



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4689

by Rep. Fred Crespo

SYNOPSIS AS INTRODUCED:

30 ILCS 708/20
30 ILCS 708/25
30 ILCS 708/45
30 ILCS 708/60
30 ILCS 708/100 rep.

Amends the Grant Accountability and Transparency Act. Modifies a Section concerning the adopting of federal rules applicable to grants and provides that specified provisions do not apply to for-profit subrecipients because for-profit subrecipients are not subject to the requirements of a specified provision of the Code of Federal Regulations. Provides that if a Program Audit Guide is not available, the State awarding agency must prepare a Program Audit Guide in accordance with the audit requirements of specified provisions of the Code of Federal Regulations. Requires the Governor's Office of Management and Budget to adopt supplemental rules pertaining to, among other subjects, specific conditions for individual recipients, including (rather than requiring) the use of a fiscal agent and additional corrective conditions. Applies provisions in the Code of Federal Regulations concerning federal agencies that make federal awards to non-federal entities to State grant-making agencies under the Act. Provides that the Grant Accountability and Transparency Unit shall be responsible for providing technical assistance and assuring the Administrative Code proposed by State grant agencies comply with the Act. Repeals the Section specifying a repeal date for the Act. Makes other changes.

LRB100 18371 RJF 33578 b

1 AN ACT concerning finance.

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

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

6 (30 ILCS 708/20)

7 (Section scheduled to be repealed on July 16, 2020)

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

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

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

1 pass-through awards.

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

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

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

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

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

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

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

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

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

7 (30 ILCS 708/25)

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

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

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

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

16 (3) The award of competitive grants in 3-year terms
17 (one-year initial terms with the option to renew for up to
18 2 additional years) to coincide with the federal award.

19 (4) The issuance of grants, including:

20 (A) public notice of announcements of funding
21 opportunities;

22 (B) the development of uniform grant applications;

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

25 (D) specific conditions for individual recipients

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

3 (E) certifications and representations;

4 (F) pre-award costs;

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

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

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

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

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

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

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

1 performance for use in Budgeting for Results; and

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

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

9 (A) organization name;

10 (B) Federal Employee Identification Number;

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

12 (D) fiscal condition;

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

15 (F) past performance in administering grants;

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

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

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

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

1 effective internal controls under that Act.

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

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

7 (30 ILCS 708/45)

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

9 Sec. 45. Applicability.

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

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

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

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

6 When a non-federal entity is awarded a cost-reimbursement
7 contract, only 2 CFR 200.330 through 200.332 are incorporated
8 by reference into the contract. However, when the Cost
9 Accounting Standards are applicable to the contract, they take
10 precedence over the requirements of this Act unless they are in
11 conflict with Subpart F of 2 CFR 200. In addition, costs that
12 are made unallowable under 10 U.S.C. 2324(e) and 41 U.S.C.
13 4304(a), as described in the Federal Acquisition Regulations,
14 subpart 31.2 and subpart 31.603, are always unallowable. For
15 requirements other than those covered in Subpart D of 2 CFR
16 200.330 through 200.332, the terms of the contract and the
17 Federal Acquisition Regulations apply.

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

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

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

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

12 ~~(1) The block grant awards authorized by the Omnibus~~
13 ~~Budget Reconciliation Act of 1981 (including Community~~
14 ~~Services; Preventive Health and Health Services; Alcohol,~~
15 ~~Drug Abuse, and Mental Health Services; Maternal and Child~~
16 ~~Health Services; Social Services; Low Income Home Energy~~
17 ~~Assistance; States' Program of Community Development Block~~
18 ~~Grant Awards for Small Cities; and Elementary and Secondary~~
19 ~~Education, other than programs administered by the~~
20 ~~Secretary of Education under Title V, Subtitle D, Chapter~~
21 ~~2, Section 583 -- the Secretary's discretionary award~~
22 ~~program) and both the Alcohol and Drug Abuse Treatment and~~
23 ~~Rehabilitation Block Grant Award (42 U.S.C. 300x-21 to~~
24 ~~300x-35 and 42 U.S.C. 300x-51 to 300x-64) and the Mental~~
25 ~~Health Service for the Homeless Block Grant Award (42~~
26 ~~U.S.C. 300x to 300x-9) under the Public Health Services~~

1 ~~Act.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 ~~(A) National School Lunch Program (42 U.S.C.~~
22 ~~1753);~~

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

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

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

1 ~~(E) Child and Adult Care Food Program (42 U.S.C.~~
2 ~~1766).~~

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

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

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

7 ~~(C) State Administrative Expenses (42 U.S.C.~~
8 ~~1776).~~

9 ~~(6) Entitlement awards for State Administrative~~
10 ~~Expenses under The Food and Nutrition Act of 2008 (7 U.S.C.~~
11 ~~2025).~~

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

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

17 ~~(B) The Emergency Food Assistance Programs~~
18 ~~(Emergency Food Assistance Act of 1983) (7 U.S.C.~~
19 ~~7501); and~~

20 ~~(C) Commodity Supplemental Food Program (7 U.S.C.~~
21 ~~612e).~~

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

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

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

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

7 (30 ILCS 708/60)

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

9 Sec. 60. Grant Accountability and Transparency Unit
10 responsibilities.

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

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

18 (A) general and technical competencies;

19 (B) programmatic expertise;

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

23 (D) knowledge of compliance requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (10) Coordination of financial and Single Audit
15 reviews.

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

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

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

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

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

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

20 (30 ILCS 708/100 rep.)

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