect cost rates for LEAs. The indirect cost rates developed by ISBE for the LEAs shall apply for all State and federal pass-through awards issued by State agencies to the LEAs.
 - 2) LEA indirect cost rates will be posted centrally by GOMB in the State Staff Inquiry Screen. LEAs are not required to enter information into the centralized Indirect Cost Rate System (see subsection (b)(1)).
- f) Requirements for Local Governments
- 1) Based on how the local government registers (in accordance with Section 7000.220), the local governmental department or agency unit shall make an indirect cost rate election or negotiate a rate with the State through the Indirect Cost Rate System. If the governmental department or agency unit registers separately, for example, each governmental department or agency unit would negotiate or make a separate indirect cost rate election.
 - A) Local governments can negotiate one indirect cost rate that will cover all governmental departments or agency units; or
 - B) Local governments can negotiate an indirect cost rate per individual governmental department or agency unit.
 - 2) If a governmental department or agency unit receives more than \$35 million in direct federal funding, it must submit an indirect cost rate proposal to its federal cognizant agency. The State of Illinois cannot

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negotiate an indirect cost rate for local governmental departments or agency units receiving more than \$35 million in direct federal funding.

- A) If the governmental department or agency unit chooses not to negotiate a rate with its federal cognizant agency no indirect costs can be reimbursed.
 - B) If the federal cognizant agency will only negotiate a rate for their administered programs, the local government shall request an exception from GATU.
- 3) If the local governmental department or agency unit receives less than \$35 million in direct federal funding, it must submit an indirect cost rate proposal to the State of Illinois' centralized Indirect Cost Rate System.
- A) Per UR appendix VII, these governmental departments or agency units must develop an indirect cost proposal in accordance with this subsection (f) and maintain the proposal and related supporting documentation for audit and monitoring.
 - B) These proposals shall be submitted to the State of Illinois for review and monitoring. The proposals are not required to be submitted to the federal cognizant agency for indirect costs.
 - C) The State of Illinois is required to monitor the rate. Monitoring includes reviewing the allocation methodology for reasonableness and ensure no unallowable costs are included in the rate methodology.
- 4) If a local governmental department or agency unit does not receive direct federal funding, it must submit an indirect cost rate proposal through the centralized Indirect Cost Rate System.
- 5) All local governments that utilize a central service cost allocation plan must submit this plan in conjunction with an indirect cost rate proposal.
- g) Requirements for Nonprofits
- 1) Nonprofits that receive direct federal funding must negotiate an indirect cost rate with their federal cognizant agency.

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- A) If the nonprofit chooses not to negotiate a rate with its federal cognizant agency, no indirect costs can be reimbursed.
 - B) If the federal cognizant agency will only negotiate a rate for their administered programs, the nonprofit shall request an exception from GATU.
- 2) The State of Illinois cannot negotiate an indirect cost rate for nonprofits that receive direct federal funding.
- h) Retention of Indirect Cost Rate Proposals and Central Service Cost Allocation Plans

This subsection applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, central service cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

- 1) **If Submitted for Negotiation**
If the proposal, plan or other computation is required to form the basis for negotiation of the rate, the 3-year retention period for the supporting record starts from the date of that submission.
- 2) **If Not Submitted for Negotiation**
If the proposal, plan or other computation is not required for negotiation purposes, the 3-year retention period for the proposal, plan or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan or other computation.

Section 7000.430 Records Retention

- a) Financial records, supporting documents, statistical records, and all other awardee records pertinent to a State award shall be retained for 3 years after the date of submission of the final expenditure report or, for awards renewed quarterly or annually, after the date of the submission of the quarterly or annual financial report to the State agency.
- b) State agencies shall not impose any other record retention requirements upon awardees, with the following exceptions:

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- 1) If any litigation, claim or audit is started before the expiration of the 3year period, the records must be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
 - 2) When the awardee is required in writing by the State agency or the Auditor General to follow a different retention policy, that policy shall be followed.
 - 3) Records for real property and equipment acquired with State funds must be retained for 3 years after final disposition.
 - 4) When records are transferred to or maintained by the agency, the 3-year retention requirement is not applicable to the awardee.
 - 5) When awardees are required to report program income after the period of performance, the retention period for the records pertaining to the program income starts from the end of the awardee's fiscal year in which the program income is earned.
 - 6) Refer to Section 7000.420(h) for retention requirements regarding indirect cost rate proposals and cost allocation plans.
- c) **Requests for Transfer of Records**
The State agency shall require the awardee to transfer specified records to its custody when it determines that the records possess long-term retention value. However, in order to avoid duplicate recordkeeping, the agency may make arrangements for the awardee to retain any records that are continuously needed for joint use.
- d) **Methods for Collection, Transmission and Storage of Information**
The State agency and the awardee shall, whenever practicable, collect, transmit and store State grant-related information in open and machine readable formats, but the agency shall always provide or accept paper versions upon request. If paper copies are submitted, the agency shall not require more than an original and 2 copies. When original records are paper, electronic versions may be made and substituted if they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.
- e) **Access to Records**

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- 1) **Awardee Records**

Any entity of the State, including, but not limited to, the State agency, the Auditor General, the Attorney General, any Executive Inspector General, and the Inspector General of the State agency, as applicable, or any of their authorized representatives, shall have access to any documents, papers or other records of the awardee that are pertinent to the grant in order to make audits, examinations, excerpts and transcripts. The right also includes timely and reasonable access to the awardee's personnel for the purpose of interview and discussion related to these documents.
- 2) **Confidentiality for Crime Victims**

Pursuant to the Rights of Crime Victims and Witnesses Act and other Illinois victim protection laws, only under extraordinary and rare circumstances shall the access in subsection (e)(1) include knowledge of the true names of victims of a crime. When access to the true names of victims of a crime is necessary, appropriate steps to protect this sensitive information shall be taken by both the awardee and the State agency. Any access to this information, other than under a court order or subpoena issued by a court of competent jurisdiction pursuant to a bona fide confidential investigation, shall be approved by the head of the State agency.
- 3) **Expiration of Right of Access**

The right of access granted by this Section lasts as long as the records are retained. State agencies shall not impose any other access requirements upon awardees.
- f) **Restrictions on Public Access to Records**

No State agency shall place restrictions on the awardee limiting public access to the awardee's records pertinent to a State grant, except as required by law, when necessary to safeguard protected personally identifiable information or when the awardee demonstrates that these records will be kept confidential and would have been exempted from disclosure by FOIA if the records had belonged to the State agency. FOIA does not apply to records that remain under an awardee's control except as required under this Section. Unless required by federal or State statute, awardees are not required to permit public access to their records. The awardee's records provided to a State agency generally will be subject to FOIA and applicable exemptions.

Section 7000.440 Grant Closeout

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- a) The State agency will close out the award when it determines that all applicable administrative actions and all required work of the awardee have been completed by the awardee.
- b) The awardee and the State agency shall take the following action to complete grant closeout at the end of the period of performance:
 - 1) The awardee must submit, no later than 60 calendar days after the end date of the period of performance, all financial, performance and other reports required by the Grant Agreement. The State agency may approve extensions when requested. Extension shall only be issued under extraordinary circumstances that were not in the control of the awardee.
 - 2) Unless the State agency authorizes an extension, an awardee must liquidate all obligations incurred under the grant not later than 60 calendar days after the end of the period of performance specified in the Grant Agreement.
 - 3) The State agency shall make prompt payments to the awardee for allowable reimbursable costs under the grant.
 - 4) The awardee must promptly refund any balances of unobligated cash that the agency paid in advance and that are not authorized to be retained by the awardee for use in other projects.
 - 5) Consistent with the Grant Agreement, the State agency shall make a settlement for any upward or downward adjustments to the State and federal share of costs after closeout reports are received.
 - 6) The awardee must account for any real and personal property acquired with State funds or received from the State.
 - 7) The State agency shall complete all closeout actions for State grants no later than one year after receipt and acceptance of all required final reports.

Section 7000.450 Continuing Responsibilities

- a) The closeout of a State grant does not affect any of the following:

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- 1) The right of the State agency to disallow costs and recover funds based on a later audit or other review. The agency must make any cost disallowance determination and notify the awardee within the record retention period.
 - 2) The obligation of the awardee to return any funds due as a result of later refunds, corrections or other transactions, including final indirect cost rate adjustments.
 - 3) Consolidated year-end financial report. (See Section 7000.90(g).)
 - 4) Audit requirements established in this Part.
 - 5) Property management and disposition requirements in UR sections 200.310 through 316.
 - 6) Records retention. (See Section 7000.430.)
- b) After closeout of the grant, a relationship created under the Grant Agreement may be modified or ended in whole or in part with the consent of the agency and the awardee, provided the responsibilities of the awardee referred to in subsection (a) are considered and provision is made for continuing responsibilities of the awardee, as appropriate.
- c) Collection of Amounts Due
- 1) Any funds paid to the awardee in excess of the amount to which the awardee is finally determined to be entitled under the Grant Agreement constitute a debt to the State of Illinois. If not paid within 60 calendar days after demand, the State agency may reduce the debt by:
 - A) Making an administrative offset against other requests for reimbursements;
 - B) Withholding advance payments otherwise due to the awardee;
 - C) Arranging a repayment plan; or
 - D) Other action permitted by the Illinois State Collection Act of 1986.

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- 2) The agency shall charge interest on an overdue debt in accordance with the Illinois State Collection Act of 1986. The date from which interest is computed is not extended by litigation or the filing of appeal.