**Section 7000.80 Grantee Compliance Enforcement System; Illinois Stop Payment List**

a) GATA established a Grantee Compliance Enforcement System (GCES) that outlines a statewide framework for State agencies to manage occurrences of noncompliance with grant requirements.

b) Grantees and applicants may not participate in State-issued award programs or activities if they are debarred, suspended or otherwise deemed ineligible under the terms of the GCES.

c) GCES is required for 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 GATU 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 708/60(a)(8)] The list, termed the Illinois Stop Payment List, is a component of GCES.

e) The Illinois 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.

f) Under GCES, the severity of an entity's noncompliance issue determines whether the entity is placed on temporary or permanent Stop Payment Status. Permanent Stop Payment Status requires a preponderance of the evidence as defined by 2 CFR 180.990. A temporary Stop Payment Status can be remediated.

1) Delinquent Reporting Based on the Terms Specified in the Grant Agreement

A) Agency rules 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.

B) Agency rules shall allow the State awarding agency to extend the reporting deadline due to extenuating circumstances. Reporting extensions must be justified in writing by the State awarding agency. A report due date may only be extended one time.

C) The State awarding agency shall withhold payments to the entity if a report is more than 15 business days past the original or extended due date. Agency rules shall include awardee notification of the State agency contact for Stop Payment Status inquiries.

D) If the report is not submitted within 30 business days after the original or extended due date, the State awarding agency shall place the awardee in temporary Stop Payment Status on the Illinois Stop Payment List. (See Section 7000.260.)

2) Immediate Placement on Stop Payment List in Temporary Status. The following occurrences of noncompliance will result in the awardee being immediately placed in temporary Stop Payment Status 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 or 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.)

3) Grantees will be placed in permanent Stop Payment Status on the Illinois Stop Payment List for the following infractions:

A) Facts documented by the applicable State agency, including but not limited to:

i) Conviction of, or civil judgment for, commission of fraud or a criminal offense, violation of federal or state antitrust statutes, commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, tax evasion, or commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the grantee's present responsibility.

ii) Violation of grant terms or a transaction so serious as to affect the integrity of the program, such as a willful failure to perform in accordance with grant terms, a history of failure to perform or of unsatisfactory performance, or a willful violation of statutory or regulatory provisions or requirements applicable to a grant.

iii) Any other cause so serious or compelling in nature that it affects present responsibilities.

B) Fraud documented by the Office of the Executive Inspector General or another governmental entity's investigation.

4) In accordance with the Illinois State Collection Act of 1986, all debts that exceed $250 and are more than 90 days past due shall be placed on the Comptroller's Offset System *unless (i) the State agency shall have entered into a deferred payment plan or demonstrates to the Comptroller’s satisfaction that referral for offset is not cost effective; or (ii) the State agency is a university that elects to place in the Comptroller’s Offset System only debts that exceed $1,000 and are more than 90 days past due. All debt, and maintenance of that debt, that is placed in the Comptroller’s Offset System must be submitted electronically to the Office of the Comptroller. Any exceptions to this requirement must be approved in writing by the Comptroller.*  [30 ILCS 210/5].

g) Procedure

1) The State awarding agency shall notify the grantee in writing of the non-compliance issue. The communication must state that the grantee and its parent organization, if applicable under subsection (h), will be placed on the Illinois Stop Payment List if adequate action by the grantee, including raising any objections, is not taken within 15 calendar days after receipt of the notification.

2) State agencies shall have the discretion to determine the medium of written correspondence, including e-mail distribution, certified mail, or post office delivery. If applicable, the parent of the entity shall be copied on the correspondence. The written correspondence must specify the following:

A) Grantee name of record and FEIN;

B) Applicable grant award name and CSFA number;

C) Non-compliance issues, with detailed facts to support each issue;

D) How the grantee can correct the non-compliance issue, if applicable;

E) An opportunity for dialogue or written objections regarding the non-compliance issue;

F) Contact information for questions or coordination of corrective action; and

G) A statement that State agencies cannot execute or modify grants to entities on the Illinois Stop Payment List and that payments to entities on the Illinois Stop Payment List will be subject to additional authorization.

3) If the grantee takes no adequate action within 15 calendar days after it receives the notice, the State agency shall place the grantee and the grantee's parent, if applicable, on the Illinois Stop Payment List. A written notice in the form of a final administrative determination shall be provided to the grantee and the grantee's parent, if applicable, stating that the Stop Payment Status has been invoked on that date or upon another date specified in the State agency's grant rules.

4) If the State agency receives a written notice from the grantee within 15 calendar days after the grantee receives the notice, the agency shall endeavor to review the objection within 15 calendar days to determine whether the grantee has complied with the requirements at issue.

A) If the agency decides in favor of the grantee, it shall notify the grantee that the grantee is in compliance and will not be placed on the Illinois Stop Payment List based on the non-compliance issue under discussion.

B) If the agency decides against the grantee, it shall notify the grantee that the grantee is not in compliance and will be added to the Illinois Stop Payment List. If the non-compliance issue is a delinquent report, then, following the resolution of the grantee's unsuccessful objection, the grantee shall be added to the Illinois Stop Payment List either 30 calendar days after the original report's due date (or, if more than 30 calendar days have passed since the report's due date, 10 calendar days after the agency's decision) or on a different date specified by the State agency's grant rules.

h) The following protocol shall apply under a parent/child relationship:

1) If the parent or child is placed on temporary or permanent Stop Payment Status, all children will be placed on the same Stop Payment Status.

2) If the child is placed on temporary Stop Payment Status, the parent will be placed on temporary Stop Payment Status as well, because the parent is accountable for compliance oversight of the child.

3) If the child is placed on permanent Stop Payment Status as the result of the actions of an individual, the parent will be notified and will also be placed on permanent Stop Payment Status, because the parent is accountable for compliance oversight of the child. A parent may be pardoned from the non-compliance issue and removed from permanent Stop Payment Status. To do so, the parent must provide evidence to the State agency that imposed the Stop Payment Status that adequate internal controls have been implemented and are functioning to guard against a recurrence of the non-compliance issue. The State agency shall then remove the parent's permanent Stop Payment Status, but may impose additional specific conditions for grant oversight.

4) The State awarding agency may impose oversight requirements to enforce accountability in other parent/child relationships.

i) State agencies may not execute or modify a grant to increase funding or extend the grant term of 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 Stop Payment Status.

1) GOMB will initiate a nightly data inquiry to compare awardee FEIN 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., court order, consent decree, or federally-mandated funding or matching requirements) may require 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. Each override cannot exceed the duration of the current fiscal year (including the lapse period).

j) Only the State agency that placed an awardee on the Illinois Stop Payment List can remove the Stop Pay Status.

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(d) (Maintenance and Use of the Illinois Stop Payment List).

k) The Illinois Stop Payment List will archive all Stop Pay Statuses to document historic prior grant compliance issues. State agencies are encouraged to consider all Stop Pay Status occurrences as part of the awarding or modifying process.

(Source: Amended at 47 Ill. Reg. 7893, effective May 26, 2023)