

AN ACT concerning government.

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

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

Section 5. Legislative intent.

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

(b) This Act is intended to increase the accountability and transparency in the use of grant funds from whatever source and to reduce administrative burdens on both State agencies and grantees by adopting federal guidance and regulations applicable to such grant funds; specifically, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), codified at 2 CFR 200.

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

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

Section 10. Purpose. The purpose of this Act is to establish uniform administrative requirements, cost principles, and audit requirements for State and federal pass-through awards to non-federal entities. State awarding agencies shall not impose additional or inconsistent requirements, except as provided in 2 CFR 200.102, unless specifically required by State or federal statute. This Act and the rules adopted under this Act do not apply to private awards.

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

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

Section 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.

"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.

Section 20. Adoption of federal rules applicable to grants.

(a) On or before July 1, 2015, the Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt rules which adopt the Uniform Guidance at 2 CFR 200. The rules, which shall apply to all State and federal pass-through awards effective on and after July 1, 2015, shall include the following:

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

(2) Cost principles. In accordance with Subpart E of 2 CFR 200, the rules shall establish principles for determining the allowable costs incurred by non-federal entities under State and federal pass-through awards. The principles are intended for cost determination, but are not intended to identify the circumstances or dictate the

extent of State or federal pass-through participation in financing a particular program or project. The principles shall provide that State and federal awards bear their fair share of cost recognized under these principles, except where restricted or prohibited by State or federal law.

(3) Audit and single audit requirements and audit follow-up. In accordance with Subpart F of 2 CFR 200 and the federal Single Audit Act Amendments of 1996, the rules shall set forth standards to obtain consistency and uniformity among State and federal pass-through awarding agencies for the audit of non-federal entities expending State and federal awards. These provisions shall also set forth the policies and procedures for State and federal pass-through entities when using the results of these audits.

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

applicable to grants.

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

(c) 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. Federal pass-through awards from a State agency to public institutions of higher education are governed by and must comply with federal guidelines under 2 CFR 200.

(d) The State grant-making agency is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The agreement with the for-profit subrecipient shall describe the applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for State and federal pass-through awards made to for-profit subrecipients shall include pre-award, audits, monitoring during the agreement, and post-award audits. The Governor's Office of Management and Budget shall provide such advice and technical assistance to the State grant-making agency as is necessary or indicated.

Section 25. Supplemental rules. On or before July 1, 2015, 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 the Budgeting for Results initiative; 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.

Section 30. Catalog of State Financial Assistance.

The Catalog of State Financial Assistance is a single, authoritative, statewide, comprehensive source document of

State financial assistance program information. The Catalog shall contain, at a minimum, the following information:

(1) An introductory section that contains Catalog highlights, an explanation of how to use the Catalog, an explanation of the Catalog and its contents, and suggested grant proposal writing methods and grant application procedures.

(2) A comprehensive indexing system that categorizes programs by issuing agency, eligible applicant, application deadlines, function, popular name, and subject area.

(3) Comprehensive appendices showing State assistance programs that require coordination through this Act and regulatory, legislative, and Executive Order authority for each program, commonly used abbreviations and acronyms, agency regional and local office addresses, and sources of additional information.

(4) A list of programs that have been added to or deleted from the Catalog and the various program numbers and title changes.

(5) Program number, title, and popular name, if applicable.

(6) The name of the State department or agency or independent agency and primary organization sub-unit administering the program.

(7) The enabling legislation, including popular name

of the Act, titles and Sections, Public Act number, and citation to the Illinois Compiled Statutes.

(8) The type or types of financial and nonfinancial assistance offered by the program.

(9) Uses and restrictions placed upon the program.

(10) Eligibility requirements, including applicant eligibility criteria, beneficiary eligibility criteria, and required credentials and documentation.

(11) Objectives and goals of the program.

(12) Information regarding application and award processing; application deadlines; range of approval or disapproval time; appeal procedure; and availability of a renewal or extension of assistance.

(13) Assistance considerations, including an explanation of the award formula, matching requirements, and the length and time phasing of the assistance.

(14) Post-assistance requirements, including any reports, audits, and records that may be required.

(15) Program accomplishments (where available) describing quantitative measures of program performance.

(16) Regulations, guidelines, and literature containing citations to the Illinois Administrative Code, the Code of Federal Regulations, and other pertinent informational materials.

(17) The names, telephone numbers, and e-mail addresses of persons to be contacted for detailed program

information at the headquarters, regional, and local levels.

Section 35. Conflicts of interest. The Governor's Office of Management and Budget shall adopt rules regarding conflict of interest policies for awards. A non-federal entity must disclose in writing any potential conflict of interest to the pass-through entity in accordance with applicable awarding agency policy.

Section 40. Mandatory disclosures. The Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt rules requiring that the applicant for an award disclose, in a timely manner and in writing to the pass-through entity, all violations of State or federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award. Failure to make the required disclosures may result in any of the following remedial actions:

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

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

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

(4) Initiation of suspension or debarment proceedings as authorized under rules adopted under subsection (a) of Section 20 of this Act and awarding agency regulations (or, in the case of a pass-through entity, recommendation that such a proceeding be initiated by the awarding agency).

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

(6) Taking any other remedial action that may be legally available.

Section 45. Applicability.

(a) The requirements established under this Act apply to State grant-making agencies that make State and federal pass-through awards to non-federal entities. These requirements apply to all costs related to State and federal pass-through awards. The requirements established under this Act do not apply to private awards.

(a-5) Nothing in this Act shall prohibit the use of State funds for purposes of federal match or maintenance of effort.

(b) The terms and conditions of State, federal, and pass-through awards apply to subawards and subrecipients unless a particular Section of this Act or the terms and conditions of the State or federal award specifically indicate otherwise. Non-federal entities shall comply with requirements

of this Act regardless of whether the non-federal entity is a recipient or subrecipient of a State or federal pass-through award. Pass-through entities shall comply with the requirements set forth under the rules adopted under subsection (a) of Section 20 of this Act, but not to any requirements in this Act directed towards State or federal awarding agencies, unless the requirements of the State or federal awards indicate otherwise.

When a non-federal entity is awarded a cost-reimbursement contract, only 2 CFR 200.330 through 200.332 are incorporated by reference into the contract. However, when the Cost Accounting Standards are applicable to the contract, they take precedence over the requirements of this Act unless they are in conflict with Subpart F of 2 CFR 200. In addition, costs that are made unallowable under 10 U.S.C. 2324(e) and 41 U.S.C. 4304(a), as described in the Federal Acquisition Regulations, subpart 31.2 and subpart 31.603, are always unallowable. For requirements other than those covered in Subpart D of 2 CFR 200.330 through 200.332, the terms of the contract and the Federal Acquisition Regulations apply.

With the exception of Subpart F of 2 CFR 200, which is required by the Single Audit Act, in any circumstances where the provisions of federal statutes or regulations differ from the provisions of this Act, the provision of the federal statutes or regulations govern. This includes, for agreements with Indian tribes, the provisions of the Indian

Self-Determination and Education and Assistance Act, as amended, 25 U.S.C. 450-458ddd-2.

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

(d) Except for 2 CFR 200.202 and 200.330 through 200.332, the requirements in Subparts C, D, and E of 2 CFR 200 do not apply to the following programs:

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

U.S.C. 300x to 300x-9) under the Public Health Services Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(D) Summer Food Service Program for Children (42

U.S.C. 1761); and

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

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

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

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

(C) State Administrative Expenses (42 U.S.C. 1776).

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

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

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

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

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

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

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

Section 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.

(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.

Section 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, 2014, 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.

Section 60. Grant Accountability and Transparency Unit responsibilities.

(a) The Grant Accountability and Transparency Unit within the Governor's Office of Management and Budget shall be responsible for:

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

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

(A) general and technical competencies;

(B) programmatic expertise;

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

(D) knowledge of compliance requirements.

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

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

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

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

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

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

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

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

vendors.

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

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

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

(9) Ensuring the adoption of standardized rules for the implementation of this Act by State grant-making agencies. The Grant Accountability and Transparency Unit 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.

(10) Coordination of financial and Single Audit reviews.

(11) Coordination of on-site reviews of grantees and

subrecipients.

(12) Maintenance of the Catalog of State Financial Assistance, which shall be posted on an Internet website maintained by the Governor's Office of Management and Budget that is available to the public.

(b) The Grant Accountability and Transparency Unit shall have no power or authority regarding the approval, disapproval, management, or oversight of grants entered into or awarded by a State agency or by a public institution of higher education. The power or authority existing under law to grant or award grants by a State agency or by a public institution of higher education shall remain with that State agency or public institution of higher education. The Unit shall be responsible for reviewing and approving amendments to the Administrative Code proposed by State grant agencies in connection with the implementation of this Act and shall be responsible for establishing standardized policies and procedures for State grant-making agencies in order to ensure compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards set forth in 2 CFR Part 200, all of which must be adhered to by the State grant-making agencies throughout the life cycle of the grant.

(c) The powers and functions of grant making by State agencies or public institutions of higher education may not be transferred to, nor may prior grant approval be transferred to, any other person, office, or entity within the executive branch

of State government.

Section 65. Audit requirements.

(a) The standards set forth in Subpart F of 2 CFR 200 and any other standards that apply directly to State or federal agencies shall apply to audits of fiscal years beginning on or after December 26, 2014.

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

(c) The Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt rules for audits of grants from a State or federal pass-through entity that are not subject to the Single Audit Act because the amount of the federal award is less than \$750,000 or the subrecipient is an exempt entity and that are reasonably consistent with 2 CFR 200.

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

Section 70. Review date. The Governor's Office of Management and Budget shall review this Act at least once every 5 years after December 26, 2014 in conjunction with the federal

review of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as required by 2 CFR 200.109 in order to determine whether any existing rules need to be revised or new rules adopted.

Section 75. State program exceptions.

(a) With the exception of the audit requirements set forth in 2 CFR 200.102, exceptions may be allowed for classes of State or federal pass-through awards or non-federal entities subject to the requirements of this Act when such exceptions are not prohibited by State or federal law. However, in the interest of maximum uniformity, exceptions from the requirements of this Act shall be permitted only in unusual or exceptional circumstances.

(b) The Governor's Office of Management and Budget, with the advice and technical assistance of the Illinois Single Audit Commission, shall adopt rules governing the criteria that shall be used to determine when an exception may be issued. The Governor's Office of Management and Budget shall publish any allowed exceptions in the Catalogue of State Financial Assistance within 30 days of the exception being allowed.

Section 80. Supersession. On and after July 1, 2015, in the event of a conflict with the Grant Funds Recovery Act, the provisions of this Act shall control.

Section 85. Implementation date. The Governor's Office of Management and Budget shall adopt all rules required under this Act on or before July 1, 2015.

Section 90. Agency implementation. All State grant-making agencies shall implement the rules issued by the Governor's Office of Management and Budget on or before July 1, 2015. The standards set forth in this Act, which affect administration of State and federal pass-through awards issued by State grant-making agencies, become effective once implemented by State grant-making agencies. State grant-making agencies shall implement the policies and procedures applicable to State and federal pass-through awards by adopting rules for non-federal entities that shall take effect for fiscal years on and after December 26, 2014, unless different provisions are required by State or federal statute or federal rule.

Section 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 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.

Section 100. Repeal. This Act is repealed 5 years after the effective date of this Act.

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

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

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

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

(20 ILCS 3005/2.8 new)

Sec. 2.8. Pursuant to the Grant Accountability and Transparency Act, to create, on or before July 1, 2014, the Grant Accountability and Transparency Unit within the Office. The Grant Accountability and Transparency Unit shall report directly to the Director of the Governor's Office of Management and Budget.

(20 ILCS 3005/2.9 new)

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

(20 ILCS 3005/2.10 new)

Sec. 2.10. To adopt rules on or before July 1, 2015 necessary to comply with the Grant Accountability and Transparency Act. Should changes to the rules be required by the review mandated by Section 65 of the Grant Accountability and Transparency Act, the Governor's Office of Management and Budget may adopt such peremptory rules as are necessary to comply with changes to corresponding federal rules. All other rules that the Governor's Office of Management and Budget deems necessary to adopt in connection with the Grant Accountability and Transparency Act must proceed through the ordinary

rule-making process.

(30 ILCS 705/4.2 rep.)

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

Section 515. The Illinois Grant Funds Recovery Act is amended by adding Sections 15.1 and 16 as follows:

(30 ILCS 705/15.1 new)

Sec. 15.1. Illinois Single Audit Commission.

(a) There is created the Illinois Single Audit Commission. The Commission shall assist the Governor's Office of Management and Budget in creating its annual report under Section 90 of the Grant Accountability and Transparency Act.

(b) The Commission shall be comprised of one representative from each of the following grant-making agencies who is an expert in grants subject matter, and who shall be appointed by the Governor, one of whom shall be designated as Chairperson: Department on Aging; Department of Children and Family Services; Department of Healthcare and Family Services; Department of Human Services; Department of Public Health; Criminal Justice Information Authority; Department of Commerce and Economic Opportunity; Department of Transportation; Illinois State Board of Education; Illinois Student Assistance Commission; Department of Agriculture; Environmental

Protection Agency; and Department of Natural Resources.

(c) The Governor may, as he or she deems necessary or appropriate, designate representatives of additional State agencies with grant-making authority to serve as members of the Commission.

(d) The Governor may appoint a total of 4 representatives of community organizations, providers, or associations who are experts in grants subject matter to serve as members of the Commission.

(e) The Governor may appoint a total of 3 representatives of public institutions of higher education who are experts in grants subject matter to serve as members of the Commission.

(f) Should any of the State agencies listed in subsection (b) of this Section deem that additional representation by community organizations, providers, or associations is necessary or appropriate, and the Commission as a whole is in concurrence with this decision, the State agency or agencies may appoint additional members; provided, however, that no more than a total of 4 such additional members may be appointed to the Commission.

(g) The Commission shall also include: a representative of the Governor's Office of Management and Budget, appointed by the Governor; 4 members of the General Assembly, one from the House of Representatives Democratic Caucus, one from the House of Representatives Republican Caucus, one from the Senate Democratic Caucus, and one from the Senate Republican Caucus,

all of whom shall be appointed by the Governor.

(h) The Co-chairpersons of the relevant subcommittees within the Management Initiative Improvement Committee under Section 1-37b of the Department of Human Services Act may be included as members of the Commission if the Commission deems their inclusion necessary for the coordination of its efforts.

(i) The Commission shall provide advice and technical assistance to the Governor's Office of Management and Budget in connection with the rules drafted pursuant to the Grant Accountability and Transparency Act.

(j) This Section is repealed on July 1, 2019.

(30 ILCS 705/16 new)

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

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

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