

AN ACT concerning finance.

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

Section 5. The Illinois Grant Funds Recovery Act is amended by adding Section 15 as follows:

(30 ILCS 705/15 new)

Sec. 15. Illinois Single Audit Commission.

(a) There is created the Illinois Single Audit Commission. The Commission shall conduct research regarding the practices of the federal government in the administration of grants and create a report summarizing the Commission's recommendations regarding the adoption of uniform standards for the administration of grants in this State.

(b) The Commission shall be comprised of one representative from each of the following grant-making Departments who is an expert in grant subject matter, and who shall be appointed by the Governor, one of whom shall be designated as Chairperson:

- (1) Department on Aging;
- (2) Department of Children and Family Services;
- (3) Department of Healthcare and Family Services;
- (4) Department of Human Services;
- (5) Department of Public Health;
- (6) Criminal Justice Information Authority;

- (7) Department of Commerce and Economic Opportunity;
- (8) Department of Transportation;
- (9) Illinois State Board of Education;
- (10) Illinois Student Assistance Commission;
- (11) Department of Agriculture;
- (12) Environmental Protection Agency; and
- (13) Department of Natural Resources.

In addition, a total of 4 representatives of community organizations, providers, or associations may be appointed by the Departments listed in subsection (b) as follows: 1 member may be appointed by the Departments listed in subparagraphs (1) through (6); 1 member may be appointed by the Departments listed in subparagraphs (7) and (8); 1 member may be appointed by the Departments listed in subparagraphs (9) and (10); and 1 member may be appointed by the Departments listed in subparagraphs (11) through (13).

Should any of the Departments listed in subparagraphs (1) through (13) of subsection (b) deem that additional representation by community organizations, providers, or associations is necessary, and the Commission as a whole is in concurrence with this decision, the Department or Departments may appoint additional members, provided, however, that no more than a total of 4 such additional members may be appointed to the Commission.

The Governor may designate representatives of additional Departments with grant-making authority to serve as members of

the Commission.

(c) The Commission shall also include: a representative of the Governor's Office of Management and Budget, appointed by the Governor; four members of the General Assembly, one from the House Democratic Caucus, one from the House Republican Caucus, one from the Senate Democratic Caucus, and one from the Senate Republican Caucus, all of which shall be appointed by the Governor; the Co-Chairs of the relevant subcommittees within the Management Initiative Improvement Committee (provided for under Section 1-37a of the Department of Human Services Act) may be included as members of the Commission if the Commission deems their inclusion necessary for the coordination of its efforts.

(d) The recommendations in the Commission's report shall focus primarily on developing a coordinated, non-redundant process for the provision of effective and efficient oversight of the selection and monitoring of grant recipients, ensuring quality programs, and limiting fraud, waste, and abuse. The report shall define the purpose, scope, applicability, and responsibilities in the life cycle of a grant, including the period before a grant is awarded, the period when a grant is awarded, and the period after a grant is awarded, as set forth in subsections (e) through (g) of this Section. To the extent feasible, the Commission's report shall include necessary statutory and rule changes required to implement any proposed actions.

(e) The report shall examine and make recommendations for the following with regard to a grant before it is awarded:

(1) criteria to define mandatory formula-based grants and discretionary grants;

(2) whether three-year discretionary grants should exist in a competitive grant environment;

(3) the development of uniform grant applications;

(4) the development of uniform budget requirements;

(5) the development of pre-qualification requirements of applicants, including the fiscal condition of the organization;

(6) the development of minimum requirements of applicant staff to manage and execute grant awards for programmatic and administrative purposes;

(7) the development of criteria for requiring the retention of a fiscal agent and for becoming a fiscal agent; and

(8) the development of disclosure requirements pertaining to related party status between grantees and grant-making agencies.

(f) The report shall examine and make recommendations for the following with regard to a grant at the time it is awarded:

(1) the development of uniform grant agreements;

(2) the development of uniform reporting requirements, including budget-to-actual quarterly reports;

(3) the implementation of uniform monitoring,

including on-site fiscal and administrative control reviews on a risk-based approach to determine the required frequency of monitoring;

(4) the development of payment methods, including advance and reconcile, capital advances, and reimbursement;

(5) the development of administrative requirements;

(6) the development of allowable cost principles;

(7) the development of a conditional exemption process;

(8) the development of standardized audit requirements;

(9) the development of program performance reporting and budgeting for results;

(10) the development of record retention and access requirements; and

(11) the development of grant termination and enforcement procedures.

(g) The report shall examine and make recommendations for the following with regard to a grant after it has been awarded:

(1) the development of standardized closeout procedures;

(2) the development of standardized audit requirements;

(3) the development of subsequent grant adjustments and continuing responsibilities;

(4) the development of a uniform method of grant recovery; and

(5) the development of an appeals process.

(h) The report shall be filed with the General Assembly by January 1, 2014.

(i) Definitions. As used in this Section:

"Departments" means the agencies, boards, and commissions listed in subparagraph (b) of this Section, including any additional Departments designated by the Governor.

"Grant" means an award of financial assistance, the principal purpose of which is to transfer a thing of value from a federal or state agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States or the State of Illinois. A grant is distinguished from a contract, which is used to acquire property or services for the federal or State government's direct benefit or use as defined in Section 210 of Subpart B of federal Office of Management Board Circular A-133. Notwithstanding subparagraph (b) of Section 2 of this Act, fee-for-service purchase of care agreements are grants for purposes of this Section.

Technical terms used in subsections (e) through (g) shall have the same meanings as provided for by their usage or definition in federal Office of Management Board Circular A-110.

(j) The Commission shall operate with no direct costs to the State. The Office of the Governor shall coordinate with the Departments listed under subsection (b) to provide administrative support for the Commission.

(k) This Section is repealed on April 1, 2014.

Section 99. Effective date. This Act takes effect upon becoming law.