

STATE OF ILLINOIS

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT



**4th ANNUAL REPORT TO THE
GOVERNOR AND GENERAL ASSEMBLY**

January 1, 2019

TABLE OF CONTENTS

Key Contributors	2
Executive Summary	4
GATA Implementation Accomplishments – 2018	11
Lessons Learned / Obstacles Realized During 2018	24
GATA’s Continued Implementation Focus	28
Tracking GATA Performance	32
2018 GATA Annual Report Summary.....	36
Appendices	34

Key Contributors

We recognize and thank the sponsors, stakeholders, volunteers and staff who have worked diligently to plan, support and make progress towards a successful implementation of the Grant Accountability and Transparency Act (GATA) including:

Legislative Sponsors

Senator Pamela L. Althoff Representative Patricia Bellock Representative Fred Crespo

Illinois Single Audit Commission Members

Chair

Carol Kraus
Grant Accountability and Transparency Unit (GATU)
Governor's Office of Management and Budget

Grant Accountability and Transparency Unit Staff and Volunteers

Governor's Office of Management and Budget (GOMB)

Hans Zigmund, Director
Jim Foys, Chief of Staff
Marc Staley, Budget Deputy Director
Jennifer Butler, Deputy Director, Accountability and Results
Jennifer Cavanaugh, Technology and Operations Manager
Aaron Doty, Chief Information Officer

GOMB Grant Accountability and Transparency Unit (GATU)

Carol Kraus, Director
Lori Beeler, GATU Manager
Sean Berberet, Grant, Budget and Indirect Cost Analyst
Dawn Pyles, Grant, Budget and Indirect Cost Staff
Mark Edmiston, Fiscal and Audit Analyst

State Agency GATU Staff Volunteers

Phil Anello, Illinois Emergency Management Association
Adrienne Bell, Illinois Department of Children and Family Services
Kevin Burke, Illinois Department of Commerce and Economic Opportunity
Denise Caldwell, Illinois Department of Children and Family Services
Christi DeGroot, Illinois Department of Commerce and Economic Opportunity
Marc Gibbs, Illinois State Board of Education
Rob Grindle, Illinois Department of Human Services
Kimberly Hill, Illinois Department of Public Health
Wade Horrocks, Illinois Department of Human Services

Gary Kramer, Illinois Department of Human Services
Lisa LaBonte, Illinois Department of Children and Family Services
Nick Marsters, Illinois Department of Human Services
Janet McKeown, Illinois Department of Children and Family Services
Roseanne Nance, Illinois Department of Transportation
David Parr, Illinois Department of Human Services
Rachel Powell, Illinois Department of Commerce and Economic Opportunity
Karen Shoup, Illinois Department of Transportation

Grantee Community Volunteers

Lisa Andrew, Prevention First
Beth Bowsky, National Council of Nonprofits
Sarah Conlon, Illinois Coalition Against Domestic Violence
Judith Gethner, Illinois Partners for Human Service
Willie Gunther, Illinois Assistive Technology Program
Karel Homrig, Prevention First
Vickie Smith, Illinois Coalition Against Domestic Violence

Subcommittee and Workgroup Volunteers

More than 200 volunteers in subcommittees and workgroups - approximately 60% represented state agencies and 40% from the grantee community

EXECUTIVE SUMMARY

The Grant Accountability and Transparency Act (GATA) became law as Public Act 98-0706 effective July 16, 2014. The purpose of GATA is to establish uniform administrative requirements, cost principles, and audit requirements for state and federal pass-through awards to non-federal entities through a focus on improving performance and outcomes, while ensuring transparency and the financial integrity of taxpayer dollars. Grants comprise approximately two-thirds of the General Revenue Fund within the Illinois State Budget which places heightened emphasis on the GATA statewide initiative.

GATA encompasses the entire grant life cycle and provides uniformity and guidance for all grant-making agencies in state government. Illinois is the first state in the nation to require uniform rules for the full life cycle of grants management. The Act serves to build capacity of the state agency staff and grantee community by mandating grant-related training, and providing guidance and support to correct occurrences of non-compliance with fiscal, administrative and programmatic requirements.

National Recognition

Illinois is the first state in the nation to legislate requirements that establish statewide grant accountability and transparency frameworks throughout the entire grant life cycle. The following points highlight Illinois' notoriety as an innovator in grant administration and a leader in applying Federal Uniform Guidance (2 CFR 200) to statewide grant management.

- The National Council of Nonprofits recommend GATA as a national model for grant management.
- The U.S. Comptroller General and the Federal Office of Management and Budget are encouraging other states to follow Illinois' lead with grants management. To date, thirty-six (36) states, Los Angeles County and New York City and three (3) federal agencies are implementing GATA in whole or in part.
- Federal Office of Management and Budget (OMB) recognized Illinois' vision under GATA and has publicly raised Illinois' statewide efforts as a promising practice. GATA continues to be showcased in grant compliance webinars hosted by OMB and the State Grant Leads Group. GATA training has been recognized as one of the most comprehensive sets of educational materials on Federal Uniform Guidance, 2 CFR 200. Other states and federal agencies are currently utilizing GATA training materials.
- GATA is the subject of case studies including the Lincoln Institute of Land Policy representing local governments, and the Gartner Group, a trusted advisor and an objective resource for more than 15,000 organizations in 100+ countries. Villanova University has expressed an interest in conducting a case study from a nonprofit perspective. Illinois was selected for these studies because we are nationally recognized as a model in life cycle grant management.
- GATA Director Kraus is a nationally recognized speaker on life cycle grants management. For two consecutive years, she was showcased in the National Grant Management Association (NGMA) annual training conference as an industry leader and innovator.

The unprecedented recognition of Illinois' grant compliance efforts is a highlight for the State of Illinois as recent publicity tends to focus on the state's budgetary challenges.

Illinois' innovation in grants management has garnered federal government interest. Federal agencies are seeking Illinois' technical expertise and input. Illinois is the only state being interviewed as research in the use of blockchain technology for federal grant payments. GATU has also been asked to provide feedback on new federal initiatives including data standardization and performance outcome management for federal grant programs.

Key Challenges to Illinois' Successful Grant Management

The Grant Accountability and Transparency Unit (GATU) is uniquely positioned with extensive technical expertise in life cycle grant management and federal compliance. As a result, GATU is in a unique position to look at grant management from a statewide perspective and analyze issues for effective and efficient grant management.

There are various levels of complexities within grant requirements and, as a result, there are risks associated with state agency acceptance of state and federal grants. GATA aids in providing grant oversight assurances to management, legislators and the Governor's Office to promote compliant expenditures of public grant funds. Prior to GATA legislation, state agency internal controls over grant activities were often undocumented or misunderstood and therefore ineffective. GATA frameworks incorporate the necessary internal controls that provide the backbone for accountants, auditors and grant managers to ensure grant funds are spent in accordance with requirements and to help reduce the risk of improper payments and fraud, waste, abuse and mismanagement.

Internal controls over subrecipient and grantee activities are also essential to employ at the recipient level, especially for small subrecipients. GATA continues to build the capacity of smaller subrecipients.

GATA focuses on applying internal controls necessary to help agencies and their partner organizations comply with grant financial requirements. GATA strives to build efficiencies and effectiveness through compliant automation. This reduces the time and cost required for administrative tasks allowing more funding to be direct to program delivery.

The following sub-sections of the Executive Summary highlight our observations and recommendations to promote more compliant and accountable grant administration and the effective use of limited resources in the administration of public funds.

Marketability of GATA Systems

GATA registration, pre-qualification and audit report review systems have been designed, implemented, piloted and improved based on user recommendations. These efforts have gained significant recognition through national presentations and demonstrations to broad audiences. Grant management software vendors and other states have expressed interest in partnering or purchasing Illinois' GATA systems. As a result, GATU is researching intellectual property rights

for the GATA frameworks. Illinois could benefit from this arrangement by applying proceeds to offset GATA costs.

The Ripple Effect of Inadequate Internal Controls

The GATA framework provides a statewide perspective to identify significant deficiencies and instances of noncompliance with Federal funding requirements. Through the frameworks, GATU has been able to identify strengths and weaknesses in grant management and oversight among state agencies and within their divisions. Factors that contribute to weaknesses in internal controls over the grant management functions include:

- Lack of a statewide grant management system,
- Lack of a statewide or agency wide grant portfolio management,
- Lack of agency wide grant monitoring and oversight,
- Lack of segregation of duties during the grant life cycle,
- Lack of adequate qualified personnel to perform the fiscal and administrative requirements,
- Personnel Code titles that do not include sufficient education and job skills to hire qualified personnel,
- Many program personnel are not aware of the basic fiscal and administrative requirements of grants, including those specific to their program,
- Instances of non-compliance with federal requirements that put the state at risk of losing federal funds,
- Limited federal grant program coverage in the Statewide Single Audit – only eleven percent (11%) of programs are tested, and
- Limited internal audit coverage of federally funded grants not covered in the Statewide Single Audit and state funded grants subject to GATA.

Lack of a Statewide Grant Management System

During GATA implementation, GATA subcommittees representing state agencies and the grantee community determined that automated systems were needed to ensure greater efficiency in grant administration. Analysis conducted by GATU and the Department of Innovation and Technology affirmed that grant management software in the ERP system did not contain required functionality as compared to off-the-shelf grant management software. To respond to an unmet need, stakeholders including grantees, state agencies, DoIT and GATU participated in market research and demonstrations authorized by the Chief Procurement Office. This group collectively agreed on a statewide grant management system. As of the timing of this report, a procurement is being finalized.

Lack of a statewide or agency wide grant portfolio management

GATU recognized the lack of a statewide or agency wide grant portfolio management process. Some of the grants the State Agencies apply for do not support the Governor's or Legislative Initiatives. Other grants cost approximately three times more to administer than the federal funding received. Generally, the decision on which grants to apply for are made at the Agency division level and agency divisions tend to apply for the same grants year after year. A statewide

grant management system provides the mechanism to list all grant opportunities available and apply directly for grant funding while properly approving and managing the grant portfolio.

Financial Impact of Inadequate Internal Controls over Grant Management

GATA frameworks establish compliant internal controls. They help reduce the risk of improper payments and strive to minimize fraud, waste, abuse and mismanagement. Internal controls over grantee activities are essential at all levels – including small grantees.

Federal grant funding is the second largest source of revenue in the State of Illinois. The federal government adopted Uniform Guidance in an effort to remove redundancy and conflicting regulations. A study conducted by the National Grants Management Association, George Washington University Trachtenberg School of Public Policy and Public Administration and REI concluded that over 40% of time is spent on the fiscal and administrative requirements of grant management. GATA strives to further reduce the time spent on administrative duties by centralizing many of the grant administrative requirements. GATA identified common grant requirements and has centralized those requirements. Grantees are required to perform those requirements as a ‘once and done’ effort instead of repeating the same grant requirements with each agency and each division within the agency.

Through the implementation of GATA’s centralized frameworks, many agencies are realizing a lack of compliance due to inadequate staffing levels and staff with inadequate education, skill sets and experience to effectively and efficiently manage grants in accordance with federal regulations and GATA. The job titles and Personnel Code for grant management positions are inadequate to recruit and retain qualified staff. As a result, many current staff are not qualified to perform grant management functions which requires excess time to be spent on fiscal and administrative tasks. The few qualified staff are then tasked to perform duties of those who are not qualified because the requirements must be met. This significantly impacts the state agency’s ability to meet compliance requirements in a timely manner and often leads to non-compliance. This has resulted in audit findings, questioned costs and repayment of grant funds to the federal government.

Lack of Adequate, Qualified Personnel for Fiscal and Administrative Requirements

The lack of adequate, qualified personnel to perform fiscal and administrative requirements is a significant issue for grants management. This situation is prevalent throughout agencies in the state and the nation, including the Federal awarding agencies. Several decades of budget cuts have negatively impacted staffing of qualified fiscal and administrative personnel. When faced with inadequate resources to fund state and federal programs, administrative staff is generally cut before program staff. This results in programmatic staff carrying out the fiscal and administrative duties. Programmatic staff are generally not qualified for these roles. As a result, the fiscal and administrative requirements are not consistently met. This places the state in a high risk situation which leads to additional specific conditions imposed by the federal awarding agencies, such as increased oversight and monitoring which adds to the overall administrative cost of grant programs. It also can result in audit findings, questioned cost and potential repayment of grant funds to the federal government.

Personnel Code Titles Lack Sufficient Education and Job Skills to Hire Qualified Personnel

Grant management functions have evolved over time; however, the Personnel Code has not. Current job titles do not reflect the education and skill set necessary to properly perform current grant management requirements. (For example, an Accountant does not require any formal education. The majority of Accountants in the State of Illinois are responsible for voucher processing.) This issue is prevalent among states nationally and at the Federal level as well. The lack of adequate titles is especially problematic with more technical aspects of grant management including fiscal and administrative risk assessment interpretation, cost principles, indirect cost rates and the application of those rates, audit report reviews and corrective action plans and onsite monitoring functions. These technical areas require advanced skills, education and experience in the application of fiscal controls, accounting, auditing standards, the intricacies of indirect cost rate negotiation, and comprehensive monitoring of grantees. A lack of understanding regarding these key areas leads to state agency staff's inability to provide required technical assistance to their grantees.

GATA has provided grant management training to state agency staff responsible for these functions for over three (3) years. Many state staff lack the education and skill set foundation to understand or apply the training. GATA training cannot build the rudimentary knowledge. This is emphasized in the Statewide Single Audit documentation of findings for lack of adequate internal control over grant requirements. As an example, one state agency is struggling to implement GATA Framework due to insufficient staffing levels and a lack of qualified fiscal and administrative staff. This resulted in an audit finding with questioned costs of over \$6.1 million in the FY17 Statewide Single Audit, which represents 12.8% of the total program expenditures.

Changes in the Personnel Code, including a progressive grant management title series, are necessary to enable job descriptions to support the parameters required under Federal Uniform Guidance. These would include specialized title including fiscal and administrative, indirect costs and single audit.

In order to properly manage the entire life cycle of a grant, GATU strongly recommends that grant supervisors and managers be required to obtain the Certified Grants Management Specialist (CGMS) designation, administered by the National Grant Management Association. CGMS provides an industry credential to demonstrate the knowledge essential to the practice of grants management. Having the CGMS designation confers formal recognition of professional competency in the full life cycle of grants management.

The Federal Government is in the process of reviewing their grant specialist and management titles to ensure the inclusion of proper education, skill set and experience requirements. The US Department of Health and Human Services "Re-Invent Grants" initiative is requiring the CGMS designation for high level grant specialists. GATU further recommends adding an incentive of a three percent (3%) increase in pay for the CGMS designation, modeling after the incentive for multi-lingual qualifications.

Lack of Segregation of Duties Over Grant Management

The lack of fiscal and administrative staff results in programmatic staff performing fiscal and administrative duties. Programmatic staff performing all life cycle grant management functions results in a lack of segregation of duties. In addition to inefficiencies, the lack of segregation of duties can result in fraud, waste, abuse and mismanagement of grant funds. GATU recommends that large grantmaking agencies create a centralized unit of fiscal and administrative grant monitoring subject matter experts to perform the fiscal and administrative oversight in collaboration with programmatic staff. This would promote a more effective and efficient business process for grant management.

89% of Federal Funded Programs *Not* Tested in the Single Audit

The Statewide Single Audit conducted by the Auditor General annually only covers 11% of the federal funding received by the State. A federally funded program must expend over forty-one (\$41) million within the state fiscal year to be tested in the Single Audit. In Illinois, 89% of federally funded programs are untested. Many of these programs have not had federal compliance testing conducted since 2000. GATU has observed the state staff responsible for administering these programs tend to have weak internal controls over the programs and the greatest difficulty in complying with 2 CFR 200 and GATA.

Management is responsible for ensuring adequate internal controls to allow timely and accurate financial reporting and compliance with laws, regulations and the terms and conditions of grants agreements and contracts. Management should use Internal Audit as a resource for an independent review of grant program compliance. The federal government estimates that 15% of improper payments, fraud, waste, abuse and mismanagement of federally funded programs occur annually. Management should work with Internal Audit to ensure that adequate coverage of grant programs is included under the Internal Audit two (2) year plan. In addition, management should ensure that all findings an internal or external audit receive adequate resources to implement corrective action on a timely basis.

The threshold increase for the Single Audit from \$500,000 to \$750,000 has had a significant impact on grantee monitoring. Under the new threshold, approximately 20% of the grantees receiving federal pass-through funds are required to have a Single Audit conducted. This increases the amount of monitoring required by state agencies. The most frequently cited finding in the Statewide Single Audit is the lack of adequate subrecipient monitoring. Since the pass-through agencies cannot rely on the audit testing for program compliance, additional procedures must be added by programmatic staff to ensure subrecipient compliance.

As previously discussed, the skill set and knowledge required for state agency grant personnel is more advanced under Uniform Guidance. Grant functions require more coordination and collaboration between fiscal and program personnel. The state needs to focus on fiscal and administrative titles suitable for Illinois to efficiently and effectively comply with federal requirements. This would allow program personnel to solely focus on service delivery thereby enhancing the quality of grant programs available to Illinois taxpayers.

Projected Saving and Cost Avoidance through GATA Implementation

The fiscal year 2018 GATA annual savings / cost avoidance projections are based upon a continuance of assumptions made in the FY17 annual report. Additional projections are included for the centralized audit report review which was piloted for half of calendar year 2018. Additional information is provided in the Tracking GATA Performance section of this annual report.

Accomplishment	Estimated Savings / Cost Avoidance
Centralized indirect cost rate negotiations	\$35,350,000
Centralized audit report review	\$21,500,000
Centralized framework for fiscal and administrative risk assessments	\$8,560,000
Centralized grantee pre-qualification	\$4,400,000
Automated Notice of State Award	\$3,000,000
Market value of grant management training	\$2,050,000
Automated Notice of Funding Opportunity	\$215,000
Controls against fraud, waste, abuse and mismanagement	\$183,000,000
Estimated savings / cost avoidance	\$258,075,000

The GATA framework provides streamlined, automated processes to significantly reduce the amount of time spent on fiscal and administrative grant management processes. The lack of adequate staffing levels with qualified personnel inhibits the ability to take full advantage of significantly reducing the time and resources necessary to ensure compliance with the terms and conditions of federal awards in an efficient and effective manner.

GATU is proud of the 2018 accomplishments facilitated through state agency and grantee community engagement. State fiscal year 2018 was a wide-ranging spectrum of grant management activity championed by the Federal Office of Management and Budget. Illinois continues to showcase as a promising practice on life cycle grant management and we appreciate the opportunity to highlight this year through this fourth GATA Annual Report.

GATA IMPLEMENTATION ACCOMPLISHMENTS – 2018

State agencies and the grantee community continue to work collaboratively with GATU to enhance and advance GATA implementation. The engagement of GATA volunteers continues to foster ownership and support for GATA frameworks. During 2018, GATA pre- and post-award frameworks underwent continuous improvement. Additional automation was incorporated into GATA frameworks based on user feedback. And statewide grant management policy was codified into GATA Administrative Rules.

GATU operated without a budget and less than two (2) full-time equivalents for the first two years. The majority of work completed in the first two (2) years during the budget impasse was completed through the subcommittee structure of over 200 volunteers - 60% from state agencies and 40% from the grantee community. We are now currently a staff of five and a half (5½) full-time equivalents. GATU has consistently operated through a committee structure enabling representatives to develop targeted subject matter expertise in their assigned area.

The following sections highlight GATA fiscal year 2018 accomplishments.

Grant Accountability and Transparency Unit (GATU)

GATU continues to provide grant administration subject matter expertise to support the design and implementation of GATA in accordance with federal requirements. The Unit provides comprehensive technical assistance to state agencies and grantees as statutorily required. This professional development positions Illinois to be in compliance with Federal Uniform Guidance.

Coordination with Chief Accountability Officers (CAOs) and the GATA Advisory Group

Significant GATU / state agency CAO collaboration has enabled Illinois to realize notable enhancements within GATA implementation. (CAOs are listed in the Appendix to this report.) CAOs are statutorily responsible for state agency engagement in GATA implementation. GATU facilitates CAO meetings twice a month to share current status updates and statistics, collaborate on administrative best practices, and strive to minimize the learning curve associated with GATA implementation.

The GATA Agency Advisory Group remains an integral state agency stakeholder group within the CAOs. This group is made up of the eight (8) largest grantmaking agencies. Approximately 90% of all grant funds expended are administered by the Agency Advisory Group. Throughout 2018, the Advisory Group focused on matters related to a lack of state agency capacity to adequately administer grants. Staffing limitations, inadequate skill sets of grant personnel and a Personnel Code that does not sufficiently enable state agencies to target hiring of grant professionals continue to create significant barriers to state agency oversight of public grant funds.

Removing the GATA Sunset Provision

With bipartisan support, Public Act 100-0676 removed the GATA sunset provision establishing permanency of the Grant Accountability and Transparency Act legislation. During the initial five (5) year sunset clause, statistics showed that GATA effectively removed duplication of effort and streamlined compliance with grant management requirements. This grassroots effort initiated by

the grantee community has led to greater accountability and transparency in grant administration as legislatively intended. By removing the sunset provision, the General Assembly formerly acknowledged the value of this legislation and mandated its continuance.

Much of the resistance and pushback from state agencies to fully implement GATA has subsided as a result of removing the GATA sunset provision. By removing the sunset, state agencies and external stakeholders have taken note of the permanency of this important legislation. However, GATU continues to see pockets of resistance within agencies.

Codification of GATA Administrative Rules

GATU adopted an initial set of rules for GATA, Incorporation by Reference, through the Joint Committee on Administrative Rules (JCAR) effective July 24, 2015. During fiscal years 2016 and 2017, pre- and post-award statewide grant frameworks were designed and implemented. Following protocol, GATA frameworks were piloted and tested throughout to ensure the desired outcomes were achieved. Based on our commitment to continuous improvement, state agency and grantee feedback was obtained and GATU modified policy, workflow and systems. The subsequent “vetted” GATA frameworks evolved into GATA Administrative Rules.

GATU conducted a Public Hearing to engage with external and internal stakeholders on the JCAR First Notice posting of GATA Administrative Rules. Public comment allowed for dialog regarding federal requirements which led to terminology clarifications which improved awareness of the underlying federal grant management requirements.

GATU recognizes the invaluable engagement and input of GATA legislative sponsors, the GATA Steering Committee and various stakeholder groups throughout the JCAR process. In October 2018, GATA Administrative Rules were codified into 44 Ill Admin Code 7000; 41 Ill. Reg. 12265. State agencies efforts continue to modify their grant administrative rules to conform with GATA.

GATA Supplemental Rules for Grant Payment Methods

GATA Administrative Rules include supplemental rules for grant payment methods to promote state agency compliance with federal cash management regulations. Under 2 CFR 200.305, cash advances or working capital advances are *based on the need of the grantee*. However, in Illinois, *program-level* grant fund advances - 25%, 50% and full advances - are prevalent among larger grantmaking state agencies. This violates federal cash management rules and appears to impact the State’s cash flow and payment backlog. The Cash Management Improvement Act (CMIA), codified at 31 CFR 205, and 2 CFR 200.305 provide general rules and procedures for the efficient transfer of funds for federal financial assistance programs between the federal government and states. CMIA requires states to enter into Treasury State Agreement (TSA) default procedures to minimize the time between the transfer of funds from the Federal Treasury to state agencies for the payment of grants.

GATA Administrative Rules address the four (4) acceptable grant payment methods.

- Payments in accordance with the Treasury State Agreement for applicable programs;

- Advance payments for grantees that meet the financial management requirements and maintain written procedures that minimize the time between receipt and disbursement (general rule is 3-5 days);
- Reimbursement for grantees that do not meet the financial management requirements for advancement;
- Working Capital Advances applicable if the grantee cannot meet the criteria for advance payments and the grantee lacks sufficient working capital. Under a Working Capital Advance, the state awarding agency must advance cash payments to the awardee to cover estimated disbursement needs for an initial period, generally geared to the awardee's disbursement cycle.

Section 120 of GATA Administrative Rules requires state agencies to document which payment method the grantee is eligible to receive. This will necessitate coordination between state agency staff responsible for drawing down federal funds and programmatic staff to ensure compliance with federal cash management rules.

Grantee Compliance Enforcement System - Illinois Stop Payment List

Illinois continues to drive grantee compliance through the Grantee Compliance Enforcement System and the Illinois Stop Payment List which, is based on the Federal Do Not Pay List and 2 CFR 200.338. 2018 marked the third year for this statewide system which establishes statewide uniformity in administering the List and managing grantee non-compliance. GATA Administrative Rules include a due diligence protocol for state agencies prior to the issuance of a Stop Pay Status. State agencies must authorize payments to entities on Stop Payment Status. The system includes flexibility for mandated payments when specific extenuating circumstances dictate.

Under Public Act 100-0997, legislation was enacted to automate Stop Payment List verification prior to the Office of the Comptroller voucher processing. This automation will match state agency submitted vouchers to the Stop Payment List. If the entity is in Stop Payment Status, the transaction will be blocked for payment verification. Until all state agencies utilize the same accounting system, the verification between the Stop Payment List and the Comptroller will be key in automating grantee compliance.

GATA requires GOMB to maintain an internal list of the names of individuals and entities that are temporarily or permanently ineligible to receive an award of grant funds from the state. Entities on Stop Payment Status are not eligible to receive a grant or to receive an increase in grant funding. The centralized Illinois Stop Payment List was implemented in December 2016. As of December 2018, the Stop Payment List includes 238 unique grantees that have been added to the list since April 2017.

The Grantee Compliance Enforcement System enhances state agency awareness of non-compliant grantees to mitigate financial risk of public funds. These controls guard against grant fraud, waste, abuse and mismanagement and promote transparency to ensure grant funds are utilized for intended purposes. Through pre-defined consequences, the system incentivizes grantee compliance with grant requirements. As outlined in Administrative Rules, grant funds are released by the state agency upon compliance with the issue that invoked Stop Payment

Status. If compliance cannot be obtained, the awarding agency may redirect funds to compliant grantees for the execution of programs and services.

Centralized Indirect Cost Rate Negotiation

Federal Uniform Guidance requires grantees to be compensated for indirect costs through the use of an indirect cost rate. Illinois sought and received permission from the federal government to establish a centralized indirect cost rate system. Through this framework, grantees negotiate or elect an indirect cost rate annually. Federal requirements mandate that states negotiate and pay their fair share of grant administrative and/or overhead costs. All state agencies are required to accept the negotiated rate or election unless a program-specific limitation or restriction applies. GATU recognizes that some funding sources impose statutory limitations on indirect costs or salary caps. The framework for Illinois' indirect cost rate system is built to accommodate this flexibility.

In state fiscal year 2017, a significant percentage of grantees elected the 10% de Minimis rate. During state fiscal year 2018, GATU saw an increase of 52% in the number of grantees electing to negotiate an indirect cost rate over state fiscal year 2017. By negotiating an indirect cost rate, grantees are able to recover more administrative or overhead costs of grant operations. As more grantees become familiar with the proposal process and obtain technical proficiency needed to complete a proposal, GATU is hopeful that the number of indirect cost rate proposals will continue to increase. This increase is due to significant training and one-on-one technical assistance provided by GATU to both state agencies and their grantees.

During fiscal year 2017, Federal clarification and guidance was received by the Centralized Indirect Cost Unit regarding the treatment of indirect cost rate development and submission for local governments and its departments. Governmental departments that receive \$35 million or more in direct federal funding must negotiate a rate with the federal government. To date, there are approximately six (6) local government departments (grantees) in the State of Illinois that meet this federal requirement. The remaining local government departments that receive less than \$35 million in direct federal funding are required to develop and maintain an indirect cost rate for federal audit purposes. The federal government requires pass-through entities to review and monitor these rates. GATU received permission to centralize the review and monitoring of the federally maintained rates, instead of requiring each agency and division within an agency to review.

GATA anticipates federally maintained indirect cost rate reviews to significantly increase in 2019 as more local governments become aware of this federal guidance to the State of Illinois. There are approximately 6,000 units of local government in Illinois.

GATU recognizes the complexities of indirect cost rates and has provided twenty-two (22) trainings specifically on this topic. During fiscal year 2018, GATU provided thirty-three (33) hours of training on indirect cost rate topics including:

- Clarifying Basic Considerations and Selected Items of Cost
- Key steps in developing an Indirect Cost Rate Proposal
- Indirect Cost Rate “How To” training

- Developing a Cost Policy Statement
- How to apply the de Minimis rate and Federal Negotiated Indirect Cost Rate Agreement (NICRA)
- Cost Principles-Basic Considerations
- Cost Principles-Selected Items of Cost
- Indirect Cost Rate Election Requirements
- Common errors and issues for indirect cost rate proposals focusing on entity types
 - Hands on full-day sessions for nonprofits co-sponsored by the National Council of Nonprofits and Forefront;
 - Unique requirements of local governments
- Hands on State agency indirect cost rate proposal review and approval training

The complexities of negotiating indirect cost rates are causing challenges on a national level. GATA is recognized for comprehensive technical assistance on this topic. GATU continues to team with the National Council of Nonprofits and Forefront to provide hands-on training for the nonprofit community. When it is apparent that more technical assistance is required, the grantee is advised to obtain a fiscal agent to assist in preparing the indirect cost rate proposal or elect the De Minimis rate, if eligible.

Coordination with Agency Subject Matter Experts for Indirect Cost Rate Negotiation

Indirect costs are critical and complex components of Federal Uniform Guidance. In 2016, GATU determined that Indirect Cost Rate Subject Matter Experts (SMEs) at state agencies were necessary to assist grantees with indirect cost rate negotiations, elections and the application of indirect cost rates. In 2018, GATU continued to facilitate meetings between grantees and State Cognizant Agencies to provide technical assistance in order to resolve indirect cost rate proposal errors.

GATU annual trainings cover basic cost principles and indirect cost rate concepts while the SME weekly calls concentrate primarily on complex components of indirect cost rate negotiations. Various agencies are attempting to develop a qualified SME specialist, while other agencies do not maintain one (1) indirect cost specialist to assist its grantees. SMEs continue to meet with GATU every other week to address rate negotiations, the Centralized Indirect Cost Rate System and applications of indirect cost rates. SME turnover and a shortage of qualified administrative and fiscal personnel with technical expertise to support grantees continues to hinder GATA's indirect cost rate negotiations.

During fiscal year 2018, GATU began development of an internal indirect cost rate election system to be located within the Grantee Portal. The new indirect cost rate system will streamline the election process for all grantees that receive grants from the State of Illinois. The system will allow for election changes, record rates based on the grantee's fiscal year, print agreements and be available to any personnel with Grantee Portal access. GATU anticipates the implementation of the new ICR system in the next fiscal year. GATU will continue to utilize a contractor to assist in reviewing indirect cost rate proposals.

Centralized Audit Report Reviews

The GATA vision identifies centralized audit report reviews as one of the largest areas of duplicated effort. Over 80% of grantees have grants with more than one state agency and multiple divisions within the agency. Prior to GATA, every agency was responsible for reviewing audit reports and approving corrective action plans for each grantee. This created significant duplication of effort as the reports were reviewed multiple times and corrective action plans were independently assessed. Many times, the independent assessment lead to differing opinions on the effectiveness of the corrective action plan. This resulted in numerous re-writes of the corrective action plan by the grantee.

Prior to GATA, audit requirements for grantees not subject to the Single Audit had different financial statement audit requirements, including thresholds and auditing standards for each. In state fiscal year 2016, uniform audit requirements were established and implemented to improve accountability of this function.

The Audit workgroup representing grantmaking agencies and the grantee community established and piloted the centralized audit report review framework which includes the following components:

- Cognizant agency protocol for audit report reviews;
- Roles and responsibilities of the grantee, Cognizant Agency, grantmaking agencies and GATU;
- Audit submission deadlines and grace periods;
- Automated process to upload Single Audits directly from the Federal Audit Clearinghouse;
- Contractor procurement to perform audit report reviews;
- Use of the Stop Pay List for grantees who failed to submit audit reports;
- Automated procedures to manage audit report review results including audits that do not meet auditing and reporting standards;
- Formation of an Audit Committee responsible for audits that do not meet auditing and reporting standards;
- Implementation of an audit work paper review process for audit report review results indicating the audit report was substandard;
- Systems and coding of audit findings to track the most frequently issued finding for targeted technical assistance and root cause analysis;
- Implementation of a Cooperative Audit Resolution Team to assist grantees with corrective action on complex findings and resolution of repeat findings;
- Design and implementation of Audit Report Review Management System (ARRMS);
- User acceptance testing and pilot phase for ARRMS in preparation for statewide implementation;
- Implementation of systematic and procedural changes based on issues identified in the user acceptance testing and pilot; and
- Development of the audit report review procedures manual and conduct training.

The centralized audit report review framework also streamlines state agency review and approval of corrective action plans. Many times the corrective action plan would be accepted by one or more agencies but rejected by others which resulted in numerous iterations. This would require

the grantee to re-write the corrective action unnecessarily to gain approval of all funding agencies. The centralized framework requires all state agencies to collectively agree on the grantee's corrective action plan, thereby reducing time and effort to respond and implement necessary corrective action plans.

Consolidated Year-end Financial Report (CYEFR)

The CYEFR template was designed and implemented in state fiscal year 2018. The CYEFR provides a single report for grantees to quantify expenditures for each individual award received from a State of Illinois grantmaking agency. Effective for grantees with a fiscal year end of 12/31/18 and later, an "In Relation To" opinion to the audited financial statements will be required to be provided with the audited financial statements. For transparency, the report includes the corresponding CSFA numbers.

The objective of the CYEFR is to assist the grantee in making reconciliation from periodic and year end reporting (including adjustments made during the audit process) and tying out reported expenditures to the audited financial statements. Prior to GATA, many state agencies did not perform this reconciliation of program expenditures, which is a federal requirement.

State grantmaking agencies are utilizing the CYEFR to reconcile grant expenditures to state agency accounting records to ensure all grant expenditures are properly accounted for and included in the Financial Statement and Single Audit of the grantee. CYEFR standardization eliminates multiple reconciliations and establishes a single form for grantee completion at year end. Grantees not subject to audit are required to submit the CYEFR but are not required to have an "In Relation To" opinion.

All grantees with a fiscal year ending 12/31/18 and later will submit a completed CYEFR and "In Relation To" opinion with their annual audit packet.

Prevalence of Substandard Audits

The centralized audit report review process includes reviewing the grantee's audit report for compliance with the auditing standards applicable to the type of audit. In addition to generally accepted auditing standards, the State of Illinois has placed requirements on individuals who are conducting the audits. For example, only a licensed Certified Public Accountant (CPA) has the authority to sign an audit opinion. The implementation of this process in June 2018 has brought to our attention not only the submission of audits that were not performed in accordance with generally accepted auditing standards but also audits performed by individuals who are not licensed CPAs. One such audit was performed by an Enrolled Agent authorized to practice before the Internal Revenue Service, but not authorized to conduct an audit or sign an audit opinion. GATU is working closely with the Illinois Department of Financial and Professional Regulation to report irregularities in compliance with the Illinois Public Accounting Act.

Communicating Internal Control Related Matters Identified in an Audit

The audit workgroup identified the importance of reviewing significant control deficiencies or material weakness in internal control identified as part of the audit. These control deficiencies are required to be communicated from the auditor to those charged with governance of an organization. Therefore, these types of communications are required documents of the GATA

audit report package. Currently, the Federal Audit Clearinghouse (FAC) does not require these communications when submitting the Single Audit Package. Effective in 2019, the FAC is also requiring these communications to be submitted with the federal Single Audit package. This is another example of Illinois' grant innovation influencing the national direction of grant management.

Statewide Grant Management System

During GATA implementation, GATA subcommittees representing state agencies and the grantee community determined that automated systems were needed to ensure greater efficiency in grant administration. The business need drove the identification of grant functions and system functionality requirements. Grant management systems were reviewed to determine what automation could support GATA and compliance with federal grant requirements of Uniform Guidance.

Through this analysis, including the Department of Innovation and Technology, it was affirmed that grant management software did not contain functionality necessary for registration and prequalification of entities or grantee audit report reviews. To respond to an unmet need, GATU and the GATA subcommittees designed and programmed these dedicated systems. The GATA systems have been implemented, piloted and improved based on user recommendations over the last two (2) to three (3) years. These efforts have gained significant recognition. At the national level, GATU has provided presentations and demonstrations of the GATA systems to broad-reaching audiences. As a result, both grant management software vendors and other states have approached GATU regarding the partnering or purchasing Illinois' GATA systems. GATU is researching the possibility of applying for intellectual property rights on the GATA frameworks. Illinois could benefit from this arrangement by being able to direct proceeds to offset GATA costs.

GATA Website - www.grants.illinois.gov

The GATA website, www.grants.illinois.gov, has received more than 436,000 hits since its inception in mid-calendar year 2016. In addition to state agency staff and Illinois grantees, the website is frequently visited by other states, financial service professionals that work with grants, private firms that engage in grant management systems, and federal grant management training firms. Materials from the GATA website have been referenced in various grant industry settings as a result of the nation-wide recognition Illinois is receiving.

Entities initiate registration and federally required pre-qualification through the Grantee Portal, accessed from the Grantee Links tab of the website. Self-directed technical support for the federal pre-award risk assessments, the state's indirect cost rate system and the centralized audit report review are also accessible from the GATA website. Because of the complexities of indirect cost rates and Federal Uniform Guidance's emphasis on promoting grantee claiming of indirect costs, GATU is heavily emphasizing indirect cost rate training materials, webinars, supporting documents and instructional guides throughout the website.

Materials can be accessed directly from the home page and through various page views based on search criteria. The public can access overview information about GATA and the implementation support provided by GATU, an extensive Resource Library with links to more than 110 reference

items and templates, twenty-one (21) webinars, and more than forty (40) training presentations on Federal Uniform Guidance and GATA.

Continuous Improvement Focus

The implementation phase of GATA mandates a review of grant frameworks to ensure they are operating as designed and intended. At least once a year, GATU incorporates grantee and state agency suggestions and makes appropriate enhancements to improve the functionality of templates, forms and systems. The following sub-sections highlight the evolution of pre- and post-award GATA frameworks.

Catalog of State Financial Assistance

GATA requires a state catalog of grants similar to the Federal Assistance Listing (formerly the Catalog of Federal Domestic Assistance - CFDA). The Catalog of State Financial Assistance (CSFA) is Illinois' single, authoritative, statewide, comprehensive source document of state financial assistance program information. Illinois receives approximately \$27.5 billion in federal funding. Of that amount, roughly \$4.2 billion was passed through to grantees. An additional \$8.5 billion was awarded to grantees in state grant funding. The majority of state grant funding is used to meet maintenance of effort and cost sharing requirements as a condition of federal funding received.

The CSFA satisfies the federal requirement for public notice of financial assistance mandated by 2 CFR 200.202. Through state fiscal year 2018, the CSFA received more than 73,000 hits from the GATA website. CAOs are responsible for state agency entries into the CSFA including all federal, federal pass-through and state awards received by the agency and grants the state agency awards. There are currently 1,637 programs included in the CSFA and there were more than 28,000 active awards in state fiscal year 2018.

GATA provides two (2) versions of the CSFA: the public site accessible from the GATA website and an internal CSFA available to authorized state personnel. Included in the public CSFA are the seventeen (17) data elements mandated by GATA. The internal CSFA data includes all information from the public CSFA and additional grant-related data required for GATA life cycle grant management. GATU currently records program-specific exceptions and exemptions into the internal CSFA.

CSFA automation supports state agency generation of federally required NOFOs and NOSAs. To date more than 8,600 NOSAs have been generated to improve pre-award transparency and comply with federal mandates.

Notice of Funding Opportunity (NOFO) for Competitive Awards

Federal Uniform Guidance mandates a public notice for all competitive or discretionary grants. The funding source dictates whether the award must be competitive. Public notices are not required for formula-based funding. Unless an exception has been given by GATU, all grants that can be competitively awarded are required to utilize a public notice compliant with Federal Uniform Guidance. The NOFO, accessible from the public CSFA, makes the public aware of the available grant funds. The awarding agency customizes the NOFO template by including program-specific requirements to inform the public about the opportunity. State agencies are

required to provide a link to the grant application from the NOFO. The link connects the applicant directly to the awarding state agency.

To improve transparency and accountability, competitively awarded grants must be evaluated based on the merits of the application. Programs that once restricted competition are now seeking qualified applicants. Prior grant recipients are reaffirming their qualifications and receiving subsequent awards.

Grantees have expressed their appreciation that Illinois established a transparent, competitive grant process. This allows grantees to search and seek funding available in the state of Illinois. This competitive process has led to savings and higher quality service delivery. GATU will continue to analyze statewide use of competitive grant awards and the benefits the state receives from compliance with this federal requirement.

Grantee Portal

Illinois implemented the internet based Grantee Portal in state fiscal year 2018 to centralize grantee-specific communication regarding grant requirements. The Portal is grantee specific and access controlled by login and authentication parameters.

The self-directed portal enables grantees to manage compliance with grant requirements and access statewide frameworks including registration and pre-qualification, fiscal and administrative risk assessments, acceptance of NOSAs, and audit report requirements. Illinois will continue to expand application of the Grantee Portal as new frameworks are designed and implemented to support life cycle grant management. In calendar year 2019, indirect cost rate election functionality will be added to the Grantee Portal.

Grantee Registration and Pre-qualification

As federally mandated, all entities must be registered and pre-qualified to be eligible to apply for grant funds from the State of Illinois. GATA has automated this process through the Grantee Portal. All entities must provide six (6) pieces of information to complete registration: organization name and address, contact information for the organization's representative, organization type, Dun and Bradstreet (DUNS) number, federal employer identification number (FEIN) and fiscal year end date. Corporations and LLCs, both for-profit and not-for-profit, are also required to provide their Illinois Secretary of State File ID. The pre-qualification process is automated through the SAM.gov federal clearing house and eliminates the need for state agencies to separately perform background checks.

The Grantee Portal returns a qualification status confirming that the entity is either: 1) qualified, 2) not qualified but can remediate the specific issue, or 3) not qualified because the entity is on the Federal Excluded Parties List or on permanent Stop Payment Status. Currently, 5,100 grantees have completed registration and are in "qualified" status for state fiscal year 2019.

Grantee Risk Assessments

An assessment of risk posed by the applicant is required by Federal Uniform Guidance. GATA provides this through two (2) separate processes. The fiscal and administrative risk assessment is a centralized process and completed once annually and relied upon by all state awarding

agencies. The fiscal and administrative requirements are the same regardless of the type of award. Grantees initiate the Internal Control Questionnaire (ICQ) or financial and administrative risk assessment through the Grantee Portal. The completed ICQ calculates a financial and administrative risk profile for the grantee. In contrast, the programmatic risk assessment is issued by the awarding agency, grant specific and required for each grant application. The programmatic risk profile of the grantee is computed based on a weighted scale by the awarding agency. The risk assessments identify the level of risk posed by the applicant.

Specific conditions are imposed if the grantee's risk profile indicates a weakness in internal controls – either financial and administrative or programmatic. The Notice of State Award informs the applicant if specific conditions are assigned under the terms of the grant award. GATU recognizes that additional training is needed to aid state agencies in applying specific conditions. Internal control training will be added to GATU's training curriculum for fiscal year 2019.

Notice of State Award (NOSA) and the Uniform Grant Agreement (UGA)

The NOSA adds a layer of transparency to grant awards by specifying applicable funding terms, specific conditions and statutes for the award. NOSAs are a federally mandated pre-award requirement under Uniform Guidance. The NOSA allows the applicant to review and accept the award parameters before a UGA is executed.

The UGA is Illinois' template for grant agreements issued by a state grantmaking agency. The UGA template applies regardless of the source of funding. There are three (3) parts to the agreement. Part 1 is uniform for all state agencies. Part 2 is unique to the state awarding agency. Part 3 is grant-specific. The text of the grant agreement must take into account statutory-driven requirements. Through the IGA, the state awarding agency communicates the grant agreement requirements for each program it administers.

Funding terms are a key component of the NOSA and the UGA. In the past, there has been confusion among state agency staff and grantees regarding the source of grant funds. Because the majority of federal grant payment methods are reimbursement, approximately 70% of initial payments use GRF and are reimbursed with federal funding. As a result, state agency staff, grantees and their audit firms have difficulty determining state funds versus federal pass-through funds. To promote transparency, the NOSA and UGA explicitly communicate the source of all funds, cost sharing requirements and restrictions on the use of funds. The explicit funding terms within the NOSA and UGA promote grant fund accountability and assist in determining the type of audit required to be conducted.

Uniform Budget and Reporting Templates

The first uniform budget template was implemented statewide in state fiscal year 2017. As required by GATA, the most frequently used detailed line items were incorporated into the budget template. To ensure flexibility where federal grants require additional line items, the grantmaking agency may add lines to the template, with prior GATU approval. Recommendations to enhance the Uniform Budget template were received during calendar year 2018 from all stakeholders.

In response to federal requirements, GATA established uniform templates for periodic reporting of financial data (Periodic Financial Report or PFR) and program performance (Periodic Performance Report or PPR) for state fiscal year 2018. The templates are written to comply with the Uniform Guidance requirement that reporting includes a linkage between financial and performance reporting. The templates are applicable to all grantmaking agencies. All grants are subject to the PFR and PPR unless statutorily exempt per the grant agreement. State agencies utilize internal protocols for flexibility in applying the templates. Grant agreements specify the terms including the detail and frequency required to comply with periodic reporting.

Recommendations to enhance the uniform budget template and periodic reporting templates were received during calendar year 2018 from various stakeholders. Revisions are currently being made to the templates and will be completed for statewide use prior to state fiscal year 2020, with an understanding that the final version will be implemented into the Statewide Grant Management System

Exceptions to Federal Uniform Guidance and GATA

GATU continues to follow an exception process modeled after the federal exception approval requirements. All programs - federal, federal pass-through and state funded - are assumed fully subject to Federal Uniform Guidance and GATA unless an exception has been requested and approved by GATU. If the federal awarding agency has approved an exception, GATU will accept that exception. If Illinois funds an equivalent program, the state award will be subject to the same federal exceptions.

State agencies are developing a better understanding of exceptions to specific requirements vs. an “exemption” to all requirements. All programs are subject to audit. On a case-by-case basis, GATU reviews exception requests to ensure federal compliance.

To support best practices in grant management, federal awarding agencies continue to mandate Uniform Guidance requirements even though broad categorical exceptions are cited in 2 CFR 200.101. If a program has an exception in 2 CFR 200.101, Illinois’ exception process requires state agencies to verify program-specific requirements based on federal funding agreements to ensure awareness and understanding of grant terms, restrictions and limitations. GATU has found that in many instances, the federal funder mandates specific components of Uniform Guidance even though the program has an exemption under Section 101. Although state agencies have been instructed to review program-specific requirements, many state agencies are not complying. In addition, payments to a beneficiary also cause confusion in terms of the application of Section 101. It is prevalent for payments to be made through an intermediary who has grant responsibilities. In these cases, the intermediary is subject to Uniform Guidance.

Uniform Guidance allows pass-through entities to apply more stringent rules than those dictated by 2 CFR 200. However, the exception process must be utilized for all deviations to the GATA frameworks. This promotes the sharing of best practices and ensures that additional requirements truly add value to meeting the requirements in 2 CFR 200 and promotes statewide uniformity.

Procedurally, state agencies complete and submit a “GATA Request for Exception Form” which must include the statutory federal or state reference authorizing the exception. All exceptions

must be based on statutory authority. GATU reviews all requests and consults with GOMB General Council and the Governor's legal office as necessary for final determination. GATU provides written notice through email to the requesting state agency.

Approximately 50 program exceptions were authorized in the fiscal year 2018. GATU continues to review prior exceptions to ensure compliance with current requirements. To date, over 550 program exceptions have been processed. All approved exceptions are required to be entered into the CSFA, the NOSA and the UGA.

GATA Training and Communications

GATU recognizes the critical importance of effective, timely training and communication to state agencies implementing compliant frameworks and grantees striving to be compliant with the requirements. During fiscal year 2018, GATU wrote and delivered fifteen (15) webinars and forty-eight (48) trainings on federal Uniform Guidance and GATA. In addition to the webinar trainings, GATU wrote and presented four (4) hands-on trainings for state agency staff. GATU also partnered with the National Council of Non-profits for two (2) full-day training sessions with breakout exercises on indirect cost methodology. Webinar registration functionality and sign-in sheets enable GATU to track more than 13,050 training participants during fiscal year 2018. A total of 54.25 hours of GATA training was provided in fiscal year 2018.

Our training focus is evolving from a general state agency / grantee community audience to a targeted format with a current emphasis on non-profits, local governments and state agency grant staff in grantmaking agencies.

GATU continues to engage with stakeholders and serve as a guest speaker to various state agency groups, nonprofit organizations, community-based associations and other facets of the grantee community. We welcome the opportunity to provide targeted technical assistance to support our state agency and grantee community partners. Resource constraints continue to be a factor for all parties. Working together with top down support we can maximize training and communication efforts to further the State's GATA initiative for grant management compliance.

LESSONS LEARNED / OBSTACLES REALIZED DURING 2018

The obstacles realized and lessons learned in last year's GATA report continue to challenge Illinois. A concerted effort will be made by GATU and state agencies to continue to address these items in the coming year.

Technical Complexities of Federal Uniform Guidance Implementation

As previously noted, the concepts of cost principles and indirect cost rate negotiation is extremely complex, requiring an intermediate level of fiscal and accounting knowledge. Nationally, states and the grantee community are struggling to meet the indirect cost rate compliance requirements dictated in Federal Uniform Guidance. Many grantmaking state agency staff and grantees lack the capacity to understand and apply fundamental concepts such as the identification of direct and indirect costs.

2 CFR 200 is more explicit regarding pre- and post-award grant requirements as compared to prior OMB circulars and federal guidance. In particular, local governments are now subject to more extensive requirements comparable to nonprofit entities. This results in additional responsibilities placed on local government grantees and their state awarding agencies. The skill set and knowledge required for state agency grant personnel is more advanced under Uniform Guidance. Grant functions require more coordination and collaboration between fiscal and program personnel. The state needs to focus on fiscal and administrative titles suitable for Illinois to efficiently and effectively comply with federal requirements. This would allow program personnel to solely focus on service delivery, thereby enhancing the quality of grant programs available to Illinois taxpayers.

The automated GATA frameworks Illinois implemented to centralize grant management require grantees to utilize the internet and self-directed online supports. These advances pose significant challenges for many state agencies and grantees.

Grant management is evolving. As emphasized throughout this report, GATU is committed to ongoing grant training for state agency staff and the grantee community. Stakeholder partnerships will emphasize targeted outreach to key groups including nonprofits and local governments. All parties must recognize that the complexities of administering grants – pre- and post-award – necessitate the reliance on qualified, trained, dedicated personnel to enable Illinois to be compliant with Federal Uniform Guidance.

Need for Centralized Grant Compliance Unit within State Agencies

In the 2016 GATA Annual Report, it was noted that many state grantmaking agencies lack a centralized grant management and monitoring unit. This situation continues to pose challenges because adequate separation of duties is required for effective grant management. It is critical that the following grant functions are not performed by a single individual or within the same program division:

- Applying for funding from external sources;
- Approval of external source grant applications and budgets;
- Managing state agency compliance with GATA frameworks;

- Determining grant recipients;
- Awarding grants;
- Determining grant payment methods;
- Managing indirect cost rates including application of the rates;
- Monitoring periodic grant performance against specified standards;
- Monitoring periodic grant expenditures;
- Management of consolidated year-end financial reporting and grant closeout;
- Management of the centralized audit report review process including corrective action plans;
- Management of onsite financial and program monitoring including corrective action plans;
- Performing grant closeout; and
- Performing grant fund recovery.

Many state agencies lack headcount necessary to perform the grant fiscal and administrative functions envisioned under Federal Uniform Guidance. Current state agency staffing limitations require the same individual to perform many, if not all, of these functions. This increases the likelihood that fraud, waste, abuse or mismanagement could occur and may be undetected due to inadequate oversight.

Under GATA, select grant management functions are being centralized. State agencies should use this opportunity to redirect existing positions to other grant management functions that are not automated. Grant management responsibilities should be inventoried to assess personnel qualifications needed to perform those responsibilities. The skill sets under existing Personnel Code titles does not take into account the complexities of administering Federal Uniform Guidance. GATU will address the need to establish new grant administration titles with appropriate minimum education requirements and proficiency levels.

GATU will convene a working group to design and propose staffing for a centralized grant management function within large grantmaking agencies. The effort to establish centralized grant compliance units within state agencies will be significant. GATU is committed to collaborating with state agency leadership towards this initiative.

State Agencies Not Requiring Fiscal Capacity among Select Grantees

Through GATU's implementation of the ICQ to assess the fiscal and administrative risk profile of the grantees and the Indirect Cost Rate System, the need for fiscal agent assistance among select grantees has become quite pronounced. GATA recognizes that strength of program delivery is not negated by a limited fiscal capacity. However, it is critical that the fiscal requirements of the grantee be executed by someone with the knowledge, experience and skill set to effectively perform fiscal functions.

Based on first-year experience with the ICQ and indirect cost rate negotiations, GATU developed fiscal agent qualifications that were applicable for fiscal year 2018 grant awards. GATU recognizes that it cannot suggest or recommend specific individuals or entities for the fiscal agent function. By developing standard fiscal agent qualifications, GATU intends to support grantees

seeking fiscal assistance in obtaining an individual / entity qualified to meet the compliance requirements under Federal Uniform Guidance and GATA.

State grantmaking agencies do not appear to be utilizing the assessment of the fiscal capabilities of their grantees or the fiscal agent framework as intended. The result is that select grantees are not receiving the assistance necessary to effectively perform the fiscal functions required for their grant programs.

Perception that Requirements Are Driven by GATA vs. Federal Uniform Guidance

GATU continues to correct perceptions that GATA sets grant management rules for the State of Illinois. GATA adopted the federal rules for both federal and state grants. For uniformity, GATA allows the same rules that are applied to federal and federal pass-through grants to also apply to state grants. State agencies are subject to Federal Uniform Guidance with or without GATA. The framework of GATA simply provides a format for state agencies to be compliant.

It is estimated that 70% of state funding is used for matching and maintenance of effort requirements as a condition of federal funding. GATU will continue to analyze the amount of state funded grants that have no association with federal funds.

Grant versus Contract Misconceptions

In state fiscal year 2018, there were numerous attempts by state agencies to reclassify grants as contracts without following procurement requirements. It is assumed that state agencies may be attempting to avoid grant requirements by classifying the award as a contract. As noted in Section 330 of Uniform Guidance, to determine the proper classification, state agency personnel should be utilizing the Association of Government Accountants Contractor vs. Subrecipient Checklist to affirm the characteristics. The funding mechanism does not determine the classification. Misclassification of a grant as a contract will result in an audit finding requiring the amount paid to be returned to the state and/or federal government.

GATU will continue to address state agency misconceptions about grant versus contract classifications. The exception process will require the state agency to submit a completed Contractor vs. Subrecipient Checklist as support for reclassifications. GATU has delivered training on the contractor / subrecipient determination and will continue to emphasize this during fiscal year 2019.

Issues with State Agencies without Grant Making Authority

GATU has found instances of state agencies not having grant making authority in their enabling legislation. Currently fifty-one (51) agencies receive grants while only thirty-two (32) have grant making authority. This leads to the issuance of contracts when, by definition, grants should be utilized. The consequences of calling a grant a contract can result in returning the federal funds. However, calling a contract a grant does not have these consequences. Therefore, it is better to default to a grant status. Misclassification of a grant as a contract will result in an audit finding requiring the amount paid to be returned to the state and/or federal government. GATU recommends agencies without grant making authority review each contract applying the Contractor vs. Subrecipient Checklist to determine if funding should be released in the form of a

contract or a grant. If grant making authority is needed, the state agency should pursue a change to their enabling legislation.

Multi-tier Subrecipients

GATU has identified instances of grant funds passed through multiple levels of subrecipients. The state awarding agency will award a grant to a subrecipient, referred to as a first tier subrecipient. The first tier subrecipient then awards a grant to a second tier subrecipient. The second tier subrecipient may then award a grant to a third tier subrecipient, and so on. Some multi-tier arrangements are warranted based on the grant program. For example, a grant program may require regional services. The first tier subrecipient will pass the funds through a network of grantees to meet the statewide service requirements.

However, there are instances in which multiple tiers of subrecipients are used without adding value to the grant. In many instances, the subrecipient does not meet the requirements of a pass-through entity. This results in the following issues:

- Each tier is allowed to charge indirect costs, therefore a grant with multiple tiers of funding results in less program funding available to carry out the objectives of the grant;
- Misconception that state and federal grant requirements are limited to the first tier subrecipient;
- The first and second tier are acting as a cash conduit and are not consistently following federal requirements or lack qualified staff or framework to carry out requirements including:
 - Adherence to pre-qualification requirements;
 - Compliance with grant budget, budget narrative, and budget to expenditure financial management;
 - Compliance with performance reporting including scope of services management for each subrecipient tier;
 - Compliance with Cost Principles and indirect cost rates; and
 - Compliance with monitoring procedures;
- Lack of grantmaking agency justification for using a multi-tier approach.

Inability to meet the requirements will result in questioned costs requiring the funding to be returned to the state and federal government. During state fiscal year 2020, GATU will establish a framework to require state awarding agencies to explain the feasibility and value added through the use of multi-tier subrecipients in carrying out the grant program. GATU will approve these requests to ensure that multiple tiers add value and/or are required under federal regulation. The overall goal is to provide the most funding to *program execution* and not to additional layers of administrative costs.

GATA'S CONTINUED IMPLEMENTATION FOCUS

GATU's focus for fiscal year 2019 is implementation of post-award processes and the ongoing monitoring and continuous improvement of pre-award processes implemented in 2018. The following sections highlight the planned 2019 implementation focus for GATU and its stakeholders.

Full Implementation of Centralized Audit Report Reviews

GATU and the centralized audit report review workgroup will continue implementation efforts for the centralized audit report review functions and system. Additional training will be provided on the uniform audit requirements, the audit report review protocol, the CYEFR, and the audit report review management systems.

The pilot concluded in December 2018. Under the pilot, all grantees with a fiscal year that ends 12/31/17 and later were required to utilize the Audit Report Review Management system and protocol for audit report requirements. The final piece of ARRMS implementation is the requirement for 'In Relation To' opinion. All grantees with a fiscal year that ends 12/31/18 and later will be required to have the proper financial statement audit conducted and include an 'In Relation To' opinion on the CYEFR as part of the audit report.

Full Implementation Consolidated Year-end Financial Reporting

As previously described, the CYEFR requires each grantee to report all state and federal pass-through grants received from Illinois within one reporting template that must tie out to audited financial statements. The form was designed in state fiscal year 2017 and has been automated, tested and fully implemented in 2018.

Two outstanding issues remain: rate setting reporting requirements and Medicaid waiver reporting requirements. These two issues will be fully addressed in the upcoming fiscal year to provide full compliance with year-end reporting requirements.

Framework for Grantee Monitoring and On-site Reviews

The fiscal and administrative on-site review process was analyzed to remove redundancies and duplication of effort for the on-site review requirement. Under Federal Uniform Guidance, a pass-through entity is required to monitor their subrecipients to ensure compliance with the grant requirements and the terms and conditions of the grant agreement. Since the fiscal and administrative requirements are generally the same regardless of the grant program, it was determined that the fiscal and administrative on-site reviews could be conducted once and shared by all state grantmaking agencies.

Fiscal and administrative on-site reviews are required when a grantee is deemed to be high risk based on the overall grantee risk profile. To standardize policies and procedures for conducting the fiscal and administrative on-site reviews, a uniform grantee risk profile was developed. This included the uniform fiscal and administrative risk assessment internal control questionnaire, an assessment of previous performance, and a review of prior audit findings or other regulatory reviews.

The On-site Review Subcommittee has established on-site review procedures (including the overall grantee risk profile) and developed review programs for each compliance area. The fiscal and administrative on-site review protocol was developed to follow-up on audit findings and rely on the audit results without repeat testing of compliance areas performed in the audit. Based on the risk factors, the on-site review will be tailored for each grantee and limited to compliance areas identified as high risk. This approach will consider areas included in the audit tests performed to ensure state agencies are not duplicating testing in the on-site review. However, the fiscal and administrative on-site review requires follow up on the status of prior year audit findings and their corrective action plans.

Each cognizant agency is responsible for conducting the fiscal and administrative on-site reviews for their assigned grantees. The uniform on-site protocol and report template will be used and the results will be shared with all state grantmaking agencies that provide grant awards to the grantee or subrecipient. This will eliminate the need for other agencies to conduct reviews.

Cognizant agencies have provided feedback to the Subcommittee including concerns that this approach required on-site review staff to have higher technical skills than current job titles require. Further analysis revealed that very few on-site review staff possess the necessary skills, education and experience to conduct the compliant reviews. It was further determined that new job titles are needed to ensure a skill set match to the required functions. To properly train current staff, a three to five-year timeline is estimated. For this reason, the Subcommittee recommended to augment staffing with external auditing staff. The Subcommittee will continue work during fiscal year 2020 to finalize and implement the coordinated fiscal and administrative on-site reviews.

Schedule of Expenditures of Federal Awards (SEFA)

The Illinois Office of the Auditor General (OAG) previously prepared the SEFA. This poses an independence issue. Therefore, the OAG has requested GATU staff prepare the SEFA for the Statewide Single Audit for year ended 6/30/19. This will be a challenging task due to limited GATU staffing and because Illinois does not have a statewide grant management system at this time. However, incrementally transitioning this responsibility to GATU does provide the opportunity for GATU staff to get familiar with the current statewide SEFA process. As a result, GATU staff, in collaboration with state agencies, will work towards automating the preparation of the SEFA as much as possible through a new statewide Grant Management System. This will promote timely and accurate preparation of the SEFA and eliminate a fifteen (15) year repeat finding.

Need for Statewide and Agency-wide Grant Portfolio Management

Policies and procedures do not exist to properly manage the State's grant portfolio. Agency divisions are determining which grants to seek without consideration of the agency's current mission, the Governor's priorities or current legislative initiatives. Generally, the divisions within agencies submit grant applications based on prior year applications. A statewide focus should be considered in addition to reviewing the grant portfolio at the agency level.

The new grant management system provides functionality to systematically pursue grants in response to statewide and agency-specific initiatives. The grant management system will provide

greater access to available grant opportunities while minimizing the need for state agency research staff to identify, analyze and summarize a voluminous number of grant opportunities. Utilizing the new system, the state can focus on increasing grant funding received that aligns to current initiatives and question some grants that cost more to administer than the value of the grant received. Some of the state general revenue used to run the state’s initiatives can be supplemented with federal, public / private and foundation funding sources.

Below is a chart illustrating how Illinois’ federal grant funding and state population compares to other states.

**Federal Funding for Selected States
Fiscal Year 2017**

State	Population (1)	Federal Expenditures (2)	Per Capita Federal Expenditures
New York	19,862,512	\$ 66,444,584,000	\$ 3,345
Pennsylvania	12,823,989	31,945,180,000	2,491
California	39,776,830	98,428,435,775	2,475
Michigan	9,991,177	24,560,385,814	2,458
Ohio	11,694,664	27,897,316,605	2,385
Minnesota	5,628,162	12,704,587,841	2,257
Illinois	12,768,320	27,505,639,000	2,154

Data Sources

- (1) US Census 2017 State Estimates
- (2) FY 2017 Schedule of Expenditures of Federal Awards

As the Chart indicates, Illinois’ per capita spending is the lowest of the seven (7) states. Pennsylvania takes advantage additional federal funding receiving over \$4 billion more than Illinois even through Illinois’ population is just 55,000 less than Pennsylvania. Pennsylvania replaced Illinois as the fifth largest state in population. Other states are compared to Illinois to illustrate the need for adequate portfolio management.

In nationwide comparison, an analysis published by *Federal Funds Information for States* in November 2018, ranks Illinois 35th out of the 50 states in Federal Grants per Capita for Fiscal Year 2017. As one of the top six (6) states in the nation in Per Capita Federal Expenditures, Illinois should put more emphasis on grant portfolio procurement and management. Careful analysis needs to take place to take full advantage of additional federal funding opportunities, while minimizing additional matching State funds.

Program Personnel Not Aware of Basic Fiscal and Administrative Requirements

A common complaint during GATA implementation is that state programmatic personnel are not aware of the requirements of 2 CFR 200 or GATA. Although GATU provides training as an overview of the grant life cycle requirements at various levels, program personnel appear to have little or no knowledge in this area. Program managers should have knowledge of both the programmatic and fiscal and administrative requirements. This would not require subject matter expertise, however, program staff should have a basic knowledge of fiscal and administrative requirements. Grant managers cannot make sound business or business process decisions without the understanding all of the requirements of the life cycle of their grant programs. This can lead to decisions or processes that, in some cases, result in placing grant programs in non-compliance with state and federal regulations.

Complexities of Compliant Grant Management

As previously noted, the basic foundation for effective and efficient grant management is extremely complex for both state agencies and their grantees, some of the most complex areas include:

- Intermediate to advanced level of fiscal and accounting experience;
- Intermediate to advanced level of knowledge on fiscal internal controls;
- Analyzing the impact of the results of risk assessments;
- Applying correct specific conditions to mitigate high risk;
- Cost principles;
- Indirect cost rate negotiation;
- Application of indirect cost rates;
- Audit standards and requirements;
- Audit report review requirements;
- Recognizing red flags of substandard audits;
- Recognizing adequate corrective action plans for both programmatic and fiscal findings; and
- Understanding the requirements of the complete life cycle of a grant (2 CFR 200) and their interrelationships.

Nationally, the federal government, states and the grantee community are struggling to meet the compliance requirements dictated in Federal Uniform Guidance. Many grantmaking agency staff and grantees lack the capacity to understand and apply the most basic, fundamental concepts through the complexities mentioned above.

TRACKING GATA PERFORMANCE

As required by Section 95 of GATA, performance measures are used to evaluate the efficiencies, cost savings and reductions in fraud, waste, abuse and mismanagement resulting from GATA implementation. GATA-level performance measures enable the State of Illinois to identify if the intended goals of the Act are being accomplished. During the monitoring phase, enhancements are made to improve and streamline the grant management framework implemented by GATU.

The GATA Annual Report is required to provide an update on the five (5) GATA performance components identified in the Act:

1. Number of entities placed on the Illinois Debarred and Suspended List;
2. Savings realized as a result of the implementation of this Act;
3. Reduction in the number of duplicative audits;
4. Number of persons training to assist grantees and subrecipients; and
5. Number of grantees and subrecipients to whom a fiscal agent was assigned.

Due to the magnitude of this statewide grant life cycle initiative, GATA implementation efforts will continue to be a work in process. Over time, quantitative grant performance data will be more readily available from state grantmaking agencies to evaluate the execution of the Act.

The fiscal year 2018 GATA annual savings / cost avoidance projections are based upon a continuance of assumptions made in the FY17 annual report. Additional projections are included for the centralized audit report review which was piloted for half of calendar year 2018. As we obtain more clarification from the federal Office of Management and Budget and from state agency implementation, we identify instances where programs and the corresponding awards were listed in the CSFA in error - listed programs were not subject to GATA. GATU is also aware of instances where grant programs and their corresponding awards were omitted from the CSFA in error. In addition, GATU was recently informed that some state agencies receive grant funds but are not reporting the awards as grants because the agency lacks grantmaking authority. Without a statewide grant management system, there is no statewide process to reconcile CSFA data to the total population of grants and awards. Because GATU cannot validate the completeness of the CSFA, it is a challenge to quantify savings and cost avoidance.

The following projected FY18 GATA savings / cost avoidance are provided as information only.

Accomplishment	Savings / Cost Avoidance
Centralized indirect cost rate negotiations	\$35,350,000
Centralized audit report review	\$21,500,000
Centralized framework for fiscal and administrative risk assessments	\$8,560,000
Centralized grantee pre-qualification	\$4,400,000
Automated Notice of State Award	\$3,000,000
Market value of grant management training	\$2,050,000
Automated Notice of Funding Opportunity	\$215,000
Controls against fraud, waste, abuse and mismanagement	\$183,000,000
Estimated savings / cost avoidance	\$258,075,000

2018 GATA ANNUAL REPORT SUMMARY

Illinois continues to be a national leader in grant management through centralized, automated frameworks that position the State to comply with Federal Uniform Guidance. Nonprofit, governmental and financial services grant professionals realize the value of the transferable, compliance-focused grant life cycle frameworks Illinois has designed and implemented. GATA legislated life cycle grant management is being adopted in whole or part across the nation. For multiple years, the federal Office of Management and Budget and the National Council of Nonprofits continues to recognize Illinois' grant management frameworks as a national model.

Illinois is fortunate to have committed legislative sponsors and state agency leadership who embrace a holistic approach to grants management. The bipartisan passage of Public Act 100-0676 emphasizes the importance Illinois places on safeguarding scarce public grant funds. GATU also applauds the Rauner Administration for supporting GATA implementation efforts and guiding a statewide commitment towards grant compliance.

The complexities of the grant life cycle pose many challenges on state agencies and the grantee community. Funding and staffing resources remain crucial for GATU to implement technology solutions and qualified personnel required for efficiencies and maximum cost savings. Stakeholder engagement will continue to move the needle as Illinois strives to maximize cost savings / avoidance potential of grant management. Implementation and continuous improvement initiatives will remain the key focus of GATU in the years ahead. Illinois cannot rest on the accomplishments of the past as so many innovative opportunities for statewide life cycle grant management remain untapped. We look forward to continued stakeholder engagement.

APPENDICES

- I. Historical Evolution of GATA
- II. Vision of GATA
- III. Chief Accountability Officers
- IV. Internet Links

Appendix I

HISTORICAL EVOLUTION OF GATA

Public Act 97-0558 created the Management Improvement Initiative Committee (MIIC), effective August 25, 2011. Among other suggestions, MIIC recommended that Illinois follow federal grant rules as a method to unify and simplify processes and remove redundancies.

Federal Uniform Guidance, 2 CFR 200, effective December 2014, established consolidated Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Federal Uniform Guidance, applicable for all federal and federal pass-through grants, provided a framework for state funded grants. Senator Althoff (retired), Representative Bellock (retired), Representative Crespo, and Senator Kotowski (retired) sponsored legislation that established the Grant Accountability and Transparency Act (GATA). GATA applies Federal Uniform Guidance to all grants regardless of the funding source. Federal, federal pass-through and state funded grants follow the same requirements and utilize uniform, centralized frameworks to enable Illinois to comply with grant management requirements while reducing duplication of effort and realizing cost savings and avoidance.

GATA was driven by a need to spend taxpayer funds more judiciously while supporting constituents' needs to simplify and improve grant accountability processes. This is critically important because grants are a major component to the operation of the State of Illinois.

- Grants comprise approximately 66% of Illinois' general revenue budget;
- Federal grant revenue is one of the largest single state revenue sources;
- The majority of grants issued in Illinois are federally-funded or utilize state funds as matching, in-kind, or maintenance-of-effort as a condition of existing federal grants;
- Illinois state agencies were awarded over \$27.5 billion in federal aid in fiscal year 2017 per the SEFA; and
- Appropriations for federal funds comprise more than 10% of the entire fiscal year 2018 State of Illinois budget.

(Source: Illinois fiscal year 2019 enacted budget)

There were fifty-one (51) state agencies with grantmaking appropriations in fiscal year 2018. Of those agencies, ten (10) account for approximately \$47 billion or 88% of grant appropriations. The fiscal year 2018 State of Illinois budget included six hundred eighty-four (684) grant lines ranging from \$500.00 to \$7.3 billion.

Nationally, it is estimated that 15% of total grant funding is lost to fraud, waste, abuse and mismanagement. Federal grant estimates of fraud, waste, abuse and mismanagement range from 2% to 26%. Based on Illinois' grant under management subject to GATA, a mere 1% to 2% return on investment for Illinois would net \$183 to \$367 million. GATA frameworks establish controls to automate compliance verifications, share information across state agencies to promote risk awareness and minimize anomalies that may lead to occurrences of fraud, waste, abuse or mismanagement.

GATA strives to reduce redundant administrative burdens. Approximately 80% of grantees receive funding from more than one (1) state agency and division. 2018 analysis identified nearly 8,575 duplications in common requirements performed by state agencies. By centralizing seven (7) standard grant functions, the state will optimize resources, and significantly remove redundancies and duplication. By centralizing compliance functions, performing them once, and utilizing automation to promote cross-agency data sharing, the State will realize more effective and efficient grant management operations. Additional benefits will be realized by Illinois grantees as requirements are performed once. Future GATA reports will quantify the estimated cost savings / avoidance to the grantee community.

Appendix II

VISION OF GATA

“Successful grantees = Successful Illinois”

GATA provides standardization that eliminates duplication of effort for federally required grantee background checks, pre-award risk assessments, indirect cost rate negotiation and elections, audit report reviews, and on-site financial and administrative reviews and grant training.

Goals and Objectives

- Assist state agencies and grantees in implementing the new Federal guidance at 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Requirements);
- Increase accountability and transparency while reducing redundant administrative burdens;
- Promote cross-sector cooperative efforts including both state agency and grantee input for rulemaking and implementation recommendations;
- Strive to maintain a uniform process throughout the entire grant life cycle by leveraging the Uniform Requirements;
- Optimize resources including coordination of grant-monitoring activities to promote efficient use of scarce resources;
- Focus on program outcomes;
- Provide training and technical assistance for state agency staff and grantees; and
- Assist grantees in using Uniform Requirements to build capacity and improve Illinois resources.

Guiding Principles

- Identify core requirements while recognizing the need for flexibility for unique program requirements - uniformity is key; do not manage by outliers;
- Create efficient and effective policies and procedures using a zero-based approach;
- Stay mindful of cost benefit relationships for small grants and the grant management requirements of state grantmaking agencies; and
- Identify interrelationships between workgroups and subcommittees and communicate to avoid duplication of effort and overlapping processes.

Strategic Plan for GATA Implementation

In consultation with GATA workgroups, the GATA Steering Committee and the Illinois Single Audit Commission, the strategic plan for GATA Implementation was refined. The Plan includes areas of focus, defined deliverables, and a prioritized target date. The Plan serves as a framework for managing efforts required to execute GATA and guide resource management.

GATA’s implementation plan is structured around three categories of initiatives:

- Rulemaking Initiatives that require JCAR coordination to codify State of Illinois rules and the finalization of state agency rules;
- Workgroup Initiatives associated with the scope of responsibility assigned to the GATA Workgroups and Subcommittees; and
- GATU Initiatives executed internally by GATU for state-wide implementation.

The ongoing strategic focus of GATA includes:

- Implementation of Phase I of the statewide grant management system;
- Full implementation of the Audit Report Review Management System;
- Full implementation of grantee consolidated year-end financial reporting;
- Streamlining the indirect cost rate election process;
- Continued design and coordination for on-site financial reviews;
- Transitioning the SEFA for the Statewide Single Audit from OAG to GATU;
- Establishing frameworks for statewide and agency-wide grant portfolio management;
- Improving job titles and centralizing grant functions within state agencies; and
- Continuous assessment of pre- and post-award frameworks to identify improvements.

The execution of GATA strategy must remain adaptable to support administrative priority and resource constraints.

Appendix IV

CHIEF ACCOUNTABILITY OFFICERS

Yazoo Hall	Illinois Arts Council Agency	Trish McGill	Illinois Department of Military Affairs
Andy Munemoto	Illinois Department of Juvenile Justice	Julie Love	Illinois Department of Natural Resources
Jane Fields	Illinois Commerce Commission	Kimberly Hill	Illinois Department of Public Health
Sarah Robinson	Illinois Community College Board	Cory Staley	Illinois Department of Revenue
Adriana Perez	Illinois Criminal Justice Information Authority	Rosanne Nance	Illinois Department of Transportation
Erin Cleary	Illinois Department of Agriculture	Connie Watson	Illinois Department of Veterans Affairs
Derek Hobson	Illinois Department of Children & Family Services	Theresa McKeon	Illinois Department on Aging
Robert Williams	Illinois Department of Commerce and Economic Opportunity	Phillip Anello	Illinois Emergency Management Agency
Debra Miller	Illinois Department of Corrections	VACANT	Illinois Environmental Protection Agency
VACANT	Illinois Department of Employment Security	Marc Gibbs	Illinois State Board of Education
Thanh Melick	Illinois Department of Financial and Professional Regulation	Jacqueline Burnett	Illinois State Police
Ron McKechan	Illinois Department of Healthcare and Family Services	Scott Taylor	Illinois Student Assistance Commission
Nyle Robinson	Illinois Board of Higher Education	Denise Matthew	Law Enforcement Training and Standards Board
Gary Kramer	Illinois Department of Human Services	Larita Reed-Clark	Metropolitan Pier and Exposition Authority
		Ronny Wickenhauser	Office of the State Fire Marshal

Appendix V

INTERNET LINKS

- a. Statute 30 ILCS 708 – Grant Accountability and Transparency Act,
<http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=3559&ChapterID=7>
- b. GATA Website - www.grants.illinois.gov
- c. GATA Administrative Rules -
<http://ilga.gov/commission/JCAR/admincode/044/04407000sections.html>
- d. National Grant Management Association - www.NGMA.org
- e. National Council of Nonprofits – www.councilofnonprofits.org