



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB6015

by Rep. Patricia R. Bellock

SYNOPSIS AS INTRODUCED:

See Index

Creates the Grant Accountability and Transparency Act. Provides that the purpose of the Act is to establish uniform administrative requirements, cost principles, and audit requirements for State and federal pass-through awards to non-federal entities. Provides that, on or before July 1, 2015, the Governor's Office of Management and Budget shall by rule adopt the federal Uniform Guidance regarding federal grant awards. Provides for the following: (1) the adoption of federal rules applicable to grants; (2) conflicts of interest; (3) mandatory disclosures; (4) supplemental rules; (5) applicability of the Act; (6) State grant-making agency responsibilities; (7) responsibilities of the centralized grants management unit; (8) audit requirements; (9) State agency implementation; (10) exceptions to the Act; and (11) an annual report. Repeals the Act 5 years after the effective date of the Act. Provides that on and after July 1, 2015, in the event of a conflict between the Grant Funds Recovery Act and the provisions of the Act, the Act shall prevail. Makes a corresponding change in the Grant Funds Recovery Act. Further amends the Grant Funds Recovery Act and extends the date of repeal for the Illinois Single Audit Commission to December 31, 2014 (now April 1, 2014). Amends the Illinois Administrative Procedure Act. Provides that the Governor's Office of Management and Budget may adopt emergency rules to implement the provisions of the Grant Accountability and Transparency Act. Amends the Governor's Office of Management and Budget Act. Provides for the creation of the centralized grants management unit within the Office and requires the Office to adopt rules under the Grant Accountability and Transparency Act. Effective immediately.

LRB098 20606 OMW 57037 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 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
17 transparency in the use of grant funds from whatever source and
18 to reduce administrative burdens on both State agencies and
19 grantees by adopting federal guidance and regulations
20 applicable to such grant funds; specifically, the Uniform
21 Administrative Requirements, Cost Principles, and Audit
22 Requirements for Federal Awards ("Uniform Guidance"), codified
23 at 2 CFR 200.

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

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

12 Section 10. Purpose. The purpose of this Act is to
13 establish uniform administrative requirements, cost
14 principles, and audit requirements for State and federal
15 pass-through awards to non-federal entities. State awarding
16 agencies shall not impose additional or inconsistent
17 requirements, except as provided in 2 CFR 200.102 or as
18 directed by the Governor's Office of Management and Budget,
19 unless specifically required by State or federal statute or
20 Executive Order.

21 This Act and the rules adopted under this Act provide the
22 basis for a systematic and periodic collection and uniform
23 submission to the Governor's Office of Management and Budget of
24 information of all State and federal financial assistance
25 programs by State grant-making agencies. This Act also

1 establishes policies related to the delivery of this
2 information to the public, including through the use of
3 electronic media.

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

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

6 (1) the costs are reasonable and necessary for the
7 performance of the award;

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

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

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

14 (5) the costs are accorded consistent treatment; a cost
15 may not be assigned to a State or federal award as a direct
16 cost if any other cost incurred for the same purpose in
17 like circumstances has been allocated to the award as an
18 indirect cost;

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

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

24 (8) the costs are adequately documented.

25 "Auditee" means any non-federal entity that expends State

1 or federal awards that must be audited.

2 "Auditor" means an auditor who is a public accountant or a
3 federal, State, or local government audit organization that
4 meets the general standards specified in generally-accepted
5 government auditing standards. "Auditor" does not include
6 internal auditors of nonprofit organizations.

7 "Auditor General" means the Auditor General of the State of
8 Illinois.

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

20 "Budget" means the financial plan for the project or
21 program that the awarding agency or pass-through entity
22 approves during the award process or in subsequent amendments
23 to the award. It may include the State or federal and
24 non-federal share or only the State or federal share, as
25 determined by the awarding agency or pass-through entity.

26 "Catalog of Federal Domestic Assistance" or "CFDA" means a

1 database that helps the federal government track all programs
2 it has domestically funded.

3 "Catalog of Federal Domestic Assistance number" or "CFDA
4 number" means the number assigned to a federal program in the
5 CFDA.

6 "Catalog of State Financial Assistance" means the single,
7 authoritative, statewide, comprehensive source document of
8 State financial assistance program information.

9 "Catalog of State Financial Assistance Number" means the
10 number assigned to a State program in the Catalog of State
11 Financial Assistance. The first 3 digits represent the State
12 agency number and the last 4 digits represent the program.

13 "Cluster of programs" means a grouping of closely related
14 programs that share common compliance requirements. The types
15 of clusters of programs are research and development, student
16 financial aid, and other clusters. A "cluster of programs"
17 shall be considered as one program for determining major
18 programs and, with the exception of research and development,
19 whether a program-specific audit may be elected.

20 "Cognizant agency for audit" means the federal agency
21 designated to carry out the responsibilities described in 2 CFR
22 200.513(a).

23 "Contract" means a legal instrument by which a non-federal
24 entity purchases property or services needed to carry out the
25 project or program under an award. "Contract" does not include
26 a legal instrument, even if the non-federal entity considers it

1 a contract, when the substance of the transaction meets the
2 definition of an award or subaward.

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

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

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

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

18 "Cooperative agreement" does not include a cooperative
19 research and development agreement, nor an agreement that
20 provides only direct cash assistance to an individual, a
21 subsidy, a loan, a loan guarantee, or insurance.

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

26 "Cost objective" means a program, function, activity,

1 award, organizational subdivision, contract, or work unit for
2 which cost data is desired and for which provision is made to
3 accumulate and measure the cost of processes, products, jobs,
4 and capital projects. A "cost objective" may be a major
5 function of the non-federal entity, a particular service or
6 project, an award, or an indirect cost activity.

7 "Cost sharing" means the portion of project costs not paid
8 by State or federal funds, unless otherwise authorized by
9 statute.

10 "Development" is the systematic use of knowledge and
11 understanding gained from research directed toward the
12 production of useful materials, devices, systems, or methods,
13 including design and development of prototypes and processes.

14 "Data Universal Numbering System number" means the 9-digit
15 number established and assigned by Dun and Bradstreet, Inc. to
16 uniquely identify entities and, under federal law, is required
17 for non-federal entities to apply for, receive, and report on a
18 federal award.

19 "Direct costs" means costs that can be identified
20 specifically with a particular final cost objective, such as a
21 State or federal or federal pass-through award or a particular
22 sponsored project, an instructional activity, or any other
23 institutional activity, or that can be directly assigned to
24 such activities relatively easily with a high degree of
25 accuracy.

26 "Equipment" means tangible personal property (including

1 information technology systems) having a useful life of more
2 than one year and a per-unit acquisition cost that equals or
3 exceeds the lesser of the capitalization level established by
4 the non-federal entity for financial statement purposes, or
5 \$5,000.

6 "Executive branch" means that branch of State government
7 that is under the jurisdiction of the Governor.

8 "Federal agency" has the meaning provided for "agency"
9 under 5 U.S.C. 551(1) together with the meaning provided for
10 "agency" by 5 U.S.C. 552(f).

11 "Federal award" means:

12 (1) the federal financial assistance that a
13 non-federal entity receives directly from a federal
14 awarding agency or indirectly from a pass-through entity;

15 (2) the cost-reimbursement contract under the Federal
16 Acquisition Regulations that a non-federal entity receives
17 directly from a federal awarding agency or indirectly from
18 a pass-through entity; or

19 (3) the instrument setting forth the terms and
20 conditions when the instrument is the grant agreement,
21 cooperative agreement, other agreement for assistance
22 covered in paragraph (b) of 20 CFR 200.40, or the
23 cost-reimbursement contract awarded under the Federal
24 Acquisition Regulations.

25 "Federal award" does not include other contracts that a
26 federal agency uses to buy goods or services from a contractor

1 or a contract to operate federal government owned,
2 contractor-operated facilities.

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

5 "Federal interest" means, for purposes of 2 CFR 200.329 or
6 when used in connection with the acquisition or improvement of
7 real property, equipment, or supplies under a federal award,
8 the dollar amount that is the product of the federal share of
9 total project costs and current fair market value of the
10 property, improvements, or both, to the extent the costs of
11 acquiring or improving the property were included as project
12 costs.

13 "Federal program" means any of the following:

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

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

19 (3) Notwithstanding paragraphs (1) and (2) of this
20 definition, a cluster of programs. The types of clusters of
21 programs are:

22 (A) research and development;

23 (B) student financial aid; and

24 (C) "other clusters", as described in the
25 definition of "cluster of programs".

26 "Federal share" means the portion of the total project

1 costs that are paid by federal funds.

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

7 "Financial assistance" means the following:

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

11 (A) grants;

12 (B) cooperative agreements;

13 (C) non-cash contributions or donations of
14 property, including donated surplus property;

15 (D) direct appropriations;

16 (E) food commodities; and

17 (F) other financial assistance, except assistance
18 listed in paragraph (2) of this definition.

19 (2) "Financial assistance" includes assistance that
20 non-federal entities receive or administer in the form of
21 loans, loan guarantees, interest subsidies, and insurance.

22 (3) "Financial assistance" does not include amounts
23 received as reimbursement for services rendered to
24 individuals.

25 "Fixed amount awards" means a type of grant agreement under
26 which the awarding agency or pass-through entity provides a

1 specific level of support without regard to actual costs
2 incurred under the award. "Fixed amount awards" reduce some of
3 the administrative burden and record-keeping requirements for
4 both the non-federal entity and awarding agency or pass-through
5 entity. Accountability is based primarily on performance and
6 results.

7 "Foreign public entity" means:

8 (1) a foreign government or foreign governmental
9 entity;

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

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

16 (4) any other entity consisting wholly or partially of
17 one or more foreign governments or foreign governmental
18 entities.

19 "Foreign organization" means an entity that is:

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

25 (2) a private nongovernmental organization located in
26 a country other than the United States that solicits and

1 receives cash contributions from the general public;

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

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

13 "Generally Accepted Accounting Principles" has the meaning
14 provided in accounting standards issued by the Government
15 Accounting Standards Board and the Financial Accounting
16 Standards Board.

17 "Generally Accepted Government Auditing Standards" means
18 generally accepted government auditing standards issued by the
19 Comptroller General of the United States that are applicable to
20 financial audits.

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

24 (1) is used to enter into a relationship, the principal
25 purpose of which is to transfer anything of value from the
26 awarding agency or pass-through entity to the non-federal

1 entity to carry out a public purpose authorized by law and
2 not to acquire property or services for the awarding agency
3 or pass-through entity's direct benefit or use; and

4 (2) is distinguished from a cooperative agreement in
5 that it does not provide for substantial involvement
6 between the awarding agency or pass-through entity and the
7 non-federal entity in carrying out the activity
8 contemplated by the award.

9 "Grant agreement" does not include an agreement that
10 provides only direct cash assistance to an individual, a
11 subsidy, a loan, a loan guarantee, or insurance.

12 "Grant application" means a specified form that is
13 completed by a non-federal entity in connection with a request
14 for a specific funding opportunity or a request for financial
15 support of a project or activity.

16 "Hospital" means a facility licensed as a hospital under
17 the law of any state or a facility operated as a hospital by
18 the United States, a state, or a subdivision of a state.

19 "Illinois Debarred and Suspended List" means the list
20 maintained by the Governor's Office of Management and Budget
21 that contains the names of those individuals and entities that
22 are ineligible, either temporarily or permanently, from
23 receiving an award of grant funds from the State.

24 "Indian tribe" (or "federally recognized Indian tribe")
25 means any Indian tribe, band, nation, or other organized group
26 or community, including any Alaska Native village or regional

1 or village corporation as defined in or established pursuant to
2 the federal Alaska Native Claims Settlement Act (43 U.S.C.
3 1601, et seq.) that is recognized as eligible for the special
4 programs and services provided by the United States to Indians
5 because of their status as Indians under 25 U.S.C. 450b(e), as
6 set forth in the annually published Bureau of Indian Affairs
7 list of Indian Entities Recognized and Eligible to Receive
8 Services.

9 "Indirect cost" means those costs incurred for a common or
10 joint purpose benefitting more than one cost objective and not
11 readily assignable to the cost objectives specifically
12 benefitted without effort disproportionate to the results
13 achieved.

14 "Inspector General" means the Office of the Executive
15 Inspector General for Executive branch agencies.

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

18 "Loan" means a federal loan or loan guarantee received or
19 administered by a non-federal entity. "Loan" does not include a
20 "program income" as defined in 2 CFR 200.80.

21 "Loan guarantee" means any State or federal government
22 guarantee, insurance, or other pledge with respect to the
23 payment of all or a part of the principal or interest on any
24 debt obligation of a non-federal borrower to a non-federal
25 lender, but does not include the insurance of deposits, shares,
26 or other withdrawable accounts in financial institutions.

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

4 "Major program" means a federal program determined by the
5 auditor to be a major program in accordance with 2 CFR 200.518
6 or a program identified as a major program by a federal
7 awarding agency or pass-through entity in accordance with 2 CFR
8 200.503(e).

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

13 "Nonprofit organization" means any corporation, trust,
14 association, cooperative, or other organization, not including
15 institutions of higher education, that:

16 (1) is operated primarily for scientific, educational,
17 service, charitable, or similar purposes in the public
18 interest;

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

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

22 "Obligations", when used in connection with a non-federal
23 entity's utilization of funds under an award, means orders
24 placed for property and services, contracts and subawards made,
25 and similar transactions during a given period that require
26 payment by the non-federal entity during the same or a future

1 period.

2 "Office of Management and Budget" means the Office of
3 Management and Budget of the Executive Office of the President.

4 "Other clusters" has the meaning provided by the federal
5 Office of Management and Budget in the compliance supplement or
6 has the meaning as it is designated by a state for federal
7 awards the state provides to its subrecipients that meet the
8 definition of a cluster of programs. When designating an "other
9 cluster", a state must identify the federal awards included in
10 the cluster and advise the subrecipients of compliance
11 requirements applicable to the cluster.

12 "Oversight agency for audit" means the federal awarding
13 agency that provides the predominant amount of funding directly
14 to a non-federal entity not assigned a cognizant agency for
15 audit. When there is no direct funding, the awarding agency
16 that is the predominant source of pass-through funding must
17 assume the oversight responsibilities. The duties of the
18 oversight agency for audit and the process for any
19 reassignments are described in 2 CFR 200.513(b).

20 "Pass-through entity" means a non-federal entity that
21 provides a subaward to a subrecipient to carry out part of a
22 program.

23 "Property" means real property or personal property.

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

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

4 "Research and Development" means all research activities,
5 both basic and applied, and all development activities that are
6 performed by non-federal entities.

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

9 "State agency" means an Executive branch agency.

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

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

16 "State grant-making agency" has the same meaning as "State
17 awarding agency".

18 "State interest" means the acquisition or improvement of
19 real property, equipment, or supplies under a State award, the
20 dollar amount that is the product of the State share of the
21 total project costs and current fair market value of the
22 property, improvements, or both, to the extent the costs of
23 acquiring or improving the property were included as project
24 costs.

25 "State program" means any of the following:

26 (1) All State awards which are assigned a single number

1 in the Catalog of State Financial Assistance.

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

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

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

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

18 "Subaward" means an award provided by a pass-through entity
19 to a subrecipient for the subrecipient to carry out part of a
20 federal award received by the pass-through entity. "Subaward"
21 does not include payments to a contractor or payments to an
22 individual that is a beneficiary of a federal program. A
23 "subaward" may be provided through any form of legal agreement,
24 including an agreement that the pass-through entity considers a
25 contract.

26 "Subrecipient" means a non-federal entity that receives a

1 subaward from a pass-through entity to carry out part of a
2 federal program. "Subrecipient" does not include an individual
3 that is a beneficiary of such program. A "subrecipient" may
4 also be a recipient of other federal awards directly from a
5 federal awarding agency.

6 "Suspension" means a post-award action by the State or
7 federal agency or pass-through entity that temporarily
8 withdraws the State or federal agency's or pass-through
9 entity's financial assistance sponsorship under an award,
10 pending corrective action by the recipient or subrecipient or
11 pending a decision to terminate the award.

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

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

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

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

25 (1) Administrative requirements. In accordance with

1 Subparts B through D of 2 CFR 200, the Governor's Office of
2 Management and Budget shall by rule set forth the uniform
3 administrative requirements for grant and cooperative
4 agreements, including the requirements for the management
5 by State awarding agencies of federal grant programs before
6 State and federal pass-through awards have been made and
7 requirements that State awarding agencies may impose on
8 non-federal entities in State and federal pass-through
9 awards.

10 (2) Cost principles. In accordance with Subpart E of 2
11 CFR 200, the Governor's Office of Management and Budget
12 shall by rule establish principles for determining the
13 allowable costs incurred by non-federal entities under
14 State and federal pass-through awards. The principles are
15 intended for cost determination, but are not intended to
16 identify the circumstances or dictate the extent of State
17 or federal pass-through participation in financing a
18 particular program or project. The principles shall
19 provide that State and federal awards bear their fair share
20 of cost recognized under these principles, except where
21 restricted or prohibited by State or federal law.

22 (3) Audit and single audit requirements and audit
23 follow-up. In accordance with Subpart F of 2 CFR 200 and
24 the federal Single Audit Act Amendments of 1996, the
25 Governor's Office of Management and Budget shall by rule
26 set forth standards to obtain consistency and uniformity

1 among State and federal pass-through awarding agencies for
2 the audit of non-federal entities expending State and
3 federal awards. These provisions shall also set forth the
4 policies and procedures for State and federal pass-through
5 entities when using the results of these audits.

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

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

21 (c) The State grant-making agency is responsible for
22 establishing requirements, as necessary, to ensure compliance
23 by for-profit subrecipients subject to approval by the
24 Governor's Office of Management and Budget. The agreement with
25 the for-profit subrecipient shall describe the applicable
26 compliance requirements and the for-profit subrecipient's

1 compliance responsibility. Methods to ensure compliance for
2 State and federal pass-through awards made to for-profit
3 subrecipients shall include pre-award, audits, monitoring
4 during the agreement, and post-award audits.

5 Section 25. Conflicts of interest. The Governor's Office of
6 Management and Budget shall adopt rules regarding conflict of
7 interest policies for awards. A non-federal entity must
8 disclose in writing any potential conflict of interest to the
9 Governor's Office of Management and Budget or the pass-through
10 entity in accordance with applicable awarding agency policy.

11 Section 30. Mandatory disclosures. The Governor's Office
12 of Management and Budget shall by rule require that the
13 applicant for an award disclose, in a timely manner and in
14 writing to the pass-through entity, all violations of State or
15 federal criminal law involving fraud, bribery, or gratuity
16 violations potentially affecting the award. Failure to make the
17 required disclosures may result in any of the following
18 remedies:

19 (1) The temporary withholding of cash payments pending
20 correction of the deficiency by the awarding agency or
21 non-federal entity or more severe enforcement action by the
22 pass-through entity.

23 (2) Disallowance of (that is, denial of both use of
24 funds and any applicable matching credit for) all or part

1 of the cost of the activity or action not in compliance.

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

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

10 (5) Withholding further awards for the project or
11 program.

12 (6) Taking other remedies that may be legally
13 available.

14 Section 35. Supplemental rules. On or before December 31,
15 2015, the Governor's Office of Management and Budget shall
16 adopt supplemental rules pertaining to the following:

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

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

20 (3) The award of competitive grants in 3-year terms
21 (one-year initial terms with the option to renew for up to
22 2 additional years) to coincide with the federal award.

23 (4) The issuance of grants, including:

24 (A) public notice of announcements of funding
25 opportunities;

- 1 (B) the development of uniform grant applications;
- 2 (C) state agency review of merit of proposals and
3 risk posed by applicants;
- 4 (D) specific conditions for individual recipients
5 (requiring the use of a fiscal agent and additional
6 corrective conditions);
- 7 (E) certifications and representations;
- 8 (F) pre-award costs;
- 9 (G) performance measures and Budgeting for Results
10 requirements; and
- 11 (H) for mandatory formula grants, the merit of the
12 proposal and the risk posed should result in additional
13 reporting, monitoring, or measures such as
14 reimbursement-basis only.
- 15 (5) The development of uniform budget requirements,
16 which shall include:
- 17 (A) mandatory submission of budgets as part of the
18 grant application process;
- 19 (B) mandatory requirements regarding contents of
20 the budget including, at a minimum, common detail line
21 items specified under guidelines issued by the
22 Governor's Office of Management and Budget;
- 23 (C) a requirement that the budget allow
24 flexibility to add lines describing costs that are
25 common for the services provided as outlined in the
26 grant application;

1 (D) a requirement that the budget include
2 information necessary for analyzing cost and
3 performance for use in the Budgeting for Results
4 initiative; and

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

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

12 (A) organization name;

13 (B) Federal Employee Identification Number;

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

15 (D) fiscal condition;

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

18 (F) past performance in administering grants;

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

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

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

1 Nothing in this Act affects the provisions of the Fiscal
2 Control and Internal Auditing Act nor the requirement that the
3 management of each State agency is responsible for maintaining
4 effective internal controls under that Act.

5 Section 40. Applicability.

6 (a) The requirements established under this Act apply to
7 State grant-making agencies that make State and federal
8 pass-through awards to non-federal entities. These
9 requirements apply to all costs related to State and federal
10 pass-through awards.

11 (b) The terms and conditions of State, federal, and
12 pass-through awards apply to subawards and subrecipients
13 unless a particular Section of this Act or the terms and
14 conditions of the State or federal award specifically indicate
15 otherwise. Non-federal entities shall comply with requirements
16 of this Act regardless of whether the non-federal entity is a
17 recipient or subrecipient of a State or federal pass-through
18 award. Pass-through entities shall comply with the
19 requirements set forth under the Governor's Office of
20 Management and Budget rules adopted under subsection (a) of
21 Section 20 of this Act, but not to any requirements in this Act
22 directed towards State or federal awarding agencies, unless the
23 requirements of the State or federal awards indicate otherwise.

24 When a non-federal entity is awarded a cost-reimbursement
25 contract, only 2 CFR 200.330 through 200.332 are incorporated

1 by reference into the contract. However, when the Cost
2 Accounting Standards are applicable to the contract, they take
3 precedence over the requirements of this Act unless they are in
4 conflict with Subpart F of 2 CFR 200. In addition, costs that
5 are made unallowable under 10 U.S.C. 2324(e) and 41 U.S.C.
6 4304(a), as described in the Federal Acquisition Regulations,
7 subpart 31.2 and subpart 31.603, are always unallowable. For
8 requirements other than those covered in Subpart D of 2 CFR
9 200.330 through 200.332, the terms of the contract and the
10 Federal Acquisition Regulations apply.

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

19 (c) State grant-making agencies may apply subparts A
20 through E of 2 CFR 200 to for-profit entities, foreign public
21 entities, or foreign organizations, except where the awarding
22 agency determines that the application of these subparts would
23 be inconsistent with the international obligations of the
24 United States or the statute or regulations of a foreign
25 government.

26 (d) Except for 2 CFR 200.202 and 200.330 through 200.332,

1 the requirements in Subparts C, D, and E of 2 CFR 200 do not
2 apply to the following programs:

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

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

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

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

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

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

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

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

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

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

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

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

21 (E) Medical Assistance (Medicaid) (42 U.S.C.
22 1396-1396w-5), not including the State Medicaid Fraud
23 Control program authorized by Section 1903(a) (6) (B) of
24 the Social Security Act (42 U.S.C. 1396b(a) (6) (B)).

25 (2) A federal award for an experimental, pilot, or
26 demonstration project that is also supported by a federal

1 award listed in paragraph (1) of subsection (e) of this
2 Section.

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

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

12 (A) National School Lunch Program (42 U.S.C.
13 1753);

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

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

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

18 (E) Child and Adult Care Food Program (42 U.S.C.
19 1766).

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

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

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

24 (C) State Administrative Expenses (42 U.S.C.
25 Section 1776).

26 (6) Entitlement awards for State Administrative

1 Expenses under The Food and Nutrition Act of 2008 (7 U.S.C.
2 2025).

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

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

8 (B) The Emergency Food Assistance Programs
9 (Emergency Food Assistance Act of 1983) (7 U.S.C.
10 7501); and

11 (C) Commodity Supplemental Food Program (7 U.S.C.
12 Section 612c).

13 Section 45. State grant-making agency responsibilities.
14 The specific requirements and responsibilities of State
15 grant-making agencies and non-federal entities are set forth in
16 this Act. State agencies making State awards to non-federal
17 entities must adopt by rule the language in 2 CFR 200, Subpart
18 C through Subpart F unless different provisions are required by
19 law or are approved by the Governor's Office of Management and
20 Budget.

21 Section 50. The Governor's Office of Management and Budget
22 responsibilities.

23 (a) The Governor's Office of Management and Budget shall
24 review State grant-making agency rules and the implementation

1 of this Act and shall provide interpretations of policy
2 requirements and assistance to ensure effective and efficient
3 implementation. Any exceptions shall be subject to approval by
4 the Governor's Office of Management and Budget. Exceptions
5 shall only be made in particular cases where adequate
6 justification is presented.

7 (b) On or before July 1, 2014, the Governor's Office of
8 Management and Budget shall establish a centralized grants
9 management unit within the Governor's Office of Management and
10 Budget. The centralized division shall be funded with a portion
11 of the administrative funds provided under existing and future
12 State and federal grants.

13 Section 55. Responsibilities of centralized grants
14 management unit. The centralized grants management unit within
15 the Governor's Office of Management and Budget shall be
16 responsible for:

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

21 (A) general and technical competencies;

22 (B) programmatic expertise;

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

1 (D) knowledge of compliance requirements.

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

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

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

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

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

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

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

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

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

26 (7) Implementation of rules prohibiting a non-federal

1 entity from earning or keeping any profit resulting from
2 State or federal financial assistance, unless prior
3 approval has been obtained from the Governor's Office of
4 Management and Budget and is expressly authorized by the
5 terms and conditions of the award.

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

11 Section 60. Audit requirements.

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

17 (b) Books and records must be available for review or audit
18 by appropriate officials of the pass-through entity, and the
19 agency, the Auditor General, the Inspector General,
20 appropriate officials of the agency, and the federal Government
21 Accountability Office.

22 (c) The Governor's Office of Management and Budget shall
23 adopt rules for audits of grants from a pass-through entity
24 that are not subject to the Single Audit Act because the amount
25 of the federal award is less than \$750,000 or the subrecipient

1 is an exempt entity.

2 (d) This Act does not affect the provisions of the Illinois
3 State Auditing Act and does not address the external audit
4 function of the Auditor General.

5 Section 65. Review date. The Governor's Office of
6 Management and Budget shall review this Act at least once every
7 5 years after December 26, 2014 in conjunction with the federal
8 review of the Uniform Administrative Requirements, Cost
9 Principles, and Audit Requirements for Federal Awards as
10 required by 2 CFR 200.109 in order to determine whether any
11 existing rules need to be revised or new rules adopted.

12 Section 70. Exceptions. With the exception of the audit
13 requirements set forth in 2 CFR 200.102, the Governor's Office
14 of Management and Budget may allow exceptions for classes of
15 State or federal pass-through awards or non-federal entities
16 subject to the requirements of this Act when exceptions are not
17 prohibited by State or federal law. However, in the interest of
18 maximum uniformity, exceptions from the requirements of this
19 Act shall be permitted only in unusual circumstances.

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

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

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

17 Section 90. Annual report. Effective January 1, 2017 and
18 each January 1 thereafter, the Governor's Office of Management
19 and Budget, in conjunction with the Illinois Single Audit
20 Commission, shall submit to the Governor and the General
21 Assembly a report that demonstrates the efficiencies, cost
22 savings, and reductions in fraud, waste, and abuse as a result
23 of the implementation of this Act and the rules adopted by the
24 Governor's Office of Management and Budget in accordance with

1 the provisions of this Act. The report shall include, but not
2 be limited to:

3 (1) the number of entities placed on the Illinois
4 Debarred and Suspended List;

5 (2) any savings realized as a result of the
6 implementation of this Act;

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

8 (4) the number of persons trained to assist grantees
9 and subrecipients; and

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

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

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

16 (5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

17 Sec. 5-45. Emergency rulemaking.

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

21 (b) If any agency finds that an emergency exists that
22 requires adoption of a rule upon fewer days than is required by
23 Section 5-40 and states in writing its reasons for that

1 finding, the agency may adopt an emergency rule without prior
2 notice or hearing upon filing a notice of emergency rulemaking
3 with the Secretary of State under Section 5-70. The notice
4 shall include the text of the emergency rule and shall be
5 published in the Illinois Register. Consent orders or other
6 court orders adopting settlements negotiated by an agency may
7 be adopted under this Section. Subject to applicable
8 constitutional or statutory provisions, an emergency rule
9 becomes effective immediately upon filing under Section 5-65 or
10 at a stated date less than 10 days thereafter. The agency's
11 finding and a statement of the specific reasons for the finding
12 shall be filed with the rule. The agency shall take reasonable
13 and appropriate measures to make emergency rules known to the
14 persons who may be affected by them.

15 (c) An emergency rule may be effective for a period of not
16 longer than 150 days, but the agency's authority to adopt an
17 identical rule under Section 5-40 is not precluded. No
18 emergency rule may be adopted more than once in any 24 month
19 period, except that this limitation on the number of emergency
20 rules that may be adopted in a 24 month period does not apply
21 to (i) emergency rules that make additions to and deletions
22 from the Drug Manual under Section 5-5.16 of the Illinois
23 Public Aid Code or the generic drug formulary under Section
24 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii)
25 emergency rules adopted by the Pollution Control Board before
26 July 1, 1997 to implement portions of the Livestock Management

1 Facilities Act, (iii) emergency rules adopted by the Illinois
2 Department of Public Health under subsections (a) through (i)
3 of Section 2 of the Department of Public Health Act when
4 necessary to protect the public's health, (iv) emergency rules
5 adopted pursuant to subsection (n) of this Section, (v)
6 emergency rules adopted pursuant to subsection (o) of this
7 Section, or (vi) emergency rules adopted pursuant to subsection
8 (c-5) of this Section. Two or more emergency rules having
9 substantially the same purpose and effect shall be deemed to be
10 a single rule for purposes of this Section.

11 (c-5) To facilitate the maintenance of the program of group
12 health benefits provided to annuitants, survivors, and retired
13 employees under the State Employees Group Insurance Act of
14 1971, rules to alter the contributions to be paid by the State,
15 annuitants, survivors, retired employees, or any combination
16 of those entities, for that program of group health benefits,
17 shall be adopted as emergency rules. The adoption of those
18 rules shall be considered an emergency and necessary for the
19 public interest, safety, and welfare.

20 (d) In order to provide for the expeditious and timely
21 implementation of the State's fiscal year 1999 budget,
22 emergency rules to implement any provision of Public Act 90-587
23 or 90-588 or any other budget initiative for fiscal year 1999
24 may be adopted in accordance with this Section by the agency
25 charged with administering that provision or initiative,
26 except that the 24-month limitation on the adoption of

1 emergency rules and the provisions of Sections 5-115 and 5-125
2 do not apply to rules adopted under this subsection (d). The
3 adoption of emergency rules authorized by this subsection (d)
4 shall be deemed to be necessary for the public interest,
5 safety, and welfare.

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

18 (f) In order to provide for the expeditious and timely
19 implementation of the State's fiscal year 2001 budget,
20 emergency rules to implement any provision of this amendatory
21 Act of the 91st General Assembly or any other budget initiative
22 for fiscal year 2001 may be adopted in accordance with this
23 Section by the agency charged with administering that provision
24 or initiative, except that the 24-month limitation on the
25 adoption of emergency rules and the provisions of Sections
26 5-115 and 5-125 do not apply to rules adopted under this

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

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

16 (h) In order to provide for the expeditious and timely
17 implementation of the State's fiscal year 2003 budget,
18 emergency rules to implement any provision of this amendatory
19 Act of the 92nd General Assembly or any other budget initiative
20 for fiscal year 2003 may be adopted in accordance with this
21 Section by the agency charged with administering that provision
22 or initiative, except that the 24-month limitation on the
23 adoption of emergency rules and the provisions of Sections
24 5-115 and 5-125 do not apply to rules adopted under this
25 subsection (h). The adoption of emergency rules authorized by
26 this subsection (h) shall be deemed to be necessary for the

1 public interest, safety, and welfare.

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

14 (j) In order to provide for the expeditious and timely
15 implementation of the provisions of the State's fiscal year
16 2005 budget as provided under the Fiscal Year 2005 Budget
17 Implementation (Human Services) Act, emergency rules to
18 implement any provision of the Fiscal Year 2005 Budget
19 Implementation (Human Services) Act may be adopted in
20 accordance with this Section by the agency charged with
21 administering that provision, except that the 24-month
22 limitation on the adoption of emergency rules and the
23 provisions of Sections 5-115 and 5-125 do not apply to rules
24 adopted under this subsection (j). The Department of Public Aid
25 may also adopt rules under this subsection (j) necessary to
26 administer the Illinois Public Aid Code and the Children's

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

4 (k) In order to provide for the expeditious and timely
5 implementation of the provisions of the State's fiscal year
6 2006 budget, emergency rules to implement any provision of this
7 amendatory Act of the 94th General Assembly or any other budget
8 initiative for fiscal year 2006 may be adopted in accordance
9 with this Section by the agency charged with administering that
10 provision or initiative, except that the 24-month limitation on
11 the adoption of emergency rules and the provisions of Sections
12 5-115 and 5-125 do not apply to rules adopted under this
13 subsection (k). The Department of Healthcare and Family
14 Services may also adopt rules under this subsection (k)
15 necessary to administer the Illinois Public Aid Code, the
16 Senior Citizens and Disabled Persons Property Tax Relief Act,
17 the Senior Citizens and Disabled Persons Prescription Drug
18 Discount Program Act (now the Illinois Prescription Drug
19 Discount Program Act), and the Children's Health Insurance
20 Program Act. The adoption of emergency rules authorized by this
21 subsection (k) shall be deemed to be necessary for the public
22 interest, safety, and welfare.

23 (l) In order to provide for the expeditious and timely
24 implementation of the provisions of the State's fiscal year
25 2007 budget, the Department of Healthcare and Family Services
26 may adopt emergency rules during fiscal year 2007, including

1 rules effective July 1, 2007, in accordance with this
2 subsection to the extent necessary to administer the
3 Department's responsibilities with respect to amendments to
4 the State plans and Illinois waivers approved by the federal
5 Centers for Medicare and Medicaid Services necessitated by the
6 requirements of Title XIX and Title XXI of the federal Social
7 Security Act. The adoption of emergency rules authorized by
8 this subsection (l) shall be deemed to be necessary for the
9 public interest, safety, and welfare.

10 (m) In order to provide for the expeditious and timely
11 implementation of the provisions of the State's fiscal year
12 2008 budget, the Department of Healthcare and Family Services
13 may adopt emergency rules during fiscal year 2008, including
14 rules effective July 1, 2008, in accordance with this
15 subsection to the extent necessary to administer the
16 Department's responsibilities with respect to amendments to
17 the State plans and Illinois waivers approved by the federal
18 Centers for Medicare and Medicaid Services necessitated by the
19 requirements of Title XIX and Title XXI of the federal Social
20 Security Act. The adoption of emergency rules authorized by
21 this subsection (m) shall be deemed to be necessary for the
22 public interest, safety, and welfare.

23 (n) In order to provide for the expeditious and timely
24 implementation of the provisions of the State's fiscal year
25 2010 budget, emergency rules to implement any provision of this
26 amendatory Act of the 96th General Assembly or any other budget

1 initiative authorized by the 96th General Assembly for fiscal
2 year 2010 may be adopted in accordance with this Section by the
3 agency charged with administering that provision or
4 initiative. The adoption of emergency rules authorized by this
5 subsection (n) shall be deemed to be necessary for the public
6 interest, safety, and welfare. The rulemaking authority
7 granted in this subsection (n) shall apply only to rules
8 promulgated during Fiscal Year 2010.

9 (o) In order to provide for the expeditious and timely
10 implementation of the provisions of the State's fiscal year
11 2011 budget, emergency rules to implement any provision of this
12 amendatory Act of the 96th General Assembly or any other budget
13 initiative authorized by the 96th General Assembly for fiscal
14 year 2011 may be adopted in accordance with this Section by the
15 agency charged with administering that provision or
16 initiative. The adoption of emergency rules authorized by this
17 subsection (o) is deemed to be necessary for the public
18 interest, safety, and welfare. The rulemaking authority
19 granted in this subsection (o) applies only to rules
20 promulgated on or after the effective date of this amendatory
21 Act of the 96th General Assembly through June 30, 2011.

22 (p) In order to provide for the expeditious and timely
23 implementation of the provisions of Public Act 97-689,
24 emergency rules to implement any provision of Public Act 97-689
25 may be adopted in accordance with this subsection (p) by the
26 agency charged with administering that provision or

1 initiative. The 150-day limitation of the effective period of
2 emergency rules does not apply to rules adopted under this
3 subsection (p), and the effective period may continue through
4 June 30, 2013. The 24-month limitation on the adoption of
5 emergency rules does not apply to rules adopted under this
6 subsection (p). The adoption of emergency rules authorized by
7 this subsection (p) is deemed to be necessary for the public
8 interest, safety, and welfare.

9 (q) In order to provide for the expeditious and timely
10 implementation of the provisions of Articles 7, 8, 9, 11, and
11 12 of this amendatory Act of the 98th General Assembly,
12 emergency rules to implement any provision of Articles 7, 8, 9,
13 11, and 12 of this amendatory Act of the 98th General Assembly
14 may be adopted in accordance with this subsection (q) by the
15 agency charged with administering that provision or
16 initiative. The 24-month limitation on the adoption of
17 emergency rules does not apply to rules adopted under this
18 subsection (q). The adoption of emergency rules authorized by
19 this subsection (q) is deemed to be necessary for the public
20 interest, safety, and welfare.

21 (r) In order to provide for the expeditious and timely
22 implementation of the Grant Accountability and Transparency
23 Act, the Governor's Office of Management and Budget may adopt
24 emergency rules to implement the provisions of that Act for a
25 period of one year after the effective date of this amendatory
26 Act of the 98th General Assembly. Should changes to the rules

1 be required by the review mandated by Section 65 of the Grant
2 Accountability and Transparency Act, the Governor's Office of
3 Management and Budget may adopt such peremptory rules as are
4 necessary to comply with changes to corresponding federal
5 rules. All other rules that the Governor's Office of Management
6 and Budget deems necessary to adopt in connection with the
7 Grant Accountability and Transparency Act must proceed through
8 the ordinary rule-making process. The adoption of emergency
9 rules authorized by this subsection (r) shall be deemed to be
10 necessary for the public interest, safety, and welfare.

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

13 Section 505. The Governor's Office of Management and Budget
14 Act is amended by changing Section 2 and by adding Sections
15 2.8, 2.9, and 2.10 as follows:

16 (20 ILCS 3005/2) (from Ch. 127, par. 412)

17 Sec. 2. There is created in the executive office of the
18 Governor an Office to be known as the Governor's Office of
19 Management and Budget. The Office shall be headed by a
20 Director, who shall be appointed by the Governor. The functions
21 of the Office shall be as prescribed in Sections 2.1 through
22 2.10 ~~2.7~~ of this Act.

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

1 (20 ILCS 3005/2.8 new)

2 Sec. 2.8. Pursuant to the Grant Accountability and
3 Transparency Act, to create, on or before July 1, 2014, a
4 centralized grants management unit within the Office. The
5 centralized grants management unit shall report directly to the
6 Director of the Governor's Office of Management and Budget.

7 (20 ILCS 3005/2.9 new)

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

12 (20 ILCS 3005/2.10 new)

13 Sec. 2.10. To adopt rules on or before December 31, 2015
14 necessary to comply with the Grant Accountability and
15 Transparency Act.

16 (30 ILCS 705/4.2 rep.)

17 Section 510. The Illinois Grant Funds Recovery Act is
18 amended by repealing Section 4.2.

19 Section 515. The Illinois Grant Funds Recovery Act is
20 amended by changing Section 15 and by adding Section 16 as
21 follows:

1 (30 ILCS 705/15)

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

3 Sec. 15. Illinois Single Audit Commission.

4 (a) There is created the Illinois Single Audit Commission.

5 The Commission shall conduct research regarding the practices
6 of the federal government in the administration of grants and
7 create a report summarizing the Commission's recommendations
8 regarding the adoption of uniform standards for the
9 administration of grants in this State.

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

14 (1) Department on Aging;

15 (2) Department of Children and Family Services;

16 (3) Department of Healthcare and Family Services;

17 (4) Department of Human Services;

18 (5) Department of Public Health;

19 (6) Criminal Justice Information Authority;

20 (7) Department of Commerce and Economic Opportunity;

21 (8) Department of Transportation;

22 (9) Illinois State Board of Education;

23 (10) Illinois Student Assistance Commission;

24 (11) Department of Agriculture;

25 (12) Environmental Protection Agency; and

26 (13) Department of Natural Resources.

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

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

18 The Governor may designate representatives of additional
19 Departments with grant-making authority to serve as members of
20 the Commission.

21 (c) The Commission shall also include: a representative of
22 the Governor's Office of Management and Budget, appointed by
23 the Governor; four members of the General Assembly, one from
24 the House Democratic Caucus, one from the House Republican
25 Caucus, one from the Senate Democratic Caucus, and one from the
26 Senate Republican Caucus, all of which shall be appointed by

1 the Governor; the Co-Chairs of the relevant subcommittees
2 within the Management Initiative Improvement Committee
3 (provided for under Section 1-37a of the Department of Human
4 Services Act) may be included as members of the Commission if
5 the Commission deems their inclusion necessary for the
6 coordination of its efforts.

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

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

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

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

26 (3) the development of uniform grant applications;

1 (4) the development of uniform budget requirements;

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

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

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

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

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

16 (1) the development of uniform grant agreements;

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

19 (3) the implementation of uniform monitoring,
20 including on-site fiscal and administrative control
21 reviews on a risk-based approach to determine the required
22 frequency of monitoring;

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

26 (5) the development of administrative requirements;

- 1 (6) the development of allowable cost principles;
- 2 (7) the development of a conditional exemption
- 3 process;
- 4 (8) the development of standardized audit
- 5 requirements;
- 6 (9) the development of program performance reporting
- 7 and budgeting for results;
- 8 (10) the development of record retention and access
- 9 requirements; and
- 10 (11) the development of grant termination and
- 11 enforcement procedures.

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

- 14 (1) the development of standardized closeout
- 15 procedures;
- 16 (2) the development of standardized audit
- 17 requirements;
- 18 (3) the development of subsequent grant adjustments
- 19 and continuing responsibilities;
- 20 (4) the development of a uniform method of grant
- 21 recovery; and
- 22 (5) the development of an appeals process.

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

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

26 "Departments" means the agencies, boards, and

1 commissions listed in subparagraph (b) of this Section,
2 including any additional Departments designated by the
3 Governor.

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

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

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

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

1 (30 ILCS 705/16 new)

2 Sec. 16. Supersession. On and after July 1, 2015, in the
3 event of a conflict with the Grant Accountability and
4 Transparency Act, the Grant Accountability and Transparency
5 Act shall control.

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

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 5 ILCS 100/5-45 from Ch. 127, par. 1005-45

5 20 ILCS 3005/2 from Ch. 127, par. 412

6 20 ILCS 3005/2.8 new

7 20 ILCS 3005/2.9 new

8 20 ILCS 3005/2.10 new

9 30 ILCS 705/4.2 rep.

10 30 ILCS 705/15

11 30 ILCS 705/16 new