



Rep. Fred Crespo

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1 AMENDMENT TO HOUSE BILL 3820

2 AMENDMENT NO. _____. Amend House Bill 3820 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the Grant
5 Accountability and Transparency Act.

6 Section 5. Legislative intent.

7 (a) This Act, which is the product of the work of the
8 Illinois Single Audit Commission, created by Public Act 98-47,
9 is intended to comply with the General Assembly's directives to
10 (1) develop a coordinated, non-redundant process for the
11 provision of effective and efficient oversight of the selection
12 and monitoring of grant recipients, thereby ensuring quality
13 programs and limiting fraud, waste, and abuse, and (2) define
14 the purpose, scope, applicability, and responsibilities in the
15 life cycle of a grant.

16 (b) This Act is intended to increase the accountability and

1 transparency in the use of grant funds from whatever source and
2 to reduce administrative burdens on both State agencies and
3 grantees by adopting federal guidance and regulations
4 applicable to such grant funds; specifically, the Uniform
5 Administrative Requirements, Cost Principles, and Audit
6 Requirements for Federal Awards ("Uniform Guidance"), codified
7 at 2 CFR 200.

8 (c) This Act is consistent with the State's focus on
9 improving performance and outcomes while ensuring transparency
10 and the financial integrity of taxpayer dollars through such
11 initiatives as the Management Improvement Initiative Committee
12 created by Section 1-37a of the Department of Human Services
13 Act, the State prioritized goals created under Section 50-25 of
14 the State Budget Law (also known as "Budgeting for Results"),
15 and the Grant Information Collection Act.

16 (d) This Act is not intended to affect the provisions of
17 the Illinois State Auditing Act and does not address the
18 external audit function of the Auditor General.

19 Section 10. Purpose. The purpose of this Act is to
20 establish uniform administrative requirements, cost
21 principles, and audit requirements for State and federal
22 pass-through awards to non-federal entities. State awarding
23 agencies shall not impose additional or inconsistent
24 requirements, except as provided in 2 CFR 200.102 or as
25 directed by the Governor's Office of Management and Budget,

1 unless specifically required by State or federal statute or
2 Executive Order.

3 This Act and the rules adopted under this Act provide the
4 basis for a systematic and periodic collection and uniform
5 submission to the Governor's Office of Management and Budget of
6 information of all State and federal financial assistance
7 programs by State grant-making agencies. This Act also
8 establishes policies related to the delivery of this
9 information to the public, including through the use of
10 electronic media.

11 Section 15. Definitions. As used in this Act:

12 "Allowable cost" means a cost allowable to a project if:

13 (1) the costs are reasonable and necessary for the
14 performance of the award;

15 (2) the costs are allocable to the specific project;

16 (3) the costs are treated consistently in like
17 circumstances to both federally-financed and other
18 activities of the non-federal entity;

19 (4) the costs conform to any limitations of the cost
20 principles or the sponsored agreement;

21 (5) the costs are accorded consistent treatment; a cost
22 may not be assigned to a State or federal award as a direct
23 cost if any other cost incurred for the same purpose in
24 like circumstances has been allocated to the award as an
25 indirect cost;

1 (6) the costs are determined to be in accordance with
2 generally accepted accounting principles;

3 (7) the costs are not included as a cost or used to
4 meet cost-sharing or matching requirements of any other
5 program in either the current or prior period; and

6 (8) the costs are adequately documented.

7 "Auditee" means any non-federal entity that expends State
8 or federal awards that must be audited.

9 "Auditor" means an auditor who is a public accountant or a
10 federal, State, or local government audit organization that
11 meets the general standards specified in generally-accepted
12 government auditing standards. "Auditor" does not include
13 internal auditors of nonprofit organizations.

14 "Auditor General" means the Auditor General of the State of
15 Illinois.

16 "Award" means financial assistance that provides support
17 or stimulation to accomplish a public purpose. "Awards" include
18 grants and other agreements in the form of money, or property
19 in lieu of money, by the State or federal government to an
20 eligible recipient. "Award" does not include: technical
21 assistance that provides services instead of money; other
22 assistance in the form of loans, loan guarantees, interest
23 subsidies, or insurance; direct payments of any kind to
24 individuals; or contracts that must be entered into and
25 administered under State or federal procurement laws and
26 regulations.

1 "Budget" means the financial plan for the project or
2 program that the awarding agency or pass-through entity
3 approves during the award process or in subsequent amendments
4 to the award. It may include the State or federal and
5 non-federal share or only the State or federal share, as
6 determined by the awarding agency or pass-through entity.

7 "Catalog of Federal Domestic Assistance" or "CFDA" means a
8 database that helps the federal government track all programs
9 it has domestically funded.

10 "Catalog of Federal Domestic Assistance number" or "CFDA
11 number" means the number assigned to a federal program in the
12 CFDA.

13 "Catalog of State Financial Assistance" means the single,
14 authoritative, statewide, comprehensive source document of
15 State financial assistance program information.

16 "Catalog of State Financial Assistance Number" means the
17 number assigned to a State program in the Catalog of State
18 Financial Assistance. The first 3 digits represent the State
19 agency number and the last 4 digits represent the program.

20 "Cluster of programs" means a grouping of closely related
21 programs that share common compliance requirements. The types
22 of clusters of programs are research and development, student
23 financial aid, and other clusters. A "cluster of programs"
24 shall be considered as one program for determining major
25 programs and, with the exception of research and development,
26 whether a program-specific audit may be elected.

1 "Cognizant agency for audit" means the federal agency
2 designated to carry out the responsibilities described in 2 CFR
3 200.513(a).

4 "Contract" means a legal instrument by which a non-federal
5 entity purchases property or services needed to carry out the
6 project or program under an award. "Contract" does not include
7 a legal instrument, even if the non-federal entity considers it
8 a contract, when the substance of the transaction meets the
9 definition of an award or subaward.

10 "Contractor" means an entity that receives a contract.

11 "Cooperative agreement" means a legal instrument of
12 financial assistance between an awarding agency or
13 pass-through entity and a non-federal entity that:

14 (1) is used to enter into a relationship with the
15 principal purpose of transferring anything of value from
16 the awarding agency or pass-through entity to the
17 non-federal entity to carry out a public purpose authorized
18 by law, but is not used to acquire property or services for
19 the awarding agency's or pass-through entity's direct
20 benefit or use; and

21 (2) is distinguished from a grant in that it provides
22 for substantial involvement between the awarding agency or
23 pass-through entity and the non-federal entity in carrying
24 out the activity contemplated by the award.

25 "Cooperative agreement" does not include a cooperative
26 research and development agreement, nor an agreement that

1 provides only direct cash assistance to an individual, a
2 subsidy, a loan, a loan guarantee, or insurance.

3 "Corrective action" means action taken by the auditee that
4 (i) corrects identified deficiencies, (ii) produces
5 recommended improvements, or (iii) demonstrates that audit
6 findings are either invalid or do not warrant auditee action.

7 "Cost objective" means a program, function, activity,
8 award, organizational subdivision, contract, or work unit for
9 which cost data is desired and for which provision is made to
10 accumulate and measure the cost of processes, products, jobs,
11 and capital projects. A "cost objective" may be a major
12 function of the non-federal entity, a particular service or
13 project, an award, or an indirect cost activity.

14 "Cost sharing" means the portion of project costs not paid
15 by State or federal funds, unless otherwise authorized by
16 statute.

17 "Development" is the systematic use of knowledge and
18 understanding gained from research directed toward the
19 production of useful materials, devices, systems, or methods,
20 including design and development of prototypes and processes.

21 "Data Universal Numbering System number" means the 9-digit
22 number established and assigned by Dun and Bradstreet, Inc. to
23 uniquely identify entities and, under federal law, is required
24 for non-federal entities to apply for, receive, and report on a
25 federal award.

26 "Direct costs" means costs that can be identified

1 specifically with a particular final cost objective, such as a
2 State or federal or federal pass-through award or a particular
3 sponsored project, an instructional activity, or any other
4 institutional activity, or that can be directly assigned to
5 such activities relatively easily with a high degree of
6 accuracy.

7 "Equipment" means tangible personal property (including
8 information technology systems) having a useful life of more
9 than one year and a per-unit acquisition cost that equals or
10 exceeds the lesser of the capitalization level established by
11 the non-federal entity for financial statement purposes, or
12 \$5,000.

13 "Executive branch" means that branch of State government
14 that is under the jurisdiction of the Governor.

15 "Federal agency" has the meaning provided for "agency"
16 under 5 U.S.C. 551(1) together with the meaning provided for
17 "agency" by 5 U.S.C. 552(f).

18 "Federal award" means:

19 (1) the federal financial assistance that a
20 non-federal entity receives directly from a federal
21 awarding agency or indirectly from a pass-through entity;

22 (2) the cost-reimbursement contract under the Federal
23 Acquisition Regulations that a non-federal entity receives
24 directly from a federal awarding agency or indirectly from
25 a pass-through entity; or

26 (3) the instrument setting forth the terms and

1 conditions when the instrument is the grant agreement,
2 cooperative agreement, other agreement for assistance
3 covered in paragraph (b) of 20 CFR 200.40, or the
4 cost-reimbursement contract awarded under the Federal
5 Acquisition Regulations.

6 "Federal award" does not include other contracts that a
7 federal agency uses to buy goods or services from a contractor
8 or a contract to operate federal government owned,
9 contractor-operated facilities.

10 "Federal awarding agency" means the federal agency that
11 provides a federal award directly to a non-federal entity.

12 "Federal interest" means, for purposes of 2 CFR 200.329 or
13 when used in connection with the acquisition or improvement of
14 real property, equipment, or supplies under a federal award,
15 the dollar amount that is the product of the federal share of
16 total project costs and current fair market value of the
17 property, improvements, or both, to the extent the costs of
18 acquiring or improving the property were included as project
19 costs.

20 "Federal program" means any of the following:

21 (1) All federal awards which are assigned a single
22 number in the CFDA.

23 (2) When no CFDA number is assigned, all federal awards
24 to non-federal entities from the same agency made for the
25 same purpose should be combined and considered one program.

26 (3) Notwithstanding paragraphs (1) and (2) of this

1 definition, a cluster of programs. The types of clusters of
2 programs are:

- 3 (A) research and development;
4 (B) student financial aid; and
5 (C) "other clusters", as described in the
6 definition of "cluster of programs".

7 "Federal share" means the portion of the total project
8 costs that are paid by federal funds.

9 "Final cost objective" means a cost objective which has
10 allocated to it both direct and indirect costs and, in the
11 non-federal entity's accumulation system, is one of the final
12 accumulation points, such as a particular award, internal
13 project, or other direct activity of a non-federal entity.

14 "Financial assistance" means the following:

15 (1) For grants and cooperative agreements, "financial
16 assistance" means assistance that non-federal entities
17 receive or administer in the form of:

- 18 (A) grants;
19 (B) cooperative agreements;
20 (C) non-cash contributions or donations of
21 property, including donated surplus property;
22 (D) direct appropriations;
23 (E) food commodities; and
24 (F) other financial assistance, except assistance
25 listed in paragraph (2) of this definition.

26 (2) "Financial assistance" includes assistance that

1 non-federal entities receive or administer in the form of
2 loans, loan guarantees, interest subsidies, and insurance.

3 (3) "Financial assistance" does not include amounts
4 received as reimbursement for services rendered to
5 individuals.

6 "Fixed amount awards" means a type of grant agreement under
7 which the awarding agency or pass-through entity provides a
8 specific level of support without regard to actual costs
9 incurred under the award. "Fixed amount awards" reduce some of
10 the administrative burden and record-keeping requirements for
11 both the non-federal entity and awarding agency or pass-through
12 entity. Accountability is based primarily on performance and
13 results.

14 "Foreign public entity" means:

15 (1) a foreign government or foreign governmental
16 entity;

17 (2) a public international organization that is
18 entitled to enjoy privileges, exemptions, and immunities
19 as an international organization under the International
20 Organizations Immunities Act (22 U.S.C. 288-288f);

21 (3) an entity owned, in whole or in part, or controlled
22 by a foreign government; or

23 (4) any other entity consisting wholly or partially of
24 one or more foreign governments or foreign governmental
25 entities.

26 "Foreign organization" means an entity that is:

1 (1) a public or private organization located in a
2 country other than the United States and its territories
3 that are subject to the laws of the country in which it is
4 located, irrespective of the citizenship of project staff
5 or place of performance;

6 (2) a private nongovernmental organization located in
7 a country other than the United States that solicits and
8 receives cash contributions from the general public;

9 (3) a charitable organization located in a country
10 other than the United States that is nonprofit and tax
11 exempt under the laws of its country of domicile and
12 operation, but is not a university, college, accredited
13 degree-granting institution of education, private
14 foundation, hospital, organization engaged exclusively in
15 research or scientific activities, church, synagogue,
16 mosque, or other similar entity organized primarily for
17 religious purposes; or

18 (4) an organization located in a country other than the
19 United States not recognized as a Foreign Public Entity.

20 "Generally Accepted Accounting Principles" has the meaning
21 provided in accounting standards issued by the Government
22 Accounting Standards Board and the Financial Accounting
23 Standards Board.

24 "Generally Accepted Government Auditing Standards" means
25 generally accepted government auditing standards issued by the
26 Comptroller General of the United States that are applicable to

1 financial audits.

2 "Grant agreement" means a legal instrument of financial
3 assistance between an awarding agency or pass-through entity
4 and a non-federal entity that:

5 (1) is used to enter into a relationship, the principal
6 purpose of which is to transfer anything of value from the
7 awarding agency or pass-through entity to the non-federal
8 entity to carry out a public purpose authorized by law and
9 not to acquire property or services for the awarding agency
10 or pass-through entity's direct benefit or use; and

11 (2) is distinguished from a cooperative agreement in
12 that it does not provide for substantial involvement
13 between the awarding agency or pass-through entity and the
14 non-federal entity in carrying out the activity
15 contemplated by the award.

16 "Grant agreement" does not include an agreement that
17 provides only direct cash assistance to an individual, a
18 subsidy, a loan, a loan guarantee, or insurance.

19 "Grant application" means a specified form that is
20 completed by a non-federal entity in connection with a request
21 for a specific funding opportunity or a request for financial
22 support of a project or activity.

23 "Hospital" means a facility licensed as a hospital under
24 the law of any state or a facility operated as a hospital by
25 the United States, a state, or a subdivision of a state.

26 "Illinois Debarred and Suspended List" means the list

1 maintained by the Governor's Office of Management and Budget
2 that contains the names of those individuals and entities that
3 are ineligible, either temporarily or permanently, from
4 receiving an award of grant funds from the State.

5 "Indian tribe" (or "federally recognized Indian tribe")
6 means any Indian tribe, band, nation, or other organized group
7 or community, including any Alaska Native village or regional
8 or village corporation as defined in or established pursuant to
9 the federal Alaska Native Claims Settlement Act (43 U.S.C.
10 1601, et seq.) that is recognized as eligible for the special
11 programs and services provided by the United States to Indians
12 because of their status as Indians under 25 U.S.C. 450b(e), as
13 set forth in the annually published Bureau of Indian Affairs
14 list of Indian Entities Recognized and Eligible to Receive
15 Services.

16 "Indirect cost" means those costs incurred for a common or
17 joint purpose benefitting more than one cost objective and not
18 readily assignable to the cost objectives specifically
19 benefitted without effort disproportionate to the results
20 achieved.

21 "Inspector General" means the Office of the Executive
22 Inspector General for Executive branch agencies.

23 "Institutions of Higher Education" has the meaning
24 provided under 20 U.S.C. 1001.

25 "Loan" means a federal loan or loan guarantee received or
26 administered by a non-federal entity. "Loan" does not include a

1 "program income" as defined in 2 CFR 200.80.

2 "Loan guarantee" means any State or federal government
3 guarantee, insurance, or other pledge with respect to the
4 payment of all or a part of the principal or interest on any
5 debt obligation of a non-federal borrower to a non-federal
6 lender, but does not include the insurance of deposits, shares,
7 or other withdrawable accounts in financial institutions.

8 "Local government" has the meaning provided for the term
9 "units of local government" under Section 1 of Article VII of
10 the Illinois Constitution and includes school districts.

11 "Major program" means a federal program determined by the
12 auditor to be a major program in accordance with 2 CFR 200.518
13 or a program identified as a major program by a federal
14 awarding agency or pass-through entity in accordance with 2 CFR
15 200.503(e).

16 "Non-federal entity" means a state, local government,
17 Indian tribe, institution of higher education, or
18 organization, whether nonprofit or for-profit, that carries
19 out a State or federal award as a recipient or subrecipient.

20 "Nonprofit organization" means any corporation, trust,
21 association, cooperative, or other organization, not including
22 institutions of higher education, that:

23 (1) is operated primarily for scientific, educational,
24 service, charitable, or similar purposes in the public
25 interest;

26 (2) is not organized primarily for profit; and

1 (3) uses net proceeds to maintain, improve, or expand
2 the operations of the organization.

3 "Obligations", when used in connection with a non-federal
4 entity's utilization of funds under an award, means orders
5 placed for property and services, contracts and subawards made,
6 and similar transactions during a given period that require
7 payment by the non-federal entity during the same or a future
8 period.

9 "Office of Management and Budget" means the Office of
10 Management and Budget of the Executive Office of the President.

11 "Other clusters" has the meaning provided by the federal
12 Office of Management and Budget in the compliance supplement or
13 has the meaning as it is designated by a state for federal
14 awards the state provides to its subrecipients that meet the
15 definition of a cluster of programs. When designating an "other
16 cluster", a state must identify the federal awards included in
17 the cluster and advise the subrecipients of compliance
18 requirements applicable to the cluster.

19 "Oversight agency for audit" means the federal awarding
20 agency that provides the predominant amount of funding directly
21 to a non-federal entity not assigned a cognizant agency for
22 audit. When there is no direct funding, the awarding agency
23 that is the predominant source of pass-through funding must
24 assume the oversight responsibilities. The duties of the
25 oversight agency for audit and the process for any
26 reassignments are described in 2 CFR 200.513(b).

1 "Pass-through entity" means a non-federal entity that
2 provides a subaward to a subrecipient to carry out part of a
3 program.

4 "Property" means real property or personal property.

5 "Project cost" means total allowable costs incurred under
6 an award and all required cost sharing and voluntary committed
7 cost sharing, including third-party contributions.

8 "Recipient" means a non-federal entity that receives an
9 award directly from an awarding agency to carry out an activity
10 under a program. "Recipient" does not include subrecipients.

11 "Research and Development" means all research activities,
12 both basic and applied, and all development activities that are
13 performed by non-federal entities.

14 "Single Audit Act" means the federal Single Audit Act
15 Amendments of 1996 (31 U.S.C. 7501-7507).

16 "State agency" means an Executive branch agency.

17 "State award" means the financial assistance that a
18 non-federal entity receives from the State and that is funded
19 with either State funds or federal funds; in the latter case,
20 the State is acting as a pass-through entity.

21 "State awarding agency" means a State agency that provides
22 an award to a non-federal entity.

23 "State grant-making agency" has the same meaning as "State
24 awarding agency".

25 "State interest" means the acquisition or improvement of
26 real property, equipment, or supplies under a State award, the

1 dollar amount that is the product of the State share of the
2 total project costs and current fair market value of the
3 property, improvements, or both, to the extent the costs of
4 acquiring or improving the property were included as project
5 costs.

6 "State program" means any of the following:

7 (1) All State awards which are assigned a single number
8 in the Catalog of State Financial Assistance.

9 (2) When no Catalog of State Financial Assistance
10 number is assigned, all State awards to non-federal
11 entities from the same agency made for the same purpose are
12 considered one program.

13 (3) A cluster of programs as defined in this Section.

14 "State share" means the portion of the total project costs
15 that are paid by State funds.

16 "Student Financial Aid" means federal awards under those
17 programs of general student assistance, such as those
18 authorized by Title IV of the Higher Education Act of 1965, as
19 amended (20 U.S.C. 1070-1099d), that are administered by the
20 United States Department of Education and similar programs
21 provided by other federal agencies. "Student Financial Aid"
22 does not include federal awards under programs that provide
23 fellowships or similar federal awards to students on a
24 competitive basis or for specified studies or research.

25 "Subaward" means an award provided by a pass-through entity
26 to a subrecipient for the subrecipient to carry out part of a

1 federal award received by the pass-through entity. "Subaward"
2 does not include payments to a contractor or payments to an
3 individual that is a beneficiary of a federal program. A
4 "subaward" may be provided through any form of legal agreement,
5 including an agreement that the pass-through entity considers a
6 contract.

7 "Subrecipient" means a non-federal entity that receives a
8 subaward from a pass-through entity to carry out part of a
9 federal program. "Subrecipient" does not include an individual
10 that is a beneficiary of such program. A "subrecipient" may
11 also be a recipient of other federal awards directly from a
12 federal awarding agency.

13 "Suspension" means a post-award action by the State or
14 federal agency or pass-through entity that temporarily
15 withdraws the State or federal agency's or pass-through
16 entity's financial assistance sponsorship under an award,
17 pending corrective action by the recipient or subrecipient or
18 pending a decision to terminate the award.

19 "Uniform Administrative Requirements, Costs Principles,
20 and Audit Requirements for Federal Awards" means those rules
21 applicable to grants contained in 2 CFR 200.

22 "Voluntary committed cost sharing" means cost sharing
23 specifically pledged on a voluntary basis in the proposal's
24 budget or the award on the part of the non-federal entity and
25 that becomes a binding requirement of the award.

1 Section 20. Adoption of federal rules applicable to grants.

2 (a) On or before July 1, 2015, the Governor's Office of
3 Management and Budget shall by rule adopt the Uniform Guidance
4 at 2 CFR 200 and apply those rules to all State and federal
5 awards on and after July 1, 2015. The rules shall include the
6 following:

7 (1) Administrative requirements. In accordance with
8 Subparts B through D of 2 CFR 200, the Governor's Office of
9 Management and Budget shall by rule set forth the uniform
10 administrative requirements for grant and cooperative
11 agreements, including the requirements for the management
12 by State awarding agencies of federal grant programs before
13 State and federal pass-through awards have been made and
14 requirements that State awarding agencies may impose on
15 non-federal entities in State and federal pass-through
16 awards.

17 (2) Cost principles. In accordance with Subpart E of 2
18 CFR 200, the Governor's Office of Management and Budget
19 shall by rule establish principles for determining the
20 allowable costs incurred by non-federal entities under
21 State and federal pass-through awards. The principles are
22 intended for cost determination, but are not intended to
23 identify the circumstances or dictate the extent of State
24 or federal pass-through participation in financing a
25 particular program or project. The principles shall
26 provide that State and federal awards bear their fair share

1 of cost recognized under these principles, except where
2 restricted or prohibited by State or federal law.

3 (3) Audit and single audit requirements and audit
4 follow-up. In accordance with Subpart F of 2 CFR 200 and
5 the federal Single Audit Act Amendments of 1996, the
6 Governor's Office of Management and Budget shall by rule
7 set forth standards to obtain consistency and uniformity
8 among State and federal pass-through awarding agencies for
9 the audit of non-federal entities expending State and
10 federal awards. These provisions shall also set forth the
11 policies and procedures for State and federal pass-through
12 entities when using the results of these audits.

13 The provisions of this item (3) do not apply to
14 for-profit subrecipients because for-profit subrecipients
15 are not subject to the requirements of OMB Circular A-133,
16 Audits of States, Local and Non-Profit Organizations.
17 Audits of for-profit subrecipients must be conducted
18 pursuant to a Program Audit Guide issued by the Federal
19 awarding agency. If a Program Audit Guide is not available,
20 the State awarding agency must prepare a Program Audit
21 Guide in accordance with the OMB Circular A-133 Compliance
22 Supplement. For-profit entities are subject to all other
23 general administrative requirements and cost principles
24 applicable to grants.

25 (b) This Act addresses only State and federal pass-through
26 auditing functions and does not address the external audit

1 function of the Auditor General.

2 (c) The State grant-making agency is responsible for
3 establishing requirements, as necessary, to ensure compliance
4 by for-profit subrecipients subject to approval by the
5 Governor's Office of Management and Budget. The agreement with
6 the for-profit subrecipient shall describe the applicable
7 compliance requirements and the for-profit subrecipient's
8 compliance responsibility. Methods to ensure compliance for
9 State and federal pass-through awards made to for-profit
10 subrecipients shall include pre-award, audits, monitoring
11 during the agreement, and post-award audits.

12 Section 25. Conflicts of interest. The Governor's Office of
13 Management and Budget shall adopt rules regarding conflict of
14 interest policies for awards. A non-federal entity must
15 disclose in writing any potential conflict of interest to the
16 Governor's Office of Management and Budget or the pass-through
17 entity in accordance with applicable awarding agency policy.

18 Section 30. Mandatory disclosures. The Governor's Office
19 of Management and Budget shall by rule require that the
20 applicant for an award disclose, in a timely manner and in
21 writing to the pass-through entity, all violations of State or
22 federal criminal law involving fraud, bribery, or gratuity
23 violations potentially affecting the award. Failure to make the
24 required disclosures may result in any of the following

1 remedies:

2 (1) The temporary withholding of cash payments pending
3 correction of the deficiency by the awarding agency or
4 non-federal entity or more severe enforcement action by the
5 pass-through entity.

6 (2) Disallowance of (that is, denial of both use of
7 funds and any applicable matching credit for) all or part
8 of the cost of the activity or action not in compliance.

9 (3) Whole or partial suspension or termination of the
10 award.

11 (4) Initiation of suspension or debarment proceedings
12 as authorized under rules adopted by the Governor's Office
13 of Management and Budget under subsection (a) of Section 20
14 of this Act and awarding agency regulations (or, in the
15 case of a pass-through entity, recommendation that such a
16 proceeding be initiated by the awarding agency).

17 (5) Withholding further awards for the project or
18 program.

19 (6) Taking other remedies that may be legally
20 available.

21 Section 35. Supplemental rules. On or before December 31,
22 2015, the Governor's Office of Management and Budget shall
23 adopt supplemental rules pertaining to the following:

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

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

2 (3) The award of competitive grants in 3-year terms
3 (one-year initial terms with the option to renew for up to
4 2 additional years) to coincide with the federal award.

5 (4) The issuance of grants, including:

6 (A) public notice of announcements of funding
7 opportunities;

8 (B) the development of uniform grant applications;

9 (C) state agency review of merit of proposals and
10 risk posed by applicants;

11 (D) specific conditions for individual recipients
12 (requiring the use of a fiscal agent and additional
13 corrective conditions);

14 (E) certifications and representations;

15 (F) pre-award costs;

16 (G) performance measures and Budgeting for Results
17 requirements; and

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

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

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

26 (B) mandatory requirements regarding contents of

1 the budget including, at a minimum, common detail line
2 items specified under guidelines issued by the
3 Governor's Office of Management and Budget;

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

8 (D) a requirement that the budget include
9 information necessary for analyzing cost and
10 performance for use in the Budgeting for Results
11 initiative; and

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

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

19 (A) organization name;

20 (B) Federal Employee Identification Number;

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

22 (D) fiscal condition;

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

25 (F) past performance in administering grants;

26 (G) whether the applicant is or has ever been on

1 the Debarred and Suspended List maintained by the
2 Governor's Office of Management and Budget;

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

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

8 Nothing in this Act affects the provisions of the Fiscal
9 Control and Internal Auditing Act nor the requirement that the
10 management of each State agency is responsible for maintaining
11 effective internal controls under that Act.

12 Section 40. Applicability.

13 (a) The requirements established under this Act apply to
14 State grant-making agencies that make State and federal
15 pass-through awards to non-federal entities. These
16 requirements apply to all costs related to State and federal
17 pass-through awards.

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 Governor's Office of
2 Management and Budget rules adopted under subsection (a) of
3 Section 20 of this Act, but not to any requirements in this Act
4 directed towards State or federal awarding agencies, unless the
5 requirements of the State or 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 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) Except for 2 CFR 200.202 and 200.330 through 200.332,
8 the requirements in Subparts C, D, and E of 2 CFR 200 do not
9 apply to the following programs:

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

26 (2) Federal awards to local education agencies under 20

1 U.S.C. 7702 through 7703b (portions of the Impact Aid
2 program).

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

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

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

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

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

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

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

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

24 (C) Foster Care and Adoption Assistance (Title
25 IV-E of the Act, 42 U.S.C. 670-679c);

26 (D) Aid to the Aged, Blind, and Disabled (Titles I,

1 X, XIV, and XVI- AABD of the Act, as amended); and

2 (E) Medical Assistance (Medicaid) (42 U.S.C.
3 1396-1396w-5), not including the State Medicaid Fraud
4 Control program authorized by Section 1903(a)(6)(B) of
5 the Social Security Act (42 U.S.C. 1396b(a)(6)(B)).

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

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

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

19 (A) National School Lunch Program (42 U.S.C.
20 1753);

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

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

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

25 (E) Child and Adult Care Food Program (42 U.S.C.
26 1766).

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

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

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

5 (C) State Administrative Expenses (42 U.S.C.
6 Section 1776).

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

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

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

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

18 (C) Commodity Supplemental Food Program (7 U.S.C.
19 Section 612c).

20 Section 45. State grant-making agency responsibilities.
21 The specific requirements and responsibilities of State
22 grant-making agencies and non-federal entities are set forth in
23 this Act. State agencies making State awards to non-federal
24 entities must adopt by rule the language in 2 CFR 200, Subpart
25 C through Subpart F unless different provisions are required by

1 law or are approved by the Governor's Office of Management and
2 Budget.

3 Section 50. The Governor's Office of Management and Budget
4 responsibilities.

5 (a) The Governor's Office of Management and Budget shall
6 review State grant-making agency rules and the implementation
7 of this Act and shall provide interpretations of policy
8 requirements and assistance to ensure effective and efficient
9 implementation. Any exceptions shall be subject to approval by
10 the Governor's Office of Management and Budget. Exceptions
11 shall only be made in particular cases where adequate
12 justification is presented.

13 (b) On or before July 1, 2014, the Governor's Office of
14 Management and Budget shall establish a centralized grants
15 management unit within the Governor's Office of Management and
16 Budget. The centralized division shall be funded with a portion
17 of the administrative funds provided under existing and future
18 State and federal grants.

19 Section 55. Responsibilities of centralized grants
20 management unit. The centralized grants management unit within
21 the Governor's Office of Management and Budget shall be
22 responsible for:

23 (1) The development of minimum requirements applicable
24 to the staff of grant applicants to manage and execute

1 grant awards for programmatic and administrative purposes,
2 including grant management specialists with:

3 (A) general and technical competencies;

4 (B) programmatic expertise;

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

8 (D) knowledge of compliance requirements.

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

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

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

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

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

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

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

25 (D) disclosure of senior management of grantee
26 organization and their relationships with contracted

1 vendors.

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

7 (7) Implementation of rules prohibiting a non-federal
8 entity from earning or keeping any profit resulting from
9 State or federal financial assistance, unless prior
10 approval has been obtained from the Governor's Office of
11 Management and Budget and is expressly authorized by the
12 terms and conditions of the award.

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

18 Section 60. Audit requirements.

19 (a) The standards set forth in the Governor's Office of
20 Management and Budget rules adopted in accordance with Subpart
21 F of 2 CFR 200 and any other standards that apply directly to
22 federal agencies shall apply to audits of fiscal years
23 beginning on or after December 26, 2015.

24 (b) Books and records must be available for review or audit
25 by appropriate officials of the pass-through entity, and the

1 agency, the Auditor General, the Inspector General,
2 appropriate officials of the agency, and the federal Government
3 Accountability Office.

4 (c) The Governor's Office of Management and Budget shall
5 adopt rules for audits of grants from a pass-through entity
6 that are not subject to the Single Audit Act because the amount
7 of the federal award is less than \$750,000 or the subrecipient
8 is an exempt entity.

9 (d) This Act does not affect the provisions of the Illinois
10 State Auditing Act and does not address the external audit
11 function of the Auditor General.

12 Section 65. Review date. The Governor's Office of
13 Management and Budget shall review this Act at least once every
14 5 years after December 26, 2014 in conjunction with the federal
15 review of the Uniform Administrative Requirements, Cost
16 Principles, and Audit Requirements for Federal Awards as
17 required by 2 CFR 200.109 in order to determine whether any
18 existing rules need to be revised or new rules adopted.

19 Section 70. Exceptions. With the exception of the audit
20 requirements set forth in 2 CFR 200.102, the Governor's Office
21 of Management and Budget may allow exceptions for classes of
22 State or federal pass-through awards or non-federal entities
23 subject to the requirements of this Act when exceptions are not
24 prohibited by State or federal law. However, in the interest of

1 maximum uniformity, exceptions from the requirements of this
2 Act shall be permitted only in unusual circumstances.

3 Section 75. Supersession. On and after July 1, 2015, in the
4 event of a conflict with the Grant Funds Recovery Act, the
5 provisions of this Act shall control.

6 Section 80. Implementation date. The Governor's Office of
7 Management and Budget shall adopt all rules required under this
8 Act on or before December 31, 2015.

9 Section 85. Agency implementation. All State grant-making
10 agencies shall implement the rules issued by the Governor's
11 Office of Management and Budget on or before July 1, 2016. The
12 standards set forth in this Act, which affect administration of
13 State and federal pass-through awards issued by State
14 grant-making agencies, become effective once implemented by
15 State grant-making agencies. State grant-making agencies shall
16 implement the policies and procedures applicable to State and
17 federal pass-through awards by adopting rules for non-federal
18 entities that shall take effect for fiscal years on and after
19 December 26, 2015, unless different provisions are required by
20 State or federal statute, federal rule, or approved by the
21 Governor's Office of Management and Budget.

22 Section 90. Annual report. Effective January 1, 2017 and

1 each January 1 thereafter, the Governor's Office of Management
2 and Budget, in conjunction with the Illinois Single Audit
3 Commission, shall submit to the Governor and the General
4 Assembly a report that demonstrates the efficiencies, cost
5 savings, and reductions in fraud, waste, and abuse as a result
6 of the implementation of this Act and the rules adopted by the
7 Governor's Office of Management and Budget in accordance with
8 the provisions of this Act. The report shall include, but not
9 be limited to:

10 (1) the number of entities placed on the Illinois
11 Debarred and Suspended List;

12 (2) any savings realized as a result of the
13 implementation of this Act;

14 (3) any reduction in the number of duplicative audits;

15 (4) the number of persons trained to assist grantees
16 and subrecipients; and

17 (5) the number of grantees and subrecipients to whom a
18 fiscal agent was assigned.

19 Section 95. Repeal. This Act is repealed 5 years after the
20 effective date of this Act.

21 Section 500. The Illinois Administrative Procedure Act is
22 amended by changing Section 5-45 as follows:

23 (5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

1 Sec. 5-45. Emergency rulemaking.

2 (a) "Emergency" means the existence of any situation that
3 any agency finds reasonably constitutes a threat to the public
4 interest, safety, or welfare.

5 (b) If any agency finds that an emergency exists that
6 requires adoption of a rule upon fewer days than is required by
7 Section 5-40 and states in writing its reasons for that
8 finding, the agency may adopt an emergency rule without prior
9 notice or hearing upon filing a notice of emergency rulemaking
10 with the Secretary of State under Section 5-70. The notice
11 shall include the text of the emergency rule and shall be
12 published in the Illinois Register. Consent orders or other
13 court orders adopting settlements negotiated by an agency may
14 be adopted under this Section. Subject to applicable
15 constitutional or statutory provisions, an emergency rule
16 becomes effective immediately upon filing under Section 5-65 or
17 at a stated date less than 10 days thereafter. The agency's
18 finding and a statement of the specific reasons for the finding
19 shall be filed with the rule. The agency shall take reasonable
20 and appropriate measures to make emergency rules known to the
21 persons who may be affected by them.

22 (c) An emergency rule may be effective for a period of not
23 longer than 150 days, but the agency's authority to adopt an
24 identical rule under Section 5-40 is not precluded. No
25 emergency rule may be adopted more than once in any 24 month
26 period, except that this limitation on the number of emergency

1 rules that may be adopted in a 24 month period does not apply
2 to (i) emergency rules that make additions to and deletions
3 from the Drug Manual under Section 5-5.16 of the Illinois
4 Public Aid Code or the generic drug formulary under Section
5 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii)
6 emergency rules adopted by the Pollution Control Board before
7 July 1, 1997 to implement portions of the Livestock Management
8 Facilities Act, (iii) emergency rules adopted by the Illinois
9 Department of Public Health under subsections (a) through (i)
10 of Section 2 of the Department of Public Health Act when
11 necessary to protect the public's health, (iv) emergency rules
12 adopted pursuant to subsection (n) of this Section, (v)
13 emergency rules adopted pursuant to subsection (o) of this
14 Section, or (vi) emergency rules adopted pursuant to subsection
15 (c-5) of this Section. Two or more emergency rules having
16 substantially the same purpose and effect shall be deemed to be
17 a single rule for purposes of this Section.

18 (c-5) To facilitate the maintenance of the program of group
19 health benefits provided to annuitants, survivors, and retired
20 employees under the State Employees Group Insurance Act of
21 1971, rules to alter the contributions to be paid by the State,
22 annuitants, survivors, retired employees, or any combination
23 of those entities, for that program of group health benefits,
24 shall be adopted as emergency rules. The adoption of those
25 rules shall be considered an emergency and necessary for the
26 public interest, safety, and welfare.

1 (d) In order to provide for the expeditious and timely
2 implementation of the State's fiscal year 1999 budget,
3 emergency rules to implement any provision of Public Act 90-587
4 or 90-588 or any other budget initiative for fiscal year 1999
5 may be adopted in accordance with this Section by the agency
6 charged with administering that provision or initiative,
7 except that the 24-month limitation on the adoption of
8 emergency rules and the provisions of Sections 5-115 and 5-125
9 do not apply to rules adopted under this subsection (d). The
10 adoption of emergency rules authorized by this subsection (d)
11 shall be deemed to be necessary for the public interest,
12 safety, and welfare.

13 (e) In order to provide for the expeditious and timely
14 implementation of the State's fiscal year 2000 budget,
15 emergency rules to implement any provision of this amendatory
16 Act of the 91st General Assembly or any other budget initiative
17 for fiscal year 2000 may be adopted in accordance with this
18 Section by the agency charged with administering that provision
19 or initiative, except that the 24-month limitation on the
20 adoption of emergency rules and the provisions of Sections
21 5-115 and 5-125 do not apply to rules adopted under this
22 subsection (e). The adoption of emergency rules authorized by
23 this subsection (e) shall be deemed to be necessary for the
24 public interest, safety, and welfare.

25 (f) In order to provide for the expeditious and timely
26 implementation of the State's fiscal year 2001 budget,

1 emergency rules to implement any provision of this amendatory
2 Act of the 91st General Assembly or any other budget initiative
3 for fiscal year 2001 may be adopted in accordance with this
4 Section by the agency charged with administering that provision
5 or initiative, except that the 24-month limitation on the
6 adoption of emergency rules and the provisions of Sections
7 5-115 and 5-125 do not apply to rules adopted under this
8 subsection (f). The adoption of emergency rules authorized by
9 this subsection (f) shall be deemed to be necessary for the
10 public interest, safety, and welfare.

11 (g) In order to provide for the expeditious and timely
12 implementation of the State's fiscal year 2002 budget,
13 emergency rules to implement any provision of this amendatory
14 Act of the 92nd General Assembly or any other budget initiative
15 for fiscal year 2002 may be adopted in accordance with this
16 Section by the agency charged with administering that provision
17 or initiative, except that the 24-month limitation on the
18 adoption of emergency rules and the provisions of Sections
19 5-115 and 5-125 do not apply to rules adopted under this
20 subsection (g). The adoption of emergency rules authorized by
21 this subsection (g) shall be deemed to be necessary for the
22 public interest, safety, and welfare.

23 (h) In order to provide for the expeditious and timely
24 implementation of the State's fiscal year 2003 budget,
25 emergency rules to implement any provision of this amendatory
26 Act of the 92nd General Assembly or any other budget initiative

1 for fiscal year 2003 may be adopted in accordance with this
2 Section by the agency charged with administering that provision
3 or initiative, except that the 24-month limitation on the
4 adoption of emergency rules and the provisions of Sections
5 5-115 and 5-125 do not apply to rules adopted under this
6 subsection (h). The adoption of emergency rules authorized by
7 this subsection (h) shall be deemed to be necessary for the
8 public interest, safety, and welfare.

9 (i) In order to provide for the expeditious and timely
10 implementation of the State's fiscal year 2004 budget,
11 emergency rules to implement any provision of this amendatory
12 Act of the 93rd General Assembly or any other budget initiative
13 for fiscal year 2004 may be adopted in accordance with this
14 Section by the agency charged with administering that provision
15 or initiative, except that the 24-month limitation on the
16 adoption of emergency rules and the provisions of Sections
17 5-115 and 5-125 do not apply to rules adopted under this
18 subsection (i). The adoption of emergency rules authorized by
19 this subsection (i) shall be deemed to be necessary for the
20 public interest, safety, and welfare.

21 (j) In order to provide for the expeditious and timely
22 implementation of the provisions of the State's fiscal year
23 2005 budget as provided under the Fiscal Year 2005 Budget
24 Implementation (Human Services) Act, emergency rules to
25 implement any provision of the Fiscal Year 2005 Budget
26 Implementation (Human Services) Act may be adopted in

1 accordance with this Section by the agency charged with
2 administering that provision, except that the 24-month
3 limitation on the adoption of emergency rules and the
4 provisions of Sections 5-115 and 5-125 do not apply to rules
5 adopted under this subsection (j). The Department of Public Aid
6 may also adopt rules under this subsection (j) necessary to
7 administer the Illinois Public Aid Code and the Children's
8 Health Insurance Program Act. The adoption of emergency rules
9 authorized by this subsection (j) shall be deemed to be
10 necessary for the public interest, safety, and welfare.

11 (k) In order to provide for the expeditious and timely
12 implementation of the provisions of the State's fiscal year
13 2006 budget, emergency rules to implement any provision of this
14 amendatory Act of the 94th General Assembly or any other budget
15 initiative for fiscal year 2006 may be adopted in accordance
16 with this Section by the agency charged with administering that
17 provision or initiative, except that the 24-month limitation on
18 the adoption of emergency rules and the provisions of Sections
19 5-115 and 5-125 do not apply to rules adopted under this
20 subsection (k). The Department of Healthcare and Family
21 Services may also adopt rules under this subsection (k)
22 necessary to administer the Illinois Public Aid Code, the
23 Senior Citizens and Disabled Persons Property Tax Relief Act,
24 the Senior Citizens and Disabled Persons Prescription Drug
25 Discount Program Act (now the Illinois Prescription Drug
26 Discount Program Act), and the Children's Health Insurance

1 Program Act. The adoption of emergency rules authorized by this
2 subsection (k) shall be deemed to be necessary for the public
3 interest, safety, and welfare.

4 (l) In order to provide for the expeditious and timely
5 implementation of the provisions of the State's fiscal year
6 2007 budget, the Department of Healthcare and Family Services
7 may adopt emergency rules during fiscal year 2007, including
8 rules effective July 1, 2007, in accordance with this
9 subsection to the extent necessary to administer the
10 Department's responsibilities with respect to amendments to
11 the State plans and Illinois waivers approved by the federal
12 Centers for Medicare and Medicaid Services necessitated by the
13 requirements of Title XIX and Title XXI of the federal Social
14 Security Act. The adoption of emergency rules authorized by
15 this subsection (l) shall be deemed to be necessary for the
16 public interest, safety, and welfare.

17 (m) In order to provide for the expeditious and timely
18 implementation of the provisions of the State's fiscal year
19 2008 budget, the Department of Healthcare and Family Services
20 may adopt emergency rules during fiscal year 2008, including
21 rules effective July 1, 2008, in accordance with this
22 subsection to the extent necessary to administer the
23 Department's responsibilities with respect to amendments to
24 the State plans and Illinois waivers approved by the federal
25 Centers for Medicare and Medicaid Services necessitated by the
26 requirements of Title XIX and Title XXI of the federal Social

1 Security Act. The adoption of emergency rules authorized by
2 this subsection (m) shall be deemed to be necessary for the
3 public interest, safety, and welfare.

4 (n) In order to provide for the expeditious and timely
5 implementation of the provisions of the State's fiscal year
6 2010 budget, emergency rules to implement any provision of this
7 amendatory Act of the 96th General Assembly or any other budget
8 initiative authorized by the 96th General Assembly for fiscal
9 year 2010 may be adopted in accordance with this Section by the
10 agency charged with administering that provision or
11 initiative. The adoption of emergency rules authorized by this
12 subsection (n) shall be deemed to be necessary for the public
13 interest, safety, and welfare. The rulemaking authority
14 granted in this subsection (n) shall apply only to rules
15 promulgated during Fiscal Year 2010.

16 (o) In order to provide for the expeditious and timely
17 implementation of the provisions of the State's fiscal year
18 2011 budget, emergency rules to implement any provision of this
19 amendatory Act of the 96th General Assembly or any other budget
20 initiative authorized by the 96th General Assembly for fiscal
21 year 2011 may be adopted in accordance with this Section by the
22 agency charged with administering that provision or
23 initiative. The adoption of emergency rules authorized by this
24 subsection (o) is deemed to be necessary for the public
25 interest, safety, and welfare. The rulemaking authority
26 granted in this subsection (o) applies only to rules

1 promulgated on or after the effective date of this amendatory
2 Act of the 96th General Assembly through June 30, 2011.

3 (p) In order to provide for the expeditious and timely
4 implementation of the provisions of Public Act 97-689,
5 emergency rules to implement any provision of Public Act 97-689
6 may be adopted in accordance with this subsection (p) by the
7 agency charged with administering that provision or
8 initiative. The 150-day limitation of the effective period of
9 emergency rules does not apply to rules adopted under this
10 subsection (p), and the effective period may continue through
11 June 30, 2013. The 24-month limitation on the adoption of
12 emergency rules does not apply to rules adopted under this
13 subsection (p). The adoption of emergency rules authorized by
14 this subsection (p) is deemed to be necessary for the public
15 interest, safety, and welfare.

16 (q) In order to provide for the expeditious and timely
17 implementation of the provisions of Articles 7, 8, 9, 11, and
18 12 of this amendatory Act of the 98th General Assembly,
19 emergency rules to implement any provision of Articles 7, 8, 9,
20 11, and 12 of this amendatory Act of the 98th General Assembly
21 may be adopted in accordance with this subsection (q) by the
22 agency charged with administering that provision or
23 initiative. The 24-month limitation on the adoption of
24 emergency rules does not apply to rules adopted under this
25 subsection (q). The adoption of emergency rules authorized by
26 this subsection (q) is deemed to be necessary for the public

1 interest, safety, and welfare.

2 (r) In order to provide for the expeditious and timely
3 implementation of the Grant Accountability and Transparency
4 Act, the Governor's Office of Management and Budget may adopt
5 emergency rules to implement the provisions of that Act for a
6 period of one year after the effective date of this amendatory
7 Act of the 98th General Assembly. Should changes to the rules
8 be required by the review mandated by Section 65 of the Grant
9 Accountability and Transparency Act, the Governor's Office of
10 Management and Budget may adopt such peremptory rules as are
11 necessary to comply with changes to corresponding federal
12 rules. All other rules that the Governor's Office of Management
13 and Budget deems necessary to adopt in connection with the
14 Grant Accountability and Transparency Act must proceed through
15 the ordinary rule-making process. The adoption of emergency
16 rules authorized by this subsection (r) shall be deemed to be
17 necessary for the public interest, safety, and welfare.

18 (Source: P.A. 97-689, eff. 6-14-12; 97-695, eff. 7-1-12;
19 98-104, eff. 7-22-13; 98-463, eff. 8-16-13.)

20 Section 505. The Governor's Office of Management and Budget
21 Act is amended by changing Section 2 and by adding Sections
22 2.8, 2.9, and 2.10 as follows:

23 (20 ILCS 3005/2) (from Ch. 127, par. 412)

24 Sec. 2. There is created in the executive office of the

1 Governor an Office to be known as the Governor's Office of
2 Management and Budget. The Office shall be headed by a
3 Director, who shall be appointed by the Governor. The functions
4 of the Office shall be as prescribed in Sections 2.1 through
5 2.10 ~~2.7~~ of this Act.

6 (Source: P.A. 93-25, eff. 6-20-03.)

7 (20 ILCS 3005/2.8 new)

8 Sec. 2.8. Pursuant to the Grant Accountability and
9 Transparency Act, to create, on or before July 1, 2014, a
10 centralized grants management unit within the Office. The
11 centralized grants management unit shall report directly to the
12 Director of the Governor's Office of Management and Budget.

13 (20 ILCS 3005/2.9 new)

14 Sec. 2.9. Pursuant to the Grant Accountability and
15 Transparency Act, to maintain a list of those individuals and
16 entities that are ineligible, either temporarily or
17 permanently, to receive an award of grant funds from the State.

18 (20 ILCS 3005/2.10 new)

19 Sec. 2.10. To adopt rules on or before December 31, 2015
20 necessary to comply with the Grant Accountability and
21 Transparency Act.

22 (30 ILCS 705/4.2 rep.)

1 Section 510. The Illinois Grant Funds Recovery Act is
2 amended by repealing Section 4.2.

3 Section 515. The Illinois Grant Funds Recovery Act is
4 amended by changing Section 15 and by adding Section 16 as
5 follows:

6 (30 ILCS 705/15)

7 (Section scheduled to be repealed on April 1, 2014)

8 Sec. 15. Illinois Single Audit Commission.

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

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

19 (1) Department on Aging;

20 (2) Department of Children and Family Services;

21 (3) Department of Healthcare and Family Services;

22 (4) Department of Human Services;

23 (5) Department of Public Health;

24 (6) Criminal Justice Information Authority;

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

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

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

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

1 the Commission.

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

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

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

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

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

7 (3) the development of uniform grant applications;

8 (4) the development of uniform budget requirements;

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

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

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

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

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

23 (1) the development of uniform grant agreements;

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

26 (3) the implementation of uniform monitoring,

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

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

7 (5) the development of administrative requirements;

8 (6) the development of allowable cost principles;

9 (7) the development of a conditional exemption
10 process;

11 (8) the development of standardized audit
12 requirements;

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

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

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

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

21 (1) the development of standardized closeout
22 procedures;

23 (2) the development of standardized audit
24 requirements;

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

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

3 (5) the development of an appeals process.

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

6 (i) Definitions. As used in this Section:

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

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

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

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

5 (k) This Section is repealed on December 31 ~~April 1~~, 2014.
6 (Source: P.A. 98-47, eff. 7-1-13.)

7 (30 ILCS 705/16 new)

8 Sec. 16. Supersession. On and after July 1, 2015, in the
9 event of a conflict with the Grant Accountability and
10 Transparency Act, the Grant Accountability and Transparency
11 Act shall control.

12 Section 997. Severability. The provisions of this Act are
13 severable under Section 1.31 of the Statute on Statutes.

14 Section 999. Effective date. This Act takes effect upon
15 becoming law."