

AN ACT concerning finance.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Grant Accountability and Transparency Act is amended by changing Sections 20, 25, 45, and 60 as follows:

(30 ILCS 708/20)

(Section scheduled to be repealed on July 16, 2020)

Sec. 20. Adoption of federal rules applicable to grants.

(a) On or before July 1, 2016, the Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt rules which adopt the Uniform Guidance at 2 CFR 200. The rules, which shall apply to all State and federal pass-through awards effective on and after July 1, 2016, shall include the following:

(1) Administrative requirements. In accordance with Subparts B through D of 2 CFR 200, the rules shall set forth the uniform administrative requirements for grant and cooperative agreements, including the requirements for the management by State awarding agencies of federal grant programs before State and federal pass-through awards have been made and requirements that State awarding agencies may impose on non-federal entities in State and federal

pass-through awards.

(2) Cost principles. In accordance with Subpart E of 2 CFR 200, the rules shall establish principles for determining the allowable costs incurred by non-federal entities under State and federal pass-through awards. The principles are intended for cost determination, but are not intended to identify the circumstances or dictate the extent of State or federal pass-through participation in financing a particular program or project. The principles shall provide that State and federal awards bear their fair share of cost recognized under these principles, except where restricted or prohibited by State or federal law.

(3) Audit and single audit requirements and audit follow-up. In accordance with Subpart F of 2 CFR 200 and the federal Single Audit Act Amendments of 1996, the rules shall set forth standards to obtain consistency and uniformity among State and federal pass-through awarding agencies for the audit of non-federal entities expending State and federal awards. These provisions shall also set forth the policies and procedures for State and federal pass-through entities when using the results of these audits.

The provisions of this item (3) do not apply to for-profit subrecipients because for-profit subrecipients are not subject to the requirements of 2 CFR 200, Subpart F ~~OMB Circular A 133~~, Audits of States, Local and Non-Profit

Organizations. Audits of for-profit subrecipients must be conducted pursuant to a Program Audit Guide issued by the Federal awarding agency. If a Program Audit Guide is not available, the State awarding agency must prepare a Program Audit Guide in accordance with the 2 CFR 200, Subpart F - Audit Requirements - ~~OMB Circular A 133~~ Compliance Supplement. For-profit entities are subject to all other general administrative requirements and cost principles applicable to grants.

(b) This Act addresses only State and federal pass-through auditing functions and does not address the external audit function of the Auditor General.

(c) For public institutions of higher education, the provisions of this Section apply only to awards funded by State appropriations and federal pass-through awards from a State agency to public institutions of higher education. Federal pass-through awards from a State agency to public institutions of higher education are governed by and must comply with federal guidelines under 2 CFR 200.

(d) The State grant-making agency is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The agreement with the for-profit subrecipient shall describe the applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for State and federal pass-through awards made to for-profit subrecipients

shall include pre-award, audits, monitoring during the agreement, and post-award audits. The Governor's Office of Management and Budget shall provide such advice and technical assistance to the State grant-making agency as is necessary or indicated.

(Source: P.A. 98-706, eff. 7-16-14; 99-523, eff. 6-30-16.)

(30 ILCS 708/25)

(Section scheduled to be repealed on July 16, 2020)

Sec. 25. Supplemental rules. On or before July 1, 2017, the Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt supplemental rules pertaining to the following:

(1) Criteria to define mandatory formula-based grants and discretionary grants.

(2) The award of one-year grants for new applicants.

(3) The award of competitive grants in 3-year terms (one-year initial terms with the option to renew for up to 2 additional years) to coincide with the federal award.

(4) The issuance of grants, including:

(A) public notice of announcements of funding opportunities;

(B) the development of uniform grant applications;

(C) State agency review of merit of proposals and risk posed by applicants;

(D) specific conditions for individual recipients

(including ~~requiring~~ the use of a fiscal agent and additional corrective conditions);

(E) certifications and representations;

(F) pre-award costs;

(G) performance measures and statewide prioritized goals under Section 50-25 of the State Budget Law of the Civil Administrative Code of Illinois, commonly referred to as "Budgeting for Results"; and

(H) for mandatory formula grants, the merit of the proposal and the risk posed should result in additional reporting, monitoring, or measures such as reimbursement-basis only.

(5) The development of uniform budget requirements, which shall include:

(A) mandatory submission of budgets as part of the grant application process;

(B) mandatory requirements regarding contents of the budget including, at a minimum, common detail line items specified under guidelines issued by the Governor's Office of Management and Budget;

(C) a requirement that the budget allow flexibility to add lines describing costs that are common for the services provided as outlined in the grant application;

(D) a requirement that the budget include information necessary for analyzing cost and

performance for use in Budgeting for Results; and

(E) caps on the amount of salaries that may be charged to grants based on the limitations imposed by federal agencies.

(6) The development of pre-qualification requirements for applicants, including the fiscal condition of the organization and the provision of the following information:

(A) organization name;

(B) Federal Employee Identification Number;

(C) Data Universal Numbering System (DUNS) number;

(D) fiscal condition;

(E) whether the applicant is in good standing with the Secretary of State;

(F) past performance in administering grants;

(G) whether the applicant is or has ever been on the Debarred and Suspended List maintained by the Governor's Office of Management and Budget;

(H) whether the applicant is or has ever been on the federal Excluded Parties List; and

(I) whether the applicant is or has ever been on the Sanctioned Party List maintained by the Illinois Department of Healthcare and Family Services.

Nothing in this Act affects the provisions of the Fiscal Control and Internal Auditing Act nor the requirement that the management of each State agency is responsible for maintaining

effective internal controls under that Act.

For public institutions of higher education, the provisions of this Section apply only to awards funded by State appropriations and federal pass-through awards from a State agency to public institutions of higher education.

(Source: P.A. 98-706, eff. 7-16-14; 99-523, eff. 6-30-16.)

(30 ILCS 708/45)

(Section scheduled to be repealed on July 16, 2020)

Sec. 45. Applicability.

(a) The requirements established under this Act apply to State grant-making agencies that make State and federal pass-through awards to non-federal entities. These requirements apply to all costs related to State and federal pass-through awards. The requirements established under this Act do not apply to private awards.

(a-5) Nothing in this Act shall prohibit the use of State funds for purposes of federal match or maintenance of effort.

(b) The terms and conditions of State, federal, and pass-through awards apply to subawards and subrecipients unless a particular Section of this Act or the terms and conditions of the State or federal award specifically indicate otherwise. Non-federal entities shall comply with requirements of this Act regardless of whether the non-federal entity is a recipient or subrecipient of a State or federal pass-through award. Pass-through entities shall comply with the

requirements set forth under the rules adopted under subsection (a) of Section 20 of this Act, but not to any requirements in this Act directed towards State or federal awarding agencies, unless the requirements of the State or federal awards indicate otherwise.

When a non-federal entity is awarded a cost-reimbursement contract, only 2 CFR 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 this Act unless they are in conflict with Subpart F of 2 CFR 200. In addition, costs that are made unallowable under 10 U.S.C. 2324(e) and 41 U.S.C. 4304(a), as described in the Federal Acquisition Regulations, subpart 31.2 and subpart 31.603, are always unallowable. For requirements other than those covered in Subpart D of 2 CFR 200.330 through 200.332, the terms of the contract and the Federal Acquisition Regulations apply.

With the exception of Subpart F of 2 CFR 200, which is required by the Single Audit Act, in any circumstances where the provisions of federal statutes or regulations differ from the provisions of this Act, the provision of the federal statutes or regulations govern. This includes, for agreements with Indian tribes, the provisions of the Indian Self-Determination and Education and Assistance Act, as amended, 25 U.S.C. 450-458ddd-2.

(c) State grant-making agencies may apply subparts A

through E of 2 CFR 200 to for-profit entities, foreign public entities, or foreign organizations, except where the awarding agency determines that the application of these subparts would be inconsistent with the international obligations of the United States or the statute or regulations of a foreign government.

(d) 2 CFR 200.101 specifies how 2 CFR 200 is applicable to different types of awards. The same applicability applies to this Act. ~~Except for 2 CFR 200.202 and 200.330 through 200.332, the requirements in Subparts C, D, and E of 2 CFR 200 do not apply to the following programs:~~

~~(1) The block grant awards authorized by the Omnibus Budget Reconciliation Act of 1981 (including Community Services; Preventive Health and Health Services; Alcohol, Drug Abuse, and Mental Health Services; Maternal and Child Health Services; Social Services; Low Income Home Energy Assistance; States' Program of Community Development Block Grant Awards for Small Cities; and Elementary and Secondary Education, other than programs administered by the Secretary of Education under Title V, Subtitle D, Chapter 2, Section 583 -- the Secretary's discretionary award program) and both the Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant Award (42 U.S.C. 300x-21 to 300x-35 and 42 U.S.C. 300x-51 to 300x-64) and the Mental Health Service for the Homeless Block Grant Award (42 U.S.C. 300x to 300x 9) under the Public Health Services~~

~~Act.~~

~~(2) Federal awards to local education agencies under 20 U.S.C. 7702 through 7703b (portions of the Impact Aid program).~~

~~(3) Payments under the Department of Veterans Affairs' State Home Per Diem Program (38 U.S.C. 1741).~~

~~(4) Federal awards authorized under the Child Care and Development Block Grant Act of 1990, as amended, including the following:~~

~~(A) Child Care and Development Block Grant (42 U.S.C. 9858).~~

~~(B) Child Care Mandatory and Matching Funds of the Child Care and Development Fund (42 U.S.C. 9858).~~

~~(e) (Blank). Except for the 2 CFR 200.202 requirement to provide public notice of federal financial assistance programs, the guidance in Subpart C Pre federal Award Requirements and Contents of Federal Awards does not apply to the following programs:~~

~~(1) Entitlement federal awards to carry out the following programs of the Social Security Act:~~

~~(A) Temporary Assistance to Needy Families (Title IV A of the Social Security Act, 42 U.S.C. 601-619);~~

~~(B) Child Support Enforcement and Establishment of Paternity (Title IV D of the Social Security Act, 42 U.S.C. 651-669b);~~

~~(C) Foster Care and Adoption Assistance (Title~~

~~IV-E of the Act, 42 U.S.C. 670-679e);~~

~~(D) Aid to the Aged, Blind, and Disabled (Titles I, X, XIV, and XVI - AABD of the Act, as amended); and~~

~~(E) Medical Assistance (Medicaid) (42 U.S.C. 1396-1396w-5), not including the State Medicaid Fraud Control program authorized by Section 1903(a)(6)(B) of the Social Security Act (42 U.S.C. 1396b(a)(6)(B)).~~

~~(2) A federal award for an experimental, pilot, or demonstration project that is also supported by a federal award listed in paragraph (1) of subsection (c) of this Section.~~

~~(3) Federal awards under subsection 412(e) of the Immigration and Nationality Act of 1965 and Section 501(a) of the Refugee Education Assistance Act of 1980 for cash assistance, medical assistance, and supplemental security income benefits to refugees and entrants and the administrative costs of providing the assistance and benefits under 8 U.S.C. 1522(e).~~

~~(4) Entitlement awards under the following programs of The National School Lunch Act:~~

~~(A) National School Lunch Program (42 U.S.C. 1753);~~

~~(B) Commodity Assistance (42 U.S.C. 1755);~~

~~(C) Special Meal Assistance (42 U.S.C. 1759a);~~

~~(D) Summer Food Service Program for Children (42 U.S.C. 1761); and~~

~~(E) Child and Adult Care Food Program (42 U.S.C. 1766).~~

~~(5) Entitlement awards under the following programs of The Child Nutrition Act of 1966:~~

~~(A) Special Milk Program (42 U.S.C. 1772);~~

~~(B) School Breakfast Program (42 U.S.C. 1773); and~~

~~(C) State Administrative Expenses (42 U.S.C. 1776).~~

~~(6) Entitlement awards for State Administrative Expenses under The Food and Nutrition Act of 2008 (7 U.S.C. 2025).~~

~~(7) Non-discretionary federal awards under the following non-entitlement programs:~~

~~(A) Special Supplemental Nutrition Program for Women, Infants and Children under the Child Nutrition Act of 1966 (42 U.S.C. 1786);~~

~~(B) The Emergency Food Assistance Programs (Emergency Food Assistance Act of 1983) (7 U.S.C. 7501); and~~

~~(C) Commodity Supplemental Food Program (7 U.S.C. 612e).~~

(f) For public institutions of higher education, the provisions of this Act apply only to awards funded by State appropriations and federal pass-through awards from a State agency to public institutions of higher education.

(g) Each grant-making agency shall enhance its processes to

monitor and address noncompliance with reporting requirements and with program performance standards. Where applicable, the process may include a corrective action plan. The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions.

(Source: P.A. 98-706, eff. 7-16-14; revised 9-25-17.)

(30 ILCS 708/60)

(Section scheduled to be repealed on July 16, 2020)

Sec. 60. Grant Accountability and Transparency Unit responsibilities.

(a) The Grant Accountability and Transparency Unit within the Governor's Office of Management and Budget shall be responsible for:

(1) The development of minimum requirements applicable to the staff of grant applicants to manage and execute grant awards for programmatic and administrative purposes, including grant management specialists with:

(A) general and technical competencies;

(B) programmatic expertise;

(C) fiscal expertise and systems necessary to adequately account for the source and application of grant funds for each program; and

(D) knowledge of compliance requirements.

(2) The development of minimum training requirements, including annual training requirements.

(3) Accurate, current, and complete disclosure of the financial results of each funded award, as set forth in the financial monitoring and reporting Section of 2 CFR 200.

(4) Development of criteria for requiring the retention of a fiscal agent and for becoming a fiscal agent.

(5) Development of disclosure requirements in the grant application pertaining to:

(A) related-party status between grantees and grant-making agencies;

(B) past employment of applicant officers and grant managers;

(C) disclosure of current or past employment of members of immediate family; and

(D) disclosure of senior management of grantee organization and their relationships with contracted vendors.

(6) Implementation of rules prohibiting a grantee from charging any cost allocable to a particular award or cost objective to other State or federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons.

(7) Implementation of rules prohibiting a non-federal entity from earning or keeping any profit resulting from State or federal financial assistance, unless prior approval has been obtained from the Governor's Office of

Management and Budget and is expressly authorized by the terms and conditions of the award.

(8) Maintenance of an Illinois Debarred and Suspended List that contains the names of those individuals and entities that are ineligible, either temporarily or permanently, to receive an award of grant funds from the State.

(9) Ensuring the adoption of standardized rules for the implementation of this Act by State grant-making agencies. The Grant Accountability and Transparency Unit shall provide such advice and technical assistance to the State grant-making agencies as is necessary or indicated in order to ensure compliance with this Act.

(10) Coordination of financial and Single Audit reviews.

(11) Coordination of on-site reviews of grantees and subrecipients.

(12) Maintenance of the Catalog of State Financial Assistance, which shall be posted on an Internet website maintained by the Governor's Office of Management and Budget that is available to the public.

(b) The Grant Accountability and Transparency Unit shall have no power or authority regarding the approval, disapproval, management, or oversight of grants entered into or awarded by a State agency or by a public institution of higher education. The power or authority existing under law to grant or award

grants by a State agency or by a public institution of higher education shall remain with that State agency or public institution of higher education. The Unit shall be responsible for providing technical assistance to guide ~~reviewing and approving amendments to~~ the Administrative Code amendments proposed by State grant-making ~~grant~~ agencies to comply in ~~connection with the implementation of~~ this Act and shall be responsible for establishing standardized policies and procedures for State grant-making agencies in order to ensure compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards set forth in 2 CFR Part 200, all of which must be adhered to by the State grant-making agencies throughout the life cycle of the grant.

(c) The powers and functions of grant making by State agencies or public institutions of higher education may not be transferred to, nor may prior grant approval be transferred to, any other person, office, or entity within the executive branch of State government.

(Source: P.A. 98-706, eff. 7-16-14.)

(30 ILCS 708/100 rep.)

Section 10. The Grant Accountability and Transparency Act is amended by repealing Section 100.