

AN ACT concerning State government.

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

Section 5. The Governor's Office of Management and Budget Act is amended by adding Sections 2.11 and 2.12 as follows:

(20 ILCS 3005/2.11 new)

Sec. 2.11. Stop payment orders. Upon a request for a stop payment order from a State grant-making agency for a recipient or subrecipient, the Office of the Comptroller shall notify the Grant Accountability and Transparency Unit within 30 days of the request.

(20 ILCS 3005/2.12 new)

Sec. 2.12. Improper payment elimination recommendations. Pursuant to Section 15.5 of the Grant Funds Recovery Act, the Governor's Office of Management and Budget, in conjunction with the Illinois Single Audit Commission, shall research and provide recommendations to the General Assembly regarding the adoption of legislation, in accordance with the federal Improper Payments Elimination and Recovery Improvement Act of 2012. The recommendations shall be included in the Annual Report of the Commission to be submitted to the General Assembly on January 1, 2020. The report to the General Assembly

shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct. This Section is repealed January 1, 2021.

Section 10. The State Finance Act is amended by changing Section 35 as follows:

(30 ILCS 105/35) (from Ch. 127, par. 167.03)

Sec. 35. As used in this Section, "state agency" is defined as provided in the Illinois State Auditing Act, except that this Section does not apply to state colleges and universities, the Illinois Mathematics and Science Academy, and their respective governing boards.

When any State agency receives a grant or contract from itself or another State agency from appropriated funds the recipient agency shall be restricted in the expenditure of these funds to the period during which the grantor agency was so restricted and to the terms and conditions under which such other agency received the appropriation.7 The restrictions shall include: any applicable restrictions in Section 25 of this Act, applicable federal regulations, and ~~to~~ the terms, conditions and limitations of the appropriations to the other agency, even if the funds are deposited or interfund transferred for use in a non-appropriated fund. No State agency may accept or expend funds under a grant or contract for any

purpose, program or activity not within the scope of the agency's powers and duties under Illinois law.

(Source: P.A. 88-9.)

Section 15. The Illinois Grant Funds Recovery Act is amended by adding Section 15.5 as follows:

(30 ILCS 705/15.5 new)

Sec. 15.5. Recommendations of the Illinois Single Audit Commission regarding the elimination and recovery of improper payments. The Illinois Single Audit Commission, in conjunction with the Governor's Office of Management and Budget, shall research and provide recommendations to the General Assembly regarding the adoption of legislation in accordance with the federal Improper Payments Elimination and Recovery Improvement Act of 2012. The recommendations shall be included in the Annual Report of the Commission to be submitted to the General Assembly on January 1, 2020. The report to the General Assembly shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct. This Section is repealed January 1, 2021.

Section 20. The Grant Accountability and Transparency Act is amended by changing Sections 15, 25, 50, 55, and 95 and by adding Sections 105, 110, 115, 120, 125, 130, and 520 as

follows:

(30 ILCS 708/15)

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

Sec. 15. Definitions. As used in this Act:

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

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

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

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

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

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

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

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

(8) the costs of one State or federal grant are not used to meet the match requirements of another State or

federal grant; and

(9) the costs are adequately documented.

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

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

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

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

"Budget" means the financial plan for the project or program that the awarding agency or pass-through entity approves during the award process or in subsequent amendments to the award. It may include the State or federal and

non-federal share or only the State or federal share, as determined by the awarding agency or pass-through entity.

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

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

"Catalog of State Financial Assistance" means the single, authoritative, statewide, comprehensive source document of State financial assistance program information maintained by the Governor's Office of Management and Budget.

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

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

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

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

"Contractor" means an entity that receives a contract.

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

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

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

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

"Corrective action" means action taken by the auditee that

(i) corrects identified deficiencies, (ii) produces recommended improvements, or (iii) demonstrates that audit findings are either invalid or do not warrant auditee action.

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

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

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

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

"Direct costs" means costs that can be identified specifically with a particular final cost objective, such as a State or federal or federal pass-through award or a particular sponsored project, an instructional activity, or any other

institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

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

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

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

"Federal award" means:

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

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

(3) the instrument setting forth the terms and conditions when the instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (b) of 20 CFR 200.40, or the

cost-reimbursement contract awarded under the Federal Acquisition Regulations.

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

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

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

"Federal program" means any of the following:

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

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

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

(A) research and development;

(B) student financial aid; and

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

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

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

"Financial assistance" means the following:

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

(A) grants;

(B) cooperative agreements;

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

(D) direct appropriations;

(E) food commodities; and

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

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

(3) "Financial assistance" does not include amounts

received as reimbursement for services rendered to individuals.

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

"Foreign public entity" means:

(1) a foreign government or foreign governmental entity;

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

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

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

"Foreign organization" means an entity that is:

(1) a public or private organization located in a country other than the United States and its territories that are subject to the laws of the country in which it is

located, irrespective of the citizenship of project staff or place of performance;

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

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

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

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

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

"Grant agreement" means a legal instrument of financial assistance between an awarding agency or pass-through entity

and a non-federal entity that:

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

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

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

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

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

"Illinois Debarred and Suspended List" means the list maintained by the Governor's Office of Management and Budget that contains the names of those individuals and entities that are ineligible, either temporarily or permanently, from

receiving an award of grant funds from the State.

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

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

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

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

"Loan guarantee" means any State or federal government guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-federal borrower to a non-federal

lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

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

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

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

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

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

(2) is not organized primarily for profit; and

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

"Obligations", when used in connection with a non-federal entity's utilization of funds under an award, means orders placed for property and services, contracts and subawards made,

and similar transactions during a given period that require payment by the non-federal entity during the same or a future period.

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

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

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

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

"Private award" means an award from a person or entity other than a State or federal entity. Private awards are not

subject to the provisions of this Act.

"Property" means real property or personal property.

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

"Public institutions of higher education" has the meaning provided in Section 1 of the Board of Higher Education Act.

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

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

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

"State agency" means an Executive branch agency. For purposes of this Act, "State agency" does not include public institutions of higher education.

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

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

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

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

"State program" means any of the following:

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

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

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

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

"Stop payment order" means a communication from a State grant-making agency to the Office of the Comptroller, following procedures set out by the Office of the Comptroller, causing the cessation of payments to a recipient or subrecipient as a result of the recipient's or subrecipient's failure to comply with one or more terms of the grant or subaward.

"Stop payment procedure" means the procedure created by the Office of the Comptroller which effects a stop payment order and the lifting of a stop payment order upon the request of the

State grant-making agency.

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

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

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

"Suspension" means a post-award action by the State or

federal agency or pass-through entity that temporarily withdraws the State or federal agency's or pass-through entity's financial assistance sponsorship under an award, pending corrective action by the recipient or subrecipient or pending a decision to terminate the award.

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

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

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

(30 ILCS 708/25)

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

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

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

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

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

(4) The issuance of grants, including:

(A) public notice of announcements of funding opportunities;

(B) the development of uniform grant applications;

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

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

(E) certifications and representations;

(F) pre-award costs;

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

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

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

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

(B) mandatory requirements regarding contents of the budget including, at a minimum, common detail line items specified under guidelines issued by the

Governor's Office of Management and Budget;

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

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

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

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

(A) organization name;

(B) Federal Employee Identification Number;

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

(D) fiscal condition;

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

(F) past performance in administering grants;

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

(H) whether the applicant is ~~or has ever been~~ on

the federal Excluded Parties List; and

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

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

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

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

(30 ILCS 708/50)

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

Sec. 50. State grant-making agency responsibilities.

(a) The specific requirements and responsibilities of State grant-making agencies and non-federal entities are set forth in this Act. State agencies making State awards to non-federal entities must adopt by rule the language in 2 CFR 200, Subpart C through Subpart F unless different provisions are required by law.

(b) Each State grant-making agency shall appoint a Chief Accountability Officer who shall serve as a liaison to the Grant Accountability and Transparency Unit and who shall be

responsible for the State agency's implementation of and compliance with the rules.

(c) In order to effectively measure the performance of its recipients and subrecipients, each State grant-making agency shall:

(1) require its recipients and subrecipients to relate financial data to performance accomplishments of the award and, when applicable, must require recipients and subrecipients to provide cost information to demonstrate cost-effective practices. The recipient's and subrecipient's performance should be measured in a way that will help the State agency to improve program outcomes, share lessons learned, and spread the adoption of promising practices; and

(2) provide recipients and subrecipients with clear performance goals, indicators, and milestones and must establish performance reporting frequency and content to not only allow the State agency to understand the recipient's progress, but also to facilitate identification of promising practices among recipients and subrecipients and build the evidence upon which the State agency's program and performance decisions are made.

(c-5) Each State grant-making agency shall, when it is in the best interests of the State, request that the Office of the Comptroller issue a stop payment order in accordance with Section 105 of this Act.

(c-6) Upon notification by the Grant Transparency and Accountability Unit that a stop payment order has been requested by a State grant-making agency, each State grant-making agency who has issued a grant to that recipient or subrecipient shall determine if it remains in the best interests of the State to continue to issue payments to the recipient or subrecipient.

(d) The Governor's Office of Management and Budget shall provide such advice and technical assistance to the State grant-making agencies as is necessary or indicated in order to ensure compliance with this Act.

(e) In accordance with this Act and the Illinois State Collection Act of 1986, refunds required under the Grant Funds Recovery Act may be referred to the Comptroller's offset system.

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

(30 ILCS 708/55)

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

Sec. 55. The Governor's Office of Management and Budget responsibilities.

(a) The Governor's Office of Management and Budget shall:

(1) provide technical assistance and interpretations of policy requirements in order to ensure effective and efficient implementation of this Act by State grant-making agencies; and

(2) have authority to approve any exceptions to the requirements of this Act and shall adopt rules governing the criteria to be considered when an exception is requested; exceptions shall only be made in particular cases where adequate justification is presented.

(b) The Governor's Office of Management and Budget shall, on or before July 1, 2016, establish a centralized unit within the Governor's Office of Management and Budget. The centralized unit shall be known as the Grant Accountability and Transparency Unit and shall be funded with a portion of the administrative funds provided under existing and future State and federal pass-through grants. The amounts charged will be allocated based on the actual cost of the services provided to State grant-making agencies and public institutions of higher education in accordance with the applicable federal cost principles contained in 2 CFR 200 and this Act will not cause the reduction in the amount of any State or federal grant awards that have been or will be directed towards State agencies or public institutions of higher education.

(c) The Governor's Office of Management and Budget, in conjunction with the Illinois Single Audit Commission, shall research and provide recommendations to the General Assembly regarding the adoption of legislation in accordance with the federal Improper Payments Elimination and Recovery Improvement Act of 2012. The recommendations shall be included in the Annual Report of the Commission to be submitted to the General

Assembly on January 1, 2020. The report to the General Assembly shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct. This subsection (c) is inoperative on and after January 1, 2021.

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

(30 ILCS 708/95)

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

Sec. 95. Annual report. Effective January 1, 2016 and each January 1 thereafter, the Governor's Office of Management and Budget, in conjunction with the Illinois Single Audit Commission, shall submit to the Governor and the General Assembly a report that demonstrates the efficiencies, cost savings, and reductions in fraud, waste, and abuse as a result of the implementation of this Act and the rules adopted by the Governor's Office of Management and Budget in accordance with the provisions of this Act. The report shall include, but not be limited to:

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

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

(3) any reduction in the number of duplicative audit report reviews ~~audits~~;

(4) the number of persons trained to assist grantees

and subrecipients; and

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

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

(30 ILCS 708/105 new)

Sec. 105. Stop payment procedures.

(a) On or before July 1, 2019, the Governor's Office of Management and Budget shall adopt rules pertaining to the following:

(1) factors to be considered in determining whether to issue a stop payment order shall include whether or not a stop payment order is in the best interests of the State;

(2) factors to be considered in determining whether a stop payment order should be lifted; and

(3) procedures for notification to the recipient or subrecipient of the issuance of a stop payment order, the lifting of a stop payment order, and any other related information.

(b) On or before December 31, 2019, the Governor's Office of Management and Budget shall, in conjunction with State grant-making agencies, adopt rules pertaining to the following:

(1) policies regarding the issuance of stop payment orders;

(2) policies regarding the lifting of stop payment

orders;

(3) policies regarding corrective actions required of recipients and subrecipients in the event a stop payment order is issued; and

(4) policies regarding the coordination of communications between the Office of the Comptroller and State grant-making agencies regarding the issuance of stop payment orders and the lifting of such orders.

(c) On or before July 1, 2020, the Office of the Comptroller shall establish stop payment procedures that shall cause the cessation of payments to a recipient or subrecipient. Such a temporary or permanent cessation of payments will occur pursuant to a stop payment order requested by a State grant-making agency and implemented by the Office of the Comptroller.

(d) The State grant-making agency shall maintain a file pertaining to all stop payment orders which shall include, at a minimum:

(1) The notice to the recipient or subrecipient that a stop payment order has been issued. The notice shall include:

(A) The name of the grant.

(B) The grant number.

(C) The name of the State agency that issued the grant.

(D) The reasons for the stop payment order.

(E) Any other relevant information.

(2) The order lifting the stop payment order, if applicable.

(e) The Grant Accountability and Transparency Unit shall determine and disseminate factors that State agencies shall consider when determining whether it is in the best interests of the State to permanently or temporarily cease payments to a recipient or subrecipient who has had a stop payment order requested by another State agency.

(f) The Office of the Comptroller and the Governor's Office of Management and Budget grant systems shall determine if the recipient or subrecipient has received grants from other State grant-making agencies.

(g) Upon notice from the Office of the Comptroller, the Grant Accountability and Transparency Unit shall notify all State grant-making agencies who have issued grants to a recipient or subrecipient whose payments have been subject to a stop payment order that a stop payment order has been requested by another State grant-making agency.

(h) Upon notice from the Grant Accountability and Transparency Unit, each State grant-making agency who has issued a grant to a recipient or subrecipient whose payments have been subject to a stop payment order shall review and assess all grants issued to that recipient or subrecipient. State agencies shall use factors provided by the Governor's Office of Management and Budget or the Grant Accountability and

Transparency Unit to determine whether it is the best interests of the State to request a stop payment order.

(30 ILCS 708/110 new)

Sec. 110. Documentation of award decisions. Each award that is granted pursuant to an application process must include documentation to support the award.

(a) For each State or federal pass-through award that is granted following an application process, the State grant-making agency shall create a grant award file. The grant award file shall contain, at a minimum:

(1) A description of the grant.

(2) The Notice of Opportunity, if applicable.

(3) All applications received in response to the Notice of Opportunity, if applicable.

(4) Copies of any written communications between an applicant and the State grant-making agency, if applicable.

(5) The criteria used to evaluate the applications, if applicable.

(6) The scores assigned to each applicant according to the criteria, if applicable.

(7) A written determination, signed by an authorized representative of the State grant-making agency, setting forth the reason for the grant award decision, if applicable.

(8) The Notice of Award.

(9) Any other pre-award documents.

(10) The grant agreement and any renewals, if applicable;

(11) All post-award, administration, and close-out documents relating to the grant.

(12) Any other information relevant to the grant award.

(b) The grant file shall not include trade secrets or other competitively sensitive, confidential, or proprietary information.

(c) Each grant file shall be maintained by the State grant-making agency and, subject to the provisions of the Freedom of Information Act, shall be available for public inspection and copying within 7 calendar days following award of the grant.

(30 ILCS 708/115 new)

Sec. 115. Certifications and representations. Unless prohibited by State or federal statute, regulation, or administrative rule, each State awarding agency or pass-through entity is authorized to require the recipient or subrecipient to submit certifications and representations required by State or federal statute, regulation, or administrative rule.

(30 ILCS 708/120 new)

Sec. 120. Required certifications. To assure that expenditures are proper and in accordance with the terms and conditions of the grant award and approved project budgets, all periodic and final financial reports, and all payment requests under the grant agreement, must include a certification, signed by an official who is authorized to legally bind the grantee or subrecipient, that reads as follows:

"By signing this report and/or payment request, I certify to the best of my knowledge and belief that this report is true, complete, and accurate; that the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State or federal pass-through award; and that supporting documentation has been submitted as required by the grant agreement. I acknowledge that approval for any item or expenditure described herein shall be considered conditional subject to further review and verification in accordance with the monitoring and records retention provisions of the grant agreement. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (18 U.S.C. §1001; 31 U.S.C. §§3729-3730 and §§3801-3812; 30 ILCS 708/120.)"

(30 ILCS 708/125 new)

Sec. 125. Expenditures prior to grant execution; reporting requirements.

(a) In the event that a recipient or subrecipient incurs expenses related to the grant award prior to the execution of the grant agreement but within the term of the grant, and the grant agreement is executed more than 30 days after the effective date of the grant, the recipient or subrecipient must submit to the State grant-making agency a report that accounts for eligible grant expenditures and project activities from the effective date of the grant up to and including the date of execution of the grant agreement.

(b) The recipient or subrecipient must submit the report to the State grant-making agency within 30 days of execution of the grant agreement.

(c) Only those expenses that are reasonable, allowable, and in furtherance of the purpose of the grant award shall be reimbursed.

(d) The State grant-making agency must approve the report prior to issuing any payment to the recipient or subrecipient.

(30 ILCS 708/130 new)

Sec. 130. Travel costs.

(a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by the employees of the recipient or subrecipient who

are in travel status on official business of the recipient or subrecipient. Such costs may only be charged to a State or federal pass-through grant based on an adopted policy by the recipient's or subrecipient's governing board. Absent a policy, the recipient or subrecipient must follow the rules of the Governor's Travel Control Board or the Higher Education Travel Control Board, whichever the granting agency follows. No policy can exceed federal travel regulations.

(b) Lodging and subsistence. Costs incurred for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the Governor's Travel Control Board or the Higher Education Travel Control Board, whichever is the appropriate travel board. If the recipient or subrecipient does not have an adopted travel policy, the recipient or subrecipient must follow the rules of the Governor's Travel Control Board or the Higher Education Travel Control Board, whichever the granting agency follows. No policy can exceed federal travel regulations.

(30 ILCS 708/520 new)

Sec. 520. Separate accounts for State grant funds. Notwithstanding any provision of law to the contrary, all grants made and any grant agreement entered into, renewed, or extended on or after the effective date of this amendatory Act

of the 100th General Assembly, between a State grant-making agency and a nonprofit organization, shall require the nonprofit organization receiving grant funds to maintain those funds in an account which is separate and distinct from any account holding non-grant funds. Except as otherwise provided in an agreement between a State grant-making agency and a nonprofit organization, the grant funds held in a separate account by a nonprofit organization shall not be used for non-grant-related activities, and any unused grant funds shall be returned to the State grant-making agency.

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