



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB1697

Introduced 2/26/2021, by Sen. Scott M. Bennett

#### SYNOPSIS AS INTRODUCED:

30 ILCS 708/20  
30 ILCS 708/25  
30 ILCS 708/45

Amends the Grant Accountability and Transparency Act. Provides that for public institutions of higher education, specified provisions of the Act apply only to awards funded by federal pass-through awards from a State agency to public institutions of higher education (currently, also applies to awards funded by State appropriations). Provides that the Act shall recognize specified provisions of the Code of Federal Regulations as applicable to public institutions of higher education. Effective immediately.

LRB102 15405 RJF 20768 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  
5 is amended by changing Sections 20, 25, and 45 as follows:

6 (30 ILCS 708/20)

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

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

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

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

1 Audits of for-profit subrecipients must be conducted  
2 pursuant to a Program Audit Guide issued by the Federal  
3 awarding agency. If a Program Audit Guide is not  
4 available, the State awarding agency must prepare a  
5 Program Audit Guide in accordance with the 2 CFR 200,  
6 Subpart F - Audit Requirements - Compliance Supplement.  
7 For-profit entities are subject to all other general  
8 administrative requirements and cost principles applicable  
9 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  
15 ~~State appropriations and~~ federal pass-through awards from a  
16 State agency to public institutions of higher education.  
17 Federal pass-through awards from a State agency to public  
18 institutions of higher education are governed by and must  
19 comply with 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. 99-523, eff. 6-30-16; 100-676, eff. 1-1-19.)

7 (30 ILCS 708/25)

8 Sec. 25. Supplemental rules. On or before July 1, 2017,  
9 the Governor's Office of Management and Budget, with the  
10 advice and technical assistance of the Illinois Single Audit  
11 Commission, shall adopt supplemental rules pertaining to the  
12 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 the use of a fiscal agent and additional  
2 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  
11 additional 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 on the Debarred and  
17 Suspended List maintained by the Governor's Office of  
18 Management and Budget;

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

21 (I) whether the applicant is on the Sanctioned  
22 Party List maintained by the Illinois Department of  
23 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  
4 ~~State appropriations and~~ federal pass-through awards from a  
5 State agency to public institutions of higher education.

6 (Source: P.A. 100-676, eff. 1-1-19; 100-997, eff. 8-20-18;  
7 101-81, eff. 7-12-19.)

8 (30 ILCS 708/45)

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  
2 subsection (a) of Section 20 of this Act, but not to any  
3 requirements in this Act directed towards State or federal  
4 awarding agencies, unless the requirements of the State or  
5 federal awards indicate 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  
11 in conflict with Subpart F of 2 CFR 200. In addition, costs  
12 that are made unallowable under 10 U.S.C. 2324(e) and 41  
13 U.S.C. 4304(a), as described in the Federal Acquisition  
14 Regulations, subpart 31.2 and subpart 31.603, are always  
15 unallowable. For requirements other than those covered in  
16 Subpart D of 2 CFR 200.330 through 200.332, the terms of the  
17 contract and the 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.

10 (e) (Blank).

11 (f) For public institutions of higher education, the  
12 provisions of this Act apply only to awards funded by ~~State~~  
13 ~~appropriations and~~ federal pass-through awards from a State  
14 agency to public institutions of higher education. This Act  
15 shall recognize provisions in 2 CFR 200 as applicable to  
16 public institutions of higher education, including Appendix  
17 III of Part 200 and the cost principles under Subpart E.

18 (g) Each grant-making agency shall enhance its processes  
19 to monitor and address noncompliance with reporting  
20 requirements and with program performance standards. Where  
21 applicable, the process may include a corrective action plan.  
22 The monitoring process shall include a plan for tracking and  
23 documenting performance-based contracting decisions.

24 (Source: P.A. 100-676, eff. 1-1-19; 100-863, eff. 8-14-18;  
25 101-81, eff. 7-12-19.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.