STATE OF ILLINOIS

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

AUDIT REPORT REVIEW PROCESS MANUAL

August 1, 2018 -- REVISED

Revisions to the Audit Manual

August 1, 2018. Based on feedback during the initial implementation, the thresholds for the audit requirements were changed as follows:

- GAGAS audit threshold increased from $300,000 to $500,000
- GAAS audit threshold changed from revenue based to expenditure based, the requirement is now expenditures of $300,000 or more during the non-federal entity's fiscal year in State, direct federal and federal pass-through funds, singularly or in any combination requires a GAAS audit.
- Clarification that LEAs are required to have a GAGAS audit regardless of amount of expenditures of State, direct federal and federal pass-through funds.
- Added - grantees who do not meet the GATA audit thresholds but have an audit conducted due to other regulatory requirements must submit those audits using the audit report review submission process.

May 21, 2018. Based on questions during the live webinar, revisions were made to address the issues. In addition, a few minor clarifications to some of the instructions were added where appropriate.

The list of revisions are as follows:

- Changed 'UR' to 'UG' throughout the manual to reflect common terminology;
- Added the requirement for management letters and AU325 communications in the grantee requirements for Submission Requirements (pg. 9) and Audit Report Submission (pg. 20);
- Added grantee requirement to identify/update organizational audit contacts in the Grantee Portal (pg. 20);
- Added a 'Match' column to the CYEFR for State funded expenditures (pg. 34);
- Added clarification that CYEFR reports are available to state agency staff to assist in the reconciliation process (pg. 48); and
- Added contact information (pg. 55).

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I. Audit Manual Introduction

The Audit Manual provides information for the GATA centralized audit report review of grantee and subrecipient audit reports; provides information and technical assistance on the Audit Requirements, the Audit Report Review Management System (ARRMS) and the roles and responsibilities of the stakeholders throughout the audit report review process. Stakeholders include:

1. The Grantee or Subrecipient Staff;
2. The Grant Awarding Agency;
3. The State Cognizant Agency for Audit;
4. The Grant Accountability and Transparency Unit (GATU);
5. The Audit Report Review Contractor;
6. Cooperative Audit Resolution Team (CART);
7. Audit Committee.

Objectives of centralizing the audit report review process are:

1. Remove the duplication of effort by each of the awarding agencies and their respective grantees that receive grants from multiple agencies;
2. Use State agency collaboration in the acceptance of the corrective action plan for audit findings;
3. Reduce grantee rewrites of the corrective action plan when multiple agencies must provide acceptance of the plan;
4. Ensure that the audits are conducted in accordance with their respective auditing standards, allowing awarding agencies to place greater reliance on the audit results as part of the overall monitoring requirements;
5. Provide technical assistance to stakeholders on audit requirements, interpretation of audit results and proper corrective action to avoid repeat audit findings;
6. Take proper action when it is determined that a substandard audit has been conducted;
7. Centralize and automate the Audit Report Review process.

In adopting the GATA guiding principles, the centralized audit report review process and automation will be reviewed at least annually to identify any necessary changes and improvements to the process to ensure the goals and objectives continue to be met.

II. Definitions

Audit Committee: The audit committee is responsible for determining the next steps for audits identified by the Contractor as having deficiencies and determining if the deficiencies warrant a workpaper quality control review. In addition, the Audit Committee is responsible for providing technical assistance to CART and GATU as necessary and to determine the appropriate action necessary based on the results of a workpaper quality control review. The audit committee members are required to be Illinois licensed certified public accountants (CPA) who have significant experience in the areas of governmental and nonprofit audit and peer review. Members will represent the Illinois CPA Peer Review Committee, volunteers from CPA firms that specialize in government and nonprofit audits, State grantmaking agency staff who meet membership requirements and GATU.

Audit Report Review Management System (ARRMS): The state agency view of the internal audit report review system which works in conjunction with the Grantee Portal.

Auditor's report: An auditor's report is a written letter concerning an auditee's financial statements that expresses its opinion on the auditee's compliance with standard accounting practices.

Catalog of State Financial Assistance (CSFA): the single, authoritative, Statewide, comprehensive source document of State financial assistance program information maintained by the Governor's Office of Management and Budget.

Cognizant Agency: the State grantmaking agency designated to carry out the responsibilities described in UG sections 200.513 (Responsibilities), 200.205 (awarding agency review of risk posed by applicants), 200.207 (specific conditions for the fiscal and administrative risk assessment) and 200.213 (suspension and debarment), Appendix III to Part 200 (Indirect F&A Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education) through Appendix VII to part 200 (States and Local Government and Indian Tribe Indirect Cost proposals) and Appendix IX to Part 200 – Hospital Cost Principles), and 30 ILCS 708/25(6) (grantee pre-qualification requirements). The State of Illinois utilizes one cognizant agency for audit, indirect cost, pre-qualification and fiscal and administrative risk assessment.

Consolidated Year-End Financial Report (CYEFR): A required report prepared by the grantee each year, that lists the expenditures for each state, federal pass-through grant during the period covered by the organization's financial statements. The report will also list all other program and activities of the organization by the source of funding as direct federal funding or other. The CYEFR is used to assist in the facilitation of tracing grant expenditures reported in a grantee's audited financial statements, reconcile grantee's reported expenditures to state agency records and make reconciliations from periodic reporting and year end reporting. All grantees are required to complete and submit a CYEFR through the grantee portal.

Cooperative Audit Resolution Team (CART): CART is a multi-disciplinary team of stakeholders consisting of the grantee organization, state awarding agencies and GATU. The CART will address disagreements on the acceptance of a grantee's Corrective Action Plan.

Corrective Action Plan (CAP): A corrective action plan, which is prepared at the completion of the audit by an auditee, addresses each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

Data Universal Numbering System number (DUNS): The 9-digit number established and assigned by Dun and Bradstreet, Inc. to uniquely identify entities and that, under federal law, is required for non-federal entities to apply for, receive, and report on a federal award as a unique identifier. Entities required to have a DUNS number for the purpose of state or federal contracts or grants can obtain one for free at http://fedgov.dnb.com/webform.

Federal Employer Identification Number (FEIN). This is nine-digit unique number assigned by the Internal Revenue Service (IRS) to businesses operating in the United States.

Financial Statements: The formal record of the financial activities and position of a non-federal entity that is presented in a structured manner and in a form easy to understand.

GATA: The Grant Accountability and Transparency Act (30 ILCS 708)

Grantee Compliance Enforcement System (GCES): Outlines a statewide framework for state agencies to manage occurrences of non-compliance with grant requirements. Under this System, occurrences of grantee non-compliance will be consistently processed among state agencies. Under the terms of the System, the severity of the non-compliance issue dictates the enforcement action required by the state agency.

'In Relation To' Opinion: The auditor's evaluation on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Management Letters and AU 325: The AU 325 establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting identified in an audit of financial statements. It is applicable whenever an auditor expresses or disclaims an opinion on financial statements. The auditor must communicate in writing to the auditee all significant deficiencies and material weaknesses identified during the audit. The written communication should be made prior to the issuance of the auditor's report on the financial statements. The auditor's communication should distinguish clearly between those matters considered significant deficiencies and those considered material weaknesses. For examples of items to be communicated, see AU-C 265.

Non-Federal Entity: A state, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a State, federal or federal pass-through award as a recipient or subrecipient.

Pass-Through Entity (PTE): A non-federal entity that provides a subaward to a subrecipient to carry out part of a program.

Peer and External Quality Control Reviews: A peer review is used to determine if an audit organization's quality control system is suitably designed, in place, and operating effectively according to generally accepted government auditing standards.

Schedule of Expenditures of Federal Awards (SEFA): A required schedule prepared by a non-federal entity each year, that lists the expenditures for each federal grant during the period covered by the organization's financial statements.

Summary Schedule of Prior Audit Findings: Reports the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to State and Federal awards.

III. Audit Requirements

The audit requirements adopted by GATA include the adoption of the federal audit requirements (2 CFR 200.501), audit requirements for grantees and subrecipients that do not meet the federal audit requirements and audit requirements for "For Profit" subrecipients.

Audit Types

1. A non-federal entity (awardee) that expends $750,000 or more during the non-federal entity's fiscal year in federal awards (federal pass-through and direct federal funds) from all sources must have a single audit conducted in accordance with 2 CFR 200.514. Awardee's meeting certain requirements may elect to have a program-specific audit conducted in accordance with 2 CFR 200.507 with the approval of their cognizant agency.

2. A non-federal entity that expends less than $750,000 during the non-federal entity's fiscal year in federal awards (federal pass-through and/or direct federal funds) from all sources is exempt from federal audit requirements for that year. These non-federal entities are not subject to the single audit requirements.

3. Non-federal entities who expend less than $750,000 in direct federal and federal pass-through funds from all sources are subject to the following audit requirements:
   a. Non-federal entities who expend $500,000 or more during the non-federal entity's fiscal year in State, direct federal and federal pass-through funds, singularly or in any combination, and are not subject to the single audit:
      i. Must have a financial statement audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS); and
      ii. If deemed to be high risk based on their grantee risk profile (includes but not limited to: the Financial and Administrative Risk Assessment, the Merit-Based Review, the Programmatic Risk Assessment, prior history and experience in administering grants, and results of prior audits and/or other regulatory reviews and corrective action status) are required to undergo either an on-site review conducted by the State cognizant agency or an agreed upon procedures engagement, paid for and arranged by the Pass-Through Entity(ies) (PTE(s)) in accordance with 2 CFR 200.425.
   b. Non-federal entities who do not meet the requirements in subsection (a) but expend $300,000 or more during the non-federal entity's fiscal year in State, direct federal and federal pass-through funds, singularly or in any combination must have a financial statement audit conducted in accordance with Generally Accepted Auditing Standards (GAAS).
   c. Local Education Agencies (LEAs) as as defined in 23 IL Admin Code 100.110, are required to have a financial audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) as required by 23 IL Admin Code 100.110 regardless of the dollar amount of expenditures of State, direct federal and federal pass-through funds.
   d. Non-federal entities who do not meet the requirements in subsection (a) or (b) but have audits conducted based on other regulatory requirements must submit those audits for

review. For example, requirements by the Illinois Attorney General requires nonprofits to have audits conducted if total revenues are $300,000 or more. This audit is now required to be submitted through the GATA Audit Report Review process.

For-profit Subrecipient. The PTE(s) is responsible for ensuring subrecipient compliance with established requirements. Methods to ensure compliance for State and federal awards to for-profit subrecipients may include pre-award audits, monitoring during the agreement period of performance, and post-award audits. See also 2 CFR 200.331 Requirements for Pass-through Entities.

1. For-profit Subrecipient Audit Requirements. For-profit subrecipients who expend $750,000 or more in direct federal and federal pass-through funds (from all sources) during their fiscal year are required to have a program-specific audit conducted in accordance with Uniform Guidance section 200.507 (Program-specific Audits).
   a. State grantmaking agencies must provide the recipient/subrecipient the program-specific audit guide, when available.
   b. If a program-specific guide is not available, the auditor and auditee have the same responsibilities for the program as they would have for a major program in a single audit.
   c. The auditor must audit Federal programs with Federal awards expended that, in aggregate, cover at least 50 percent (0.50) of total Federal awards expended.

2. For-profit subrecipients who expend less than $750,000 in direct federal and federal pass-through funds (from all sources) during their fiscal year are subject to the following audit requirements:
   a. For-profit subrecipients who expend $500,000 or more in State, direct federal and federal pass-through funds, singularly or in any combination (from all sources) during their fiscal, and are not subject to a program audit:
      i. Must have a financial statement audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS); and
      ii. If deemed to be high risk based on their grantee risk profile (includes by not limited to: the Financial and Administrative Risk Assessment, the Merit-Based Review, the Programmatic Risk Assessment, prior history and experience in administering grants, and results of prior audits or other regulatory reviews and corrective action status) are required to undergo either an on-site review conducted by the State cognizant agency or an agreed upon procedures engagement, paid for and arranged by the PTE(s) in accordance with 2 CFR 200.425.
   e. For-profit subrecipients who do not meet the requirements in subsection (a) but expend $300,000 or more during the non-federal entity's fiscal year in State, direct federal and federal pass-through funds, singularly or in any combination must have a financial statement audit conducted in accordance with Generally Accepted Auditing Standards (GAAS).

b. For-profit subrecipients that are publicly traded companies are not subject to the Single Audit requirements but are required to submit the annual audit conducted in accordance with their regulatory requirements.

Submission Requirements

1. Single Audit and Program Specific Audit Report Submission. Single audits conducted in accordance with this Section, including any program or regulatory audit requirements, must be completed and the reporting packet described in subsection (3) below, must be submitted by the non-federal entity (grantee/subrecipient) to the Federal Audit Clearing House, as required by UG section 200.512. The results of peer and external quality control reviews, management letters, AU325 communications and Consolidated Year-End Financial Report must be submitted to the GATA Grantee Portal. Due date of the submission is the earlier of 30 calendar days after receipt of the auditor's reports or 9 months after the end of the non-federal entity's audit period. If the due date falls on a Saturday, Sunday or State/federal holiday, the reporting packet is due the next business day.

2. Financial Statement Audits conducted in accordance with this Section must be completed and the reporting packet described in subsection (4) below must be submitted by the non-federal entity to the GATA Grantee Portal within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the non-federal entity's audit period. If the due date falls on a Saturday, Sunday or State/federal holiday, the reporting packet is due the next business day.

3. For Single Audit and Program Specific Audit submissions, reporting packet submissions must include:
   a. All items identified in UG section 200.512(c);
   b. Financial statements and schedule of expenditures of Federal awards discussed in §200.510 Financial statements, paragraphs (a) and (b), respectively;
   c. Summary schedule of prior audit findings discussed in §200.511 Audit findings follow-up, paragraph (b);
   d. Auditor's report(s) discussed in §200.515 Audit reporting;
   e. Corrective action plan discussed in §200.511 Audit findings follow-up, paragraph (c);
   f. Management letters and AU 325 communication issued by the auditors, and their respective corrective action plans;
   g. Consolidated Year-end Financial Report with an 'In Relation To' opinion (if applicable); and
   h. A copy of the results of peer and external quality control reviews of the Audit Firm.

4. For Financial Statement Audit submissions, reporting packet submissions must include:
   a. Financial Statements;
   b. Summary schedule of Prior Audit Findings;
   c. Auditor's report;
   d. Corrective Action Plan;

e. Management letters and AU 325 communications issued by the auditors, and their respective corrective action plans;
f. Consolidated Year-end Financial Report with an 'In Relation To' opinion; and
g. A copy of the results of peer and external quality control reviews of the Audit Firm.

5. Non-Federal Entities that are not required to have an audit conducted are required to submit a Consolidated Year-end Financial Report.

IV.Overview of the Audit Report Review Process

Section IV is an executive summary of the audit report review process. Details of each step in the process is outlined by the roles and responsibilities of each stakeholder in later sections.

The registration and pre-qualification information for each awardee is used to populate the ARRMS system. This information includes:

- Auditee name
- FEIN number
- Parent entity information to determine the DUNS numbers included in the audit
- Auditee's Fiscal Year End
- Cognizant Agency

Audit Certification

Through the Grantee Portal, the grantee is notified of the audit requirements and steps to submit their annual audit. The grantee is required to certify the type of audit to be conducted for their organization using the Audit Certification Form. The Grantee Portal walks the grantee through the certification process based on the source and amount of funding. Once the certification is completed the grantees will receive reminder notifications of the required audit due date.

Consolidated Year End Financial Report

The grantee is required to complete a Consolidated Year End Financial Report (CYEFR) using the Grantee Portal. The CYEFR is prepopulated with the grant awards that have been entered into the CSFA. Grantees are required to review the list and add state and federal pass-through awards not included. Then grantees report State funded (state and federal pass-through) grant expenditures by State Agency and Catalog of State Financial Assistance (CSFA) program in the CYEFR, in addition to expenditures of other grant funding and other activities. Once completed, the grantee's auditor must provide an 'In Relation To' opinion on whether or not the CYEFR is fairly stated in relation to the financial statements as a whole. If a grantee was unaware of this requirement and their auditors have completed the audit, a grace period has been granted for audits.

Submission of the Audit Report Packet

For Single Audit, the Grantee is required to upload the audit report packet to the Federal Audit Clearing House (FAC). The State cognizant agency is responsible to upload the Single Audit Report packet into the ARRMS from the FAC. The Grantee must upload all management letters and auditor communications as defined in AU325 and copy of the results of peer and external quality control reviews of the Audit Firm using the Grantee Portal. A Single Audit packet is considered to be complete once accepted by the FAC. The Contractor will review to determine if the Single Audit packet is complete according to the centralized audit report review requirements.

For Financial Statement Audits, the grantee must upload the Audit Report Packet (which includes all management letters and auditor communications as defined in AU325 and copy of the results of peer and external quality control reviews of the Audit Firm) using the Grantee Portal. Once an audit report packet has been uploaded, a notification is automatically sent to the Audit Report Review Contractor. The Contractor is responsible for reviewing the financial audit report packet and determining if it is complete.

Submission of the State Data Collection Form

The Grantee is required to complete and submit a State Data Collection Form. This form collects information regarding the audit firm and the results of the audit. It does not collect any award information due to the use of the CYEFR. If a Grantee is subject to the Single Audit, the State Data Collection form will be pre-populated with data from the FAC Data Collection form.

Contractor Review of the Audit Report

The Contractor is responsible to determine if a financial audit report packet is complete and then conducting a review of each grantee's audit report to ensure the applicable auditing standards are met. The Contractor is to follow Council of the Inspectors General on Integrity and Efficiency (CIGIE) checklist to conduct a quality review to identify and document if any deficiencies exist. The audit report will be rated as:

- Pass
- Pass with Deficiencies
- Fail

If the results of the audit report review are pass with deficiencies or fail, the details are forwarded to the Audit Committee to determine next steps.

The Contractor is also responsible to verify the CYEFR 'In Relation To' opinion and provide details regarding financial statement audit findings. Details for audit findings reported in the Single Audit will be populated with data retrieved from the FAC.

Agency Reconciliation of Grant Expenditures

Once the grantee submits the CYEFR through the Grantee Portal, it is available for all state agencies to reconcile the grantee's reported expenditures by CSFA program to the state agency's records.

The Cognizant Agency is responsible for determining if the CYEFR is accurate in relation to all agencies' reconciliations of grant expenditures. If a variance is identified, the contractor will be notified of the variances in order to evaluate the 'In Relation To' opinion. If the variance creates the need for a different audit type to be conducted, the audit case will be sent to the Audit Committee to determine the correct follow-up.

Agency Acceptance of Corrective Action Plan

Each state agency must review the corrective action plan for findings that affect their agency's programs. Cross-cutting findings are findings for general fiscal and administrative requirements that would affect all funding agencies and their programs. State agencies are required to determine the adequacy of the corrective action plan (CAP) for the findings that affect their program(s). If all agencies do not accept the grantee's CAP for a cross-cutting finding, then GATU, upon notification from the cognizant agency, will facilitate the use of the CART process to ensure a cooperative resolution.

Cooperative Audit Resolution

Uniform Grant Guidance defines cooperative audit resolution as the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal/State agency (grantor) and the non-Federal entity (grantee).

Cooperative Audit Resolution Team (CART)

CART's purpose is to improve program results through cooperative audit resolution and oversight processes that result in:

- Maximizing dialogue and cooperation between grantors and grantees;
- Addressing the root causes of audit findings;
- Fostering continuous improvement in program compliance, auditing, monitoring and technical assistance processes;
- Identifying red flags indicating possible fraud, waste, abuse or mismanagement of grant funds, including notification of proper authorities; and
- Increasing efficiency and cost savings.

The CART process is a practical approach to problem-solving that can be used in many circumstances and embraces one of the objectives of GATA, if grantees and subrecipients are not successful in carrying out the grant programs, Illinois is not successful.

The CART process can be requested by the grantee, state agency or GATU for any audit finding. CART process can be used for any type of audit finding and can be voluntary or involuntary:

- Voluntary - requested by the grantee
- Involuntary – requested by the state grantmaking agency, state cog agency or GATU

The CART members will be representatives from the grantee organization, state awarding agencies and GATU.

Audit Committee

The Audit Committee will be responsible to determine the next steps for audits identified as substandard (Pass w/deficiencies or Fail) by the Contractor. Next steps will include notification of errors, the need to reissue an audit report, the need to have a different type of audit conducted or the need for workpaper quality control review.

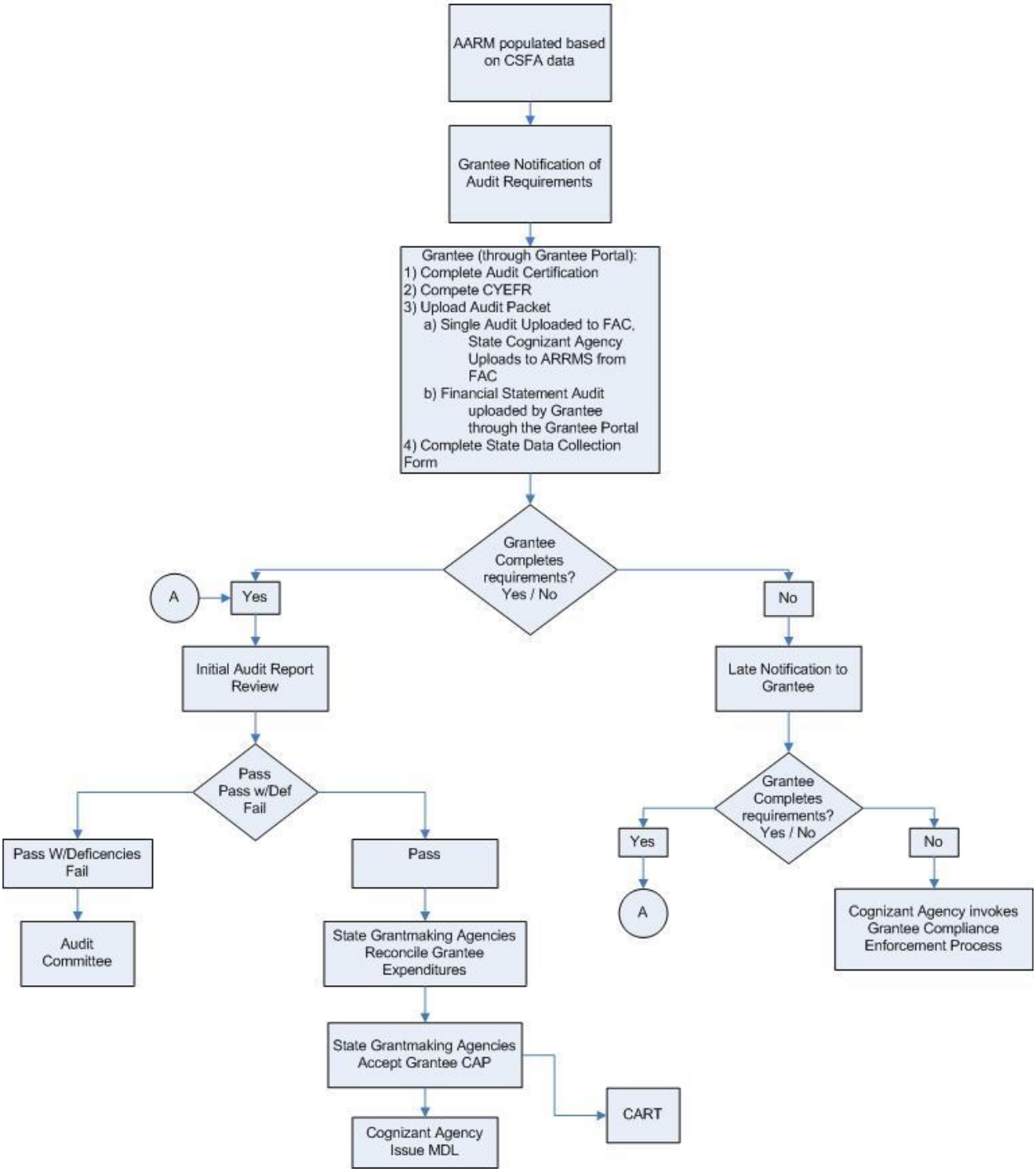
The Audit Committee members will be Illinois licensed certified public accountants (CPA) that have significant experience in the areas of audit and peer review. The members will be representatives of the IL CPA Peer Review committee, state agency staff and GATU.

Issuance of the Management Decision Letter

Within 180 days of submission of a complete audit report packet (for Single Audit, this is FAC acceptance date, for Financial Statement Audit, this is determined by the Contractor), the Cognizant Agency must provide the Grantee with a Management Decision Letter outlining the State's review of the Audit Report and associated Corrective Action Plan (if necessary).

Audit Report Review Process Flow

3/2/2018



V. Roles and Responsibilities of the Stakeholders:

Grantee

Each Grantee must:

1. Procure or otherwise arrange for the audit in accordance with 2 CFR 200.509 *Auditor Selection.*
2. Prepare appropriate financial statements including:
    a. Entity Financial Statements;
    b. Schedule of Expenditures of Federal Awards (If applicable); and
    c. Consolidated Year End Financial Report.
3. Promptly follow up and take corrective action on audit findings including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 2 CFR 200.511 Audit findings follow up.
4. Provide auditors with access to personnel, accounts, books records and supporting documentation, and other information as needed for the auditor to perform the audit in accordance with the applicable auditing standards.

<u>Auditor Selection</u>

The Grantee is responsible for selecting a qualified audit firm to conduct the audit in accordance with applicable standards. In procuring these services the Grantee must follow the procurement standards in accordance with applicable sections:

1. A Grantee subject to audits conducted by the Illinois Office of the Auditor General is not subject to these procurement requirements.
2. All other non-Federal entities including local governments will follow 2 CFR 200.318 through 200.326.
3. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must:
    a. Request a copy of the audit organization's peer review report which the auditor is required to provide under Generally Accepted Government Auditing Standards (GAGAS).
    b. Factors to be considered in evaluating each proposal for audit services including:
        i. Responsiveness to the request for proposal;
        ii. Relevant experience;
        iii. Availability of staff with professional qualifications and technical abilities;
        iv. The results of the peer and external quality control reviews;
        v. Audit firm must be in compliance with the Illinois Public Accounting Act 225 ILCS 450; and
        vi. Price.
    c. Whenever possible the grantee must make positive efforts to utilize small businesses, minority owned firms and women's business enterprises.
4. Restriction on auditor preparing indirect cost proposals.
    a. An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit required within these rules, when the indirect costs recovered by the grantee during the prior year exceeded $1 million.

b. This restriction applies to the base year used in the preparation of the indirect cost proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs.

Audit Costs

The costs of audits required to be conducted are an allowable cost that can be charged to grants. Audit costs charged to the grant can be charged either as a direct cost or indirect cost. The allowability of the audit costs are based on the following:

1. A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements are allowable. However, the following audit costs are unallowable:
   a. The cost of any audit that does not meet the standards required by the Single Audit Act and Subpart F—Audit Requirements, GAGAS and GAAS are unallowable. Therefore, the cost of any audit deemed to be substandard by the Audit Report Review Contractor and upheld by the Audit Committee, will not be allowed to be charged to the grant(s); and
   b. Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and Subpart F—Audit Requirements because its expenditures under Federal awards (direct Federal funding and Federal pass-through funding) are less than $750,000 during the non-Federal entity's fiscal year.
2. The costs of a financial statement audit of a non-Federal entity that currently does not have a Federal award but is not subject to the Single Audit Act and Subpart F—Audit Requirements may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

Financial Statements

1. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets and where appropriate, cash flows for the fiscal year audited.
2. The financial statements must be for the same organizational unit and fiscal year. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with §200.514 Scope of audit, paragraph (a) and prepare separate financial statements.
3. Schedule of expenditures of Federal awards (Single Audit Only). The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 *Basis for determining Federal awards expended*. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:
   a. List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and

provide the applicable Federal agency name. For Research & Development, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

b. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
c. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
d. Include the total amount provided to subrecipients from each Federal program.
e. For loan or loan guarantee programs described in §200.502 *Basis for determining Federal awards expended*, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
f. Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (Facilities & Administration) costs.

4. Consolidated Year End Financial Report (CYEFR) - The CYEFR will be populated with the grant awards entered into the CSFA by the grant making agencies. If the grantee has awards that have not been included, those awards must be entered by the Grantee.
   a. Categorize grantee's expenditures by State grant funding, other grant program and activities and all other costs not allocated.
      i. State grant expenditures must be classified by State awarding agency, CSFA number and identified as either State funding or Federal pass-through funding.
      ii. Expenditures for Other Grant Programs and Activities must be identified as either Federal funding or Other funding.
      iii. Expenditures for All Other Costs Not Allocated are only identified as Other funding.
   b. CYEFR must tie to audited financial statements.
   c. CYEFR must have an 'In Relation To' Opinion in the audit. The "In Relation To" opinion is not required for state agencies or component units of the state that are audited by the Office of the Auditor General. For all other grantees, a grace period of one year for FYEs from 12/31/17 – 11/30/18. The Cognizant Agency is required to notify the grantee of the omission of the "in Relation To" opinion that must be included in subsequent years.
   d. If the "In Relation To" opinion is not included in subsequent years, this will be considered an incomplete audit package.

<u>Audit findings follow-up</u>

1. General. The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must:
   a. Prepare a summary schedule of prior audit findings.
   b. The auditee must also prepare a corrective action plan for current year audit findings.

c. The summary schedule of prior audit findings and the corrective action plan must include the reference numbers the auditor assigns to audit findings under §200.516 *Audit findings*, paragraph (c).
d. Since the summary schedule may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred.
e. The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS.

Summary Schedule of Prior Audit Findings.
The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The summary schedule must also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected as follows:

1. When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.
2. When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule must provide an explanation.
3. When the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons for this position must be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:
   a. Two years have passed since the audit report in which the finding occurred was submitted to the Federal Audit Clearinghouse (FAC);
   b. The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
   c. A management decision was not issued.

Corrective Action Plan.
At the completion of the audit, the grantee must prepare, in a document separate from the auditor's findings described in §200.516 *Audit findings*, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide:

1. The name(s) of the contact person(s) responsible for corrective action,
2. The corrective action planned,
3. The anticipated completion date.
4. If the grantee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

Audit Report Submission

Using the Grantee Portal, the Grantee will submit the Audit Report Packet. The submission process includes the following steps:

1. Ensuring the proper audit contacts are identified in the Grantee Portal.
2. Completion of the Audit Certification Form within sixty (60) days of the Grantee's fiscal year-end.
3. Completion and submission of the CYEFR and the 'In Relation To' opinion (if applicable).
4. Upload the Audit Report Packet.
    a. Single Audit Packet:
        i. Grantee must upload the Federal Single Audit Reporting Packet to the FAC and the State Cognizant Agency is responsible for uploading into the ARRMS.
        ii. Grantee must upload a copy of the Peer and External Quality Control Reviews of the Audit Firm, any Management Letters and AU325 communications using the Grantee Portal.
    b. Financial Statement Packet:
        i. Grantee must upload the financial statement audit packet, which includes the Peer and External Quality Control Reviews of the Audit Firm, using the Grantee Portal.
5. Completion and Submission of the State Data Collection Form
    a. State Data Collection Form collects information on the audit firm conducting the audit in addition to the results of the audit. Information requested in the State Data Collection Form consists of:
        i. CPA firm name, FEIN, address, and CPA contact information;
        ii. Date audit report signed
        iii. Indicate if multiple CPA firms were involved in the audit
            A. If yes, provide the information in 4.a.i. and ii.
        iv. Auditor's opinion on the financial statements
        v. Financial statement basis of accounting
        vi. Indicating if there is a 'going concern'
        vii. Indicating if significant deficiencies or material weaknesses were identified in the audit report
    b. If a Single Audit was conducted:
        i. State Data Collection Form is pre-populated with the FAC Data Collection Form information. Grantee must verify and submit.
    c. If a Financial Statement Audit was conducted:
        i. Grantee must complete the State Data Collection form and submit.

Audit Report Review Process

The grantee must provide any additional information to the State Awarding Agency, Cognizant Agency, Contractor or GATU as requested in order for the Audit Report Review Process to be completed.

Grantee can request the use of the CART process for assistance in addressing appropriate corrective action for any problematic audit findings. The Grantee will make the request to the Cognizant Agency.

State Awarding Agency

Each state awarding agency is responsible to:

1. Ensure that the CSFA is complete with the program and the subrecipient award information.
2. Assign one audit report review liaison to be the main point of contact for the audit report review process.
3. Assign at least one audit report review subject matter expert (SME) for fiscal and administrative related findings.
4. Assign at least one audit report review subject matter expert (SME) for program related findings.
5. Request technical assistance from GATU for fiscal and administrative requirements.
6. Perform a reconciliation of the CYEFR expenditures to the state agency's records. The State agency must record their expenditures in ARRMS and indicate they are "Done". The state awarding agency has 45 days to complete the reconciliation. If a grant award is provided by the grantee that is not included in the CSFA, the state awarding agency must enter the information to the CSFA.
7. Approval of corrective action plans for findings directly related to their grants and cross-cutting findings. The state awarding agency should indicate their acceptance or rejection of the CAP within 60 days the findings being populated in the ARRMS system.
8. Request CART assistance for findings on subawards as necessary.
9. Participate in the CART, as needed.
10. Follow-up on audit findings to ensure that the recipient takes appropriate and timely corrective action.
11. Required to collect the amount of Questioned Costs identified in an audit, if any and if federally funded, remit the federal share to the federal awarding agency.

State Cognizant Agency

Cognizant Agency Responsibilities:

1. Ensure grantees submit their audits on a timely basis.
    a. For Single Audits the grantee is responsible for submitting the audit to the Federal Audit Clearing House (FAC) in accordance with 2 CFR 200.512 Report Submission requirements. The Cognizant Agency will be notified by GATU when the audit has been uploaded and accepted by the FAC.
    b. For financial statement audits, the grantee is responsible for uploading the audit packet to the grantee portal. The Cognizant Agency and the audit report review contractor are notified the audit has been submitted. The contractor has 14 calendar days to review the audit packet to determine that it is complete.
2. If the Audit packet is not received by the end of the grace period (15 days after the due date), the Cognizant Agency is required to invoke stop pay process.
    a. Once the audit packet is received, the Cognizant Agency must immediately remove the grantee from stop pay list.
3. For Single Audits ONLY: Once the Cognizant Agency has been notified by GATU the audit report packet has been received and accepted by the FAC, the audit report packet is

required to be downloaded from FAC. Once the download is complete the audit report packet is required to be uploaded to the grantee audit report review case in ARRMS.

4. The cognizant agency must ensure that all state grant making agencies have completed the CYEFR reconciliation and recorded any differences within the ARRMS. If differences are identified and
   a. the sum of errors does not affect audit type; each awarding agency is responsible for communicating with their grantee to determine the cause of any differences; or
   b. if the sum of errors does affect the audit type, the cognizant agency is required to notify GATU and the Audit Committee. GATU and the Audit Committee will determine the appropriate resolution.
5. Ensure all Awarding Agencies have accepted the Corrective Action Plan applicable to their grant program(s) and that all awarding agencies have accepted the Corrective Action Plan for cross-cutting findings. If there are disagreements between the awarding agencies regarding the corrective action for cross-cutting finding(s) then the Cognizant Agency must send to CART for final determination.
6. Issuance of the Management Decision Letter (MDL). After the contractor has provided the audit report review determination, the reconciliation process is complete and the Corrective Action Plan has been accepted, the Cognizant Agency must issue the Management Decision Letter through the ARRMS. The MDL must be issued within 180 days of submission of a complete audit packet.
7. The MDL is a form letter within ARRMS. The Cognizant agency must include information in the Management Decision Letter in accordance with 2 CFR 200.521. The management decision letter must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments or take other action. If the grantee has not completed corrective action by the time the audit is submitted and reviewed, a timetable for follow-up should be given. Management decisions must include the reference numbers the auditor assigned to each audit finding.

Grants Accountability and Transparency Unit (GATU)

GATU is responsible to:

1. Design, implement and maintain the Audit Report Review Management System (ARRMS)
2. Through the Grantee Portal, provide notifications to the grantee regarding audit requirements, due dates, submission requirements and reminders.
3. Based on grantee response in the Audit Certification form, ARRMS calculates the due date of the audit packet submission.
   a. Single Audit due date is nine (9) months (or within 30 days of completion of audit, whichever is less) following the grantee's fiscal year end.
   b. Financial Audit due date is six (6) months (or within 30 days of completion of audit, whichever is less) following the grantee's fiscal year end.
4. For a Single Audit, GATU runs nightly report of Grantees whose audit submissions have been "Accepted" by the FAC. GATU notifies the Cognizant Agency of the acceptance.
5. Monitor awarding agencies' system responses to corrective action plans to ensure timely issuance of the Management Decision Letter(s) within the required 180-day timeframe.

6. Administration of the CART process, including but not limited to:
   a. Schedule requested meetings for CART
      i. Ensure the audit report review liaison(s) invites the proper staff to participate on the CART.
      ii. Make final decisions on the disposition of findings in situations where there is disagreement among CART members.
   b. Document results of the CART process in ARRMS.
7. Administration of the Audit Committee, including but not limited to:
   a. Schedule requested Audit Committee meetings
   b. Document results of the CART process in ARRMS.
8. Provide technical assistance as requested throughout the audit report review process.

Audit Report Review Contractor

Contractor Responsibilities

1. Review the Grantee's financial audit report packet to ensure a complete submission within 14 calendar days
   a. If the audit report packet is determined to be incomplete:
      i. Contractor will identify missing items;
      ii. Grantee has 7 calendar days to re-submit audit certification, CYEFR, audit packet and data collection form;
      iii. After two unsuccessful attempts of re-submission, cog agency will be notified and must invoke stop pay until a complete submission is received.
   b. Single Audit report packet is complete at FAC acceptance. However, the Contractor will still review to ensure all required documentation has been submitted.
      i. Contractor will identify missing items;
      ii. Grantee has 7 calendar days to re-submit audit certification, CYEFR, audit packet and data collection form;
      iii. After two unsuccessful attempts of re-submission, cog agency will be notified and must invoke stop pay until a complete submission is received.
   c. Complete submission,
      i. Email notification to Grantee (thank you, your submission is now being reviewed
      ii. Identified in ARRM as "Pending Analysis"
2. Contractor begins audit report review process.
   a. Reviews to determine if the audit report meets applicable auditing and reporting standards.
   b. Ensure CYEFR 'In Relation To' opinion has been issued; ensure that the CYEFR in the audit report matches the CYEFR submitted in the Grantee Portal.
   c. Provides finding information for financial audit findings.
   d. Issues Pass, Pass with Deficiencies or Fail Determination.
   e. Pass – notification to cognizant agency for Audit Report Review Complete.
   f. Pass w/deficiencies or Fail – notification to Audit Committee.
3. Perform Workpaper Quality Control Reviews related to audits that are determined to be substandard by the Audit Committee.

CART

The Cooperative Audit Resolution Team is responsible to facilitate the resolution of oversight findings, improve communication, foster collaboration, promote trust, develop understanding and enhance performance.

The CART will address disagreements on the acceptance of a grantee's Corrective Action Plan by providing a multi-disciplinary team of stakeholders the opportunity to openly discuss the root cause of the finding and agree on effective corrective action.

1. CART members will attend scheduled meeting to discuss the applicable corrective action plan(s).
2. Reach agreement on an acceptable corrective action plan to be implemented by the grantee.
3. Assist grantees with repeat audit findings
4. Draft a CART Agreement for all parties to sign
5. Request technical assistance from GATU or the Audit Committee

Audit Committee

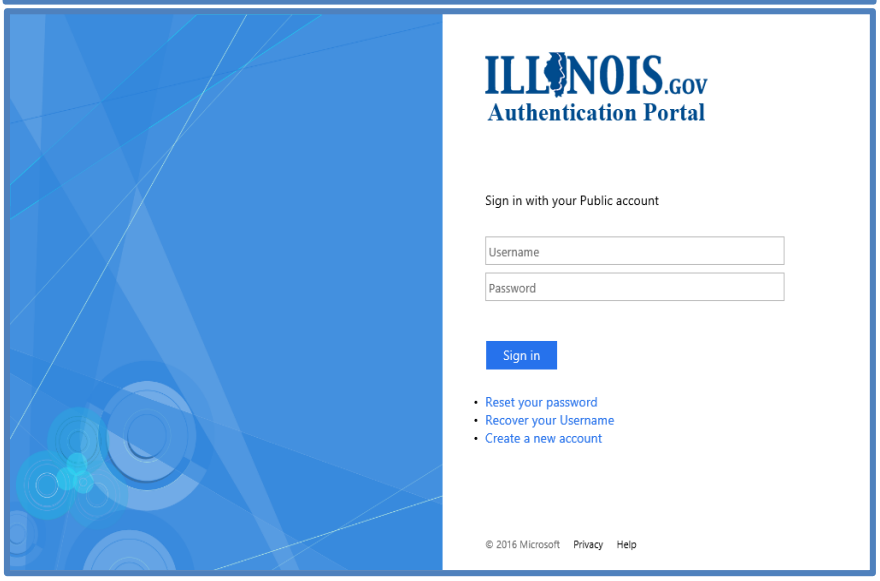
1. Determine appropriate action on audit reports determined to be substandard.
2. Provide technical assistance to CART and GATU
3. Follow-up to determine appropriate action on the results of Workpaper Quality Control Reviews

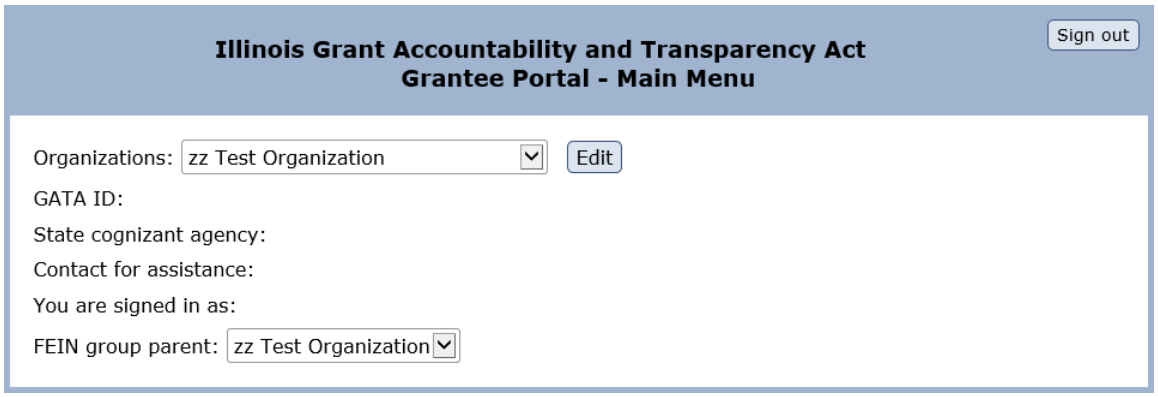
Centralized Audit Report Review Process – Roles and Responsibilities

Insert PDF Grid

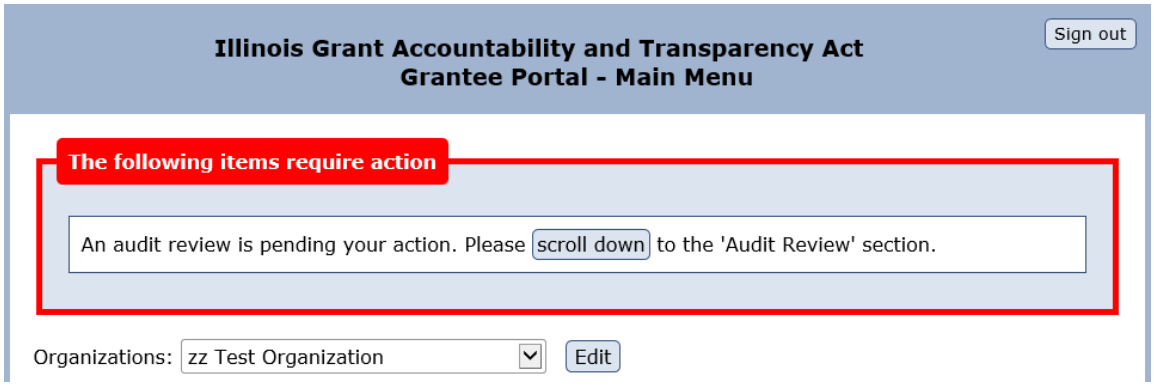
Grantee Instructions

1. Login to Grantee Portal by browsing to https://grants.illinois.gov/portal/

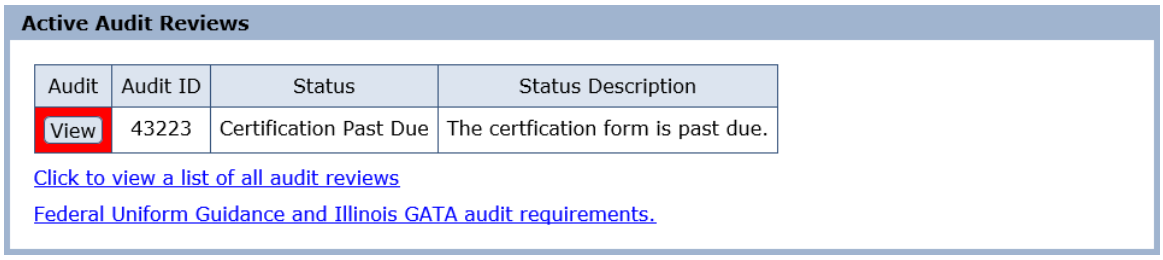




2. Scroll down to ‘Active Audit Reviews’ section



3. Click ‘View’ next to the correct ‘Audit ID’



4. You will now see the Audit Review Page of the Grantee Portal
   a. Audit Information – Provides:
      i. Audit ID
      ii. Audit Period
      iii. Audit Contacts for your organization
         A. Ability to Manage Portal Access Contacts
   b. Status of the Audit Report Review process
   c. *Step 1* - Audit Certification Form
   d. *Step 2* - Consolidated Year End Financial Report (CYEFR)
   e. *Step 3* - Audit Package Upload (Peer Review Only for Single Audit)
   f. *Step 4* – State Data Collection Form
   g. *Step 5* - Management Decision Letter

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Review

Grantee Portal / Audit Reviews / Audit

Audit Information	
Audit ID	43223 (If assistance is needed, contact your cognizant agency and reference this number)
Audit Period	Start: 3/1/2017 End: 2/28/2018 Organization's FY End Date: 06/30
Audit Contacts	Your organization does not have portal users selected to receive audit review notfications. Click the "Manage Portal Access" button then select the user(s) to edit their notifications. Manage Portal Access
Status	Certification Past Due : The certfication form is past due.

Step 1 - Audit Certification Form

The audit certification form is used to determine the type of audit that this organization is required to perform. The submission of this form is required no later that 60 calendar days after the end of the organization's fiscal year.

Audit Certification Form **Due: 4/29/2018**

Step 2 - Consolidated Year-End Financial Report

The consolidated year-end financial report (CYEFR) is a breakout of all spending by program and expense category. Every dollar expended in your organization's fiscal year must be reflected in this report.

Consolidated Year-End Financial Report

Step 3 - Upload File Requirements

For all audits, a Peer Review Letter or Internal Inspection for 'off-years' is required.

For single and program audits, the audit file pulled from your submission to the Federal Audit Clearinghouse by your state cognizant agency.

For financial audits, you will be required to upload the audit files.

Upload Requirements

Step 4 - Data Collection Form

The data collection form gathers information about the audit. It is used to search, filter and route the audit through the review process. It is due immediately after the audit package upload.

Data Collection Form

Step 5 - Management Decision Letter

Once the audit review process is complete you will be able to view the Management Decision Letter here.

Step 1 – Audit Certification Form (due 60 Days after FYE)

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Review

Grantee Portal / Audit Reviews / Audit

Audit Information			
Audit ID	43223	(If assistance is needed, contact your cognizant agency and reference this number)	
Audit Period	Start: 3/1/2017	End: 2/28/2018	Organization's FY End Date: 06/30
Audit Contacts	Your organization does not have portal users selected to receive audit review notfications. Click the "Manage Portal Access" button then select the user(s) to edit their notifications. Manage Portal Access		
Status	Certification Past Due : The certfication form is past due.		

Step 1 - Audit Certification Form

The audit certification form is used to determine the type of audit that this organization is required to perform. The submission of this form is required no later that 60 calendar days after the end of the organization's fiscal year.

Audit Certification Form **Due: 4/29/2018**

1. Grantee FYE + one day, Grantee Portal notification to FEIN parent of Audit Requirements
2. Selection of the correct audit type
3. Steps through the audit requirement thresholds

4. Provides a brief explanation of the requirement based on selection by grantee

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Certification

Grantee Portal / Audit Reviews / Audit / Certification Form

Please answer the questions as they appear below. They are used to determine the type of audit this organization is required to submit per federal and/or state regulations. If you are unsure of an answer please consult a financial or CPA representative.

Has this organization expended $750,000 or more in federal awards this fiscal year?

- Federal awards include both pass-through and direct funds;
- Fiscal year is in reference to this organization's fiscal year;
- $750,000 includes the sum of all federal sources;

Yes No

Requirement for this organization

In accordance with 2 CFR 200 (Federal Uniform Guidance), this organization is required to have a single audit conducted. This audit must be completed and submitted to the Federal Audit Clearinghouse (FAC) 30 days after the completion but no later than 9 months from the end of this organization's fiscal year. In addition the audit packet must be uploaded to the Grantee Portal immediately after acceptance by the FAC.

Has this organization expended $500,000 or more in federal and state awards this fiscal year?

- Federal awards include both pass-through and direct funds;
- Fiscal year is in reference to this organization's fiscal year;
- $500,000 includes the sum of all state and federal sources;

Yes No

Requirement for this organization

In accordance with 44 IAC 7000.90 (Illinois Administrative Code - Auditing Standards), this organization is required to have a financial statement audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). This audit must be completed and uploaded to the Grantee Portal 30 days after completion but no later than 6 months from the end of this organization's fiscal year.

Has this organization expended $300,000 or more in federal and state awards this fiscal year?

- Federal awards include both pass-through and direct funds;
- Fiscal year is in reference to this organization's fiscal year;
- $300,000 includes the sum of all state and federal sources;

Yes No

Requirement for this organization

In accordance with 44 IAC 7000.90 (Illinois Administrative Code - Auditing Standards), this organization is required to have a financial statement audit conducted in accordance with Generally Accepted Auditing Standards (GAAS). This audit must be completed and uploaded to the Grantee Portal 30 days after completion but no later than 6 months from the end of this organization's fiscal year.

If this organization is a **school district** as defined in 23 IL Admin Code 100.110, then this organization is required to have a financial audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) are required by 23 IL Admin Code 100.110.

Will an audit be conducted for this organization this fiscal year?

- This includes a financial statement audit conducted due to regulatory requirements? (i.e. Illinois Attorney General, Illinois Municipal Code, PCAOB, etc.);
- This includes a financial statement audit conducted voluntarily;

Yes No

Requirement for this organization

In accordance with 44 IAC 7000.90 (Illinois Administrative Code - Auditing Standards), this organization is required to submit the financial statement audit. This audit must be completed and uploaded to the Grantee Portal 30 days after completion but no later than 6 months from the end of this organization's fiscal year.

If this organization is a **school district** as defined in 23 IL Admin Code 100.110, then this organization is required to have a financial audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) are required by 23 IL Admin Code 100.110.

Will an audit be conducted for this organization this fiscal year?

- This includes a financial statement audit conducted due to regulatory requirements? (i.e. Illinois Attorney General, Illinois Municipal Code, PCAOB, etc.);
- This includes a financial statement audit conducted voluntarily;

Yes No

Requirement for this organization

In accordance with 44 IAC 7000.90 (Illinois Administrative Code - Auditing Standards), this organization is required to submit a Consolidated Year End Financial Report (CYEFR) to the Grantee Portal no later than 6 months from the end of this organization's fiscal year.

5. Submission includes a certification statement

Certification

My Name:

My Title:

By clicking the 'Certify and Submit' button, I certify that:

1. I am a member or a legal representative of this organization;
2. The information on this form is correct;
3. I understand and will comply the requirements for this organization.

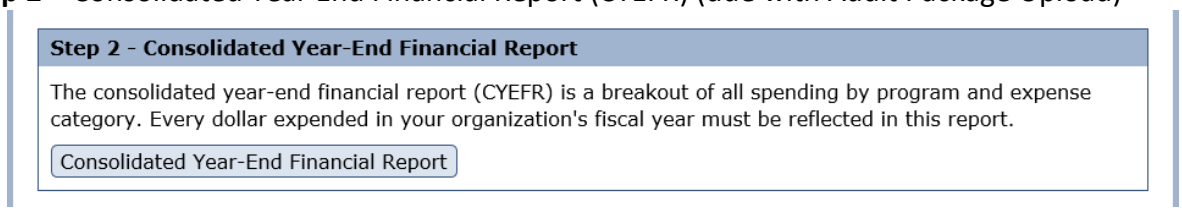
Certify and Submit

6. Submission of the Audit Certification Form unlocks the ability to create the CYEFR

7. Reminder notification will be sent:
   a. Grantee FYE + 30 days
   b. Grantee FYE + 60 days
   c. Weekly until submitted or placed on stop pay due to late/no submission

8. Once submitted, ARRMS will calculated due date for remaining steps
   a. Single Audit due date = grantee FYE + 9 months
   b. Financial Statement Audit due date = grantee FYE + 6 months
   c. CYEFR only submission = grantee FYE + 6 months
   d. If Audit Certification is not submitted by due date, financial statement audit due date is calculated.

Step 2 – Consolidated Year End Financial Report (CYEFR) (due with Audit Package Upload)

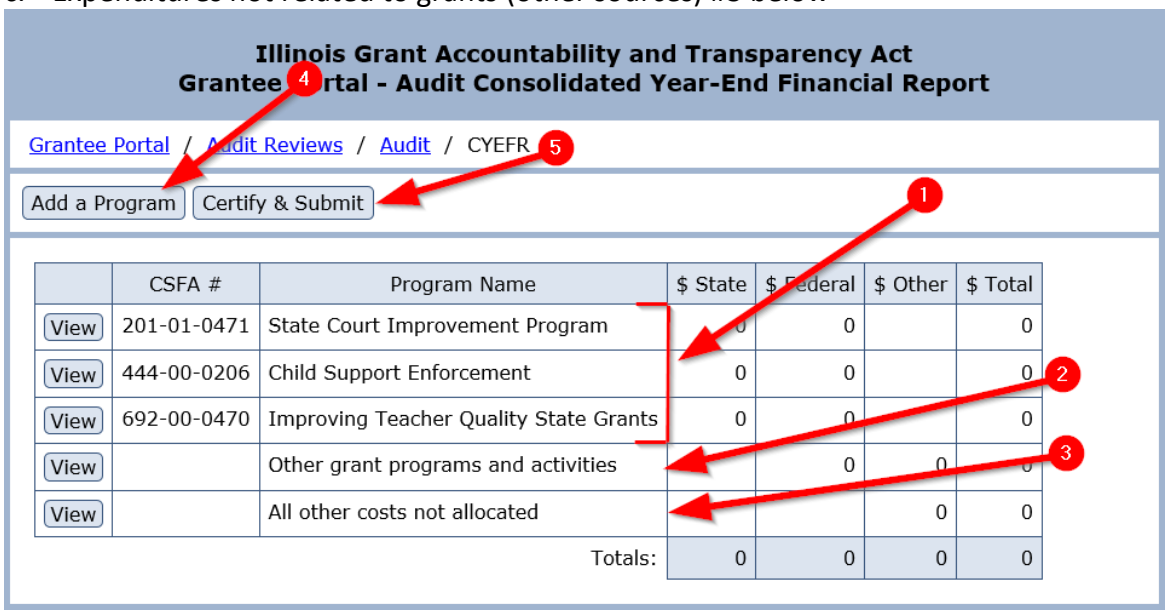


1. Reminder notification through Grantee Portal 45 days prior to due date if Audit Certification Form has been submitted. If not, no reminder will be sent as weekly reminders are already being sent.

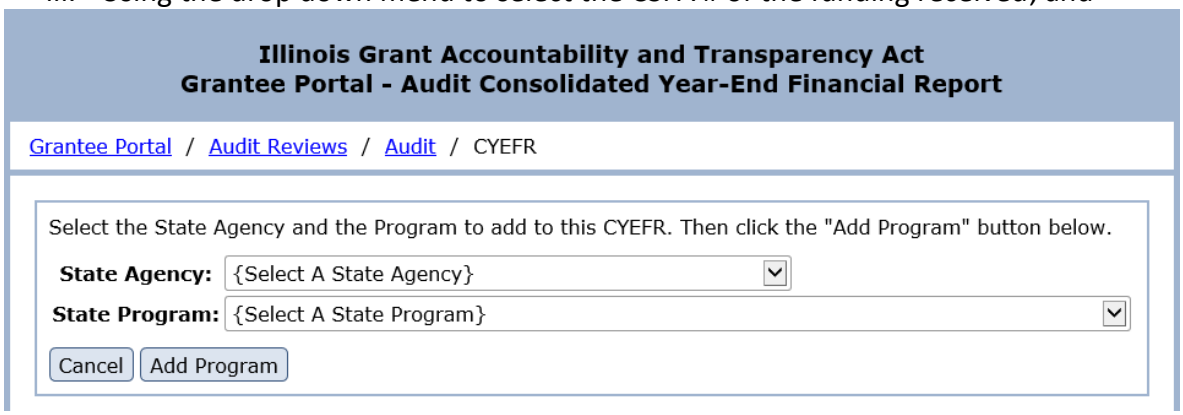
2. Must tie to audited financial statements and SEFA (if applicable)

3. 12/31/17 FYE and later, required to have an 'In Relation To' opinion to the audited financial statements; optional for FYE prior to 12/31/17 unless required by a State funding agency

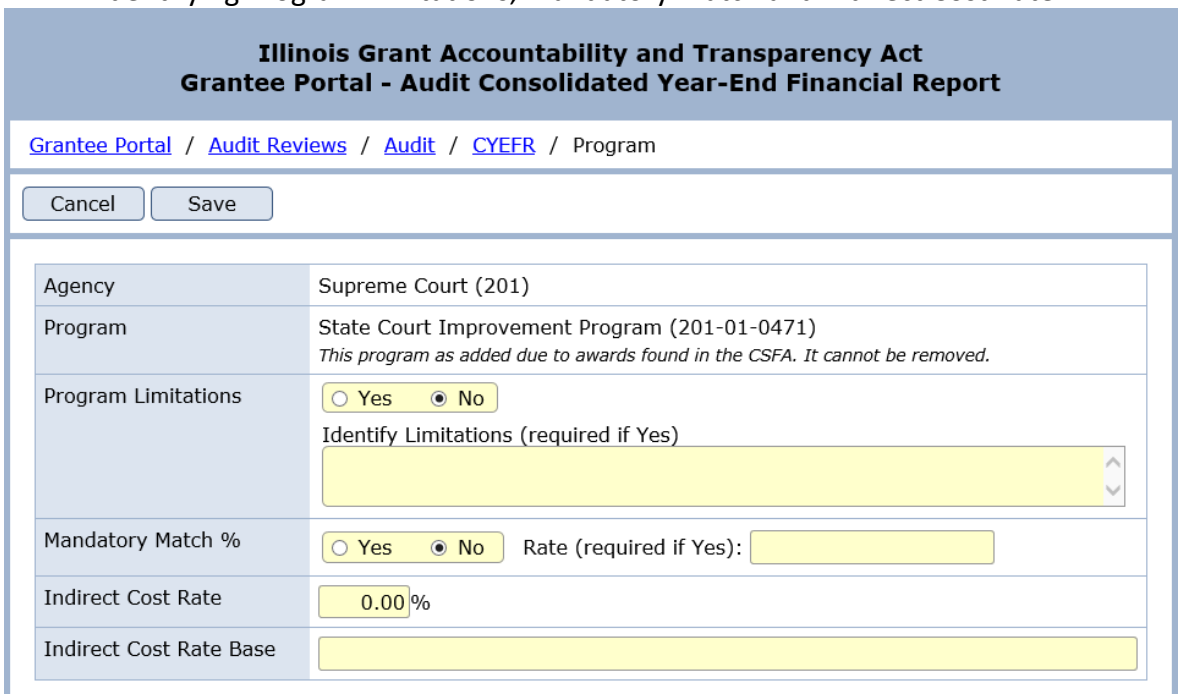
4. Three sections
   a. Expenditures of funding received from State (State and Federal pass-through funds) #1 below
   b. Expenditures of other grant funding received (direct federal and other sources) #2 below
   c. Expenditures not related to grants (other sources) #3 below



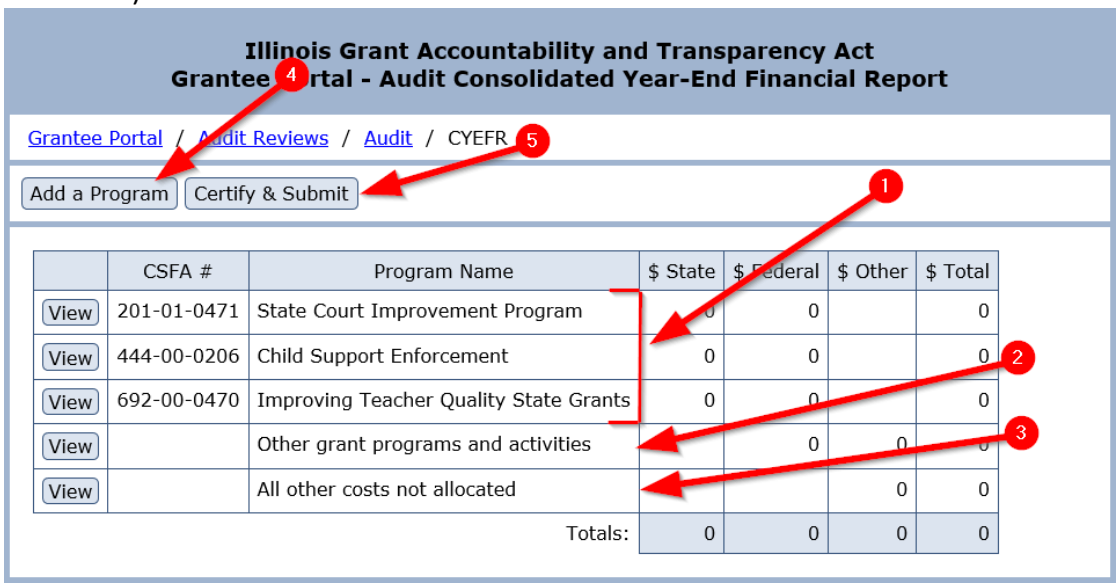
5. Expenditures of grant funding received from State (State and Federal pass-through funds)
   a. CYEFR is pre-populated with program data from the CSFA.
   b. If a program is not pre-populated. Grantee must add the program by:
      i. Clinking 'Add a Program' (#4 in screen shot above);
      ii. Using the drop down menu to select the State agency providing the funding (State and Federal pass through funds);
      iii. Using the drop down menu to select the CSFA # of the funding received; and



      iv. Identifying Program Limitations, Mandatory Match and Indirect Cost Rate



c. Select 'View' next to the appropriate CSFA program to enter the expenditures. (#1 below)



d. Enter the expenditures for each CSFA # by correct line item in the correct "State", "Federal" (Federal pass-through) or "Match" column

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	1.00	2.00	3.00	6.00
Fringe Benefits	4.00	5.00	6.00	15.00
Travel	7.00	8.00	9.00	24.00
Equipment	10.00	11.00	12.00	33.00
Supplies	13.00	14.00	15.00	42.00
Contractual Services	16.00	17.00	18.00	51.00
Consultant (Professional Services)	19.00	20.00	21.00	60.00
Construction	22.00	23.00	24.00	69.00
Occupancy - Rent and Utilities	25.00	26.00	27.00	78.00
Research and Development	28.00	29.00	30.00	87.00
Telecommunications	31.00	32.00	33.00	96.00
Training and Education	34.00	35.00	36.00	105.00
Direct Administrative Costs	37.00	38.00	39.00	114.00
Miscellaneous Costs	40.00	41.00	42.00	123.00
Total Direct Expenses	**287.00**	**301.00**	**315.00**	**903.00**
Indirect Costs	43.00	44.00	45.00	132.00
Total Expenses	**330.00**	**345.00**	**360.00**	**1,035.00**

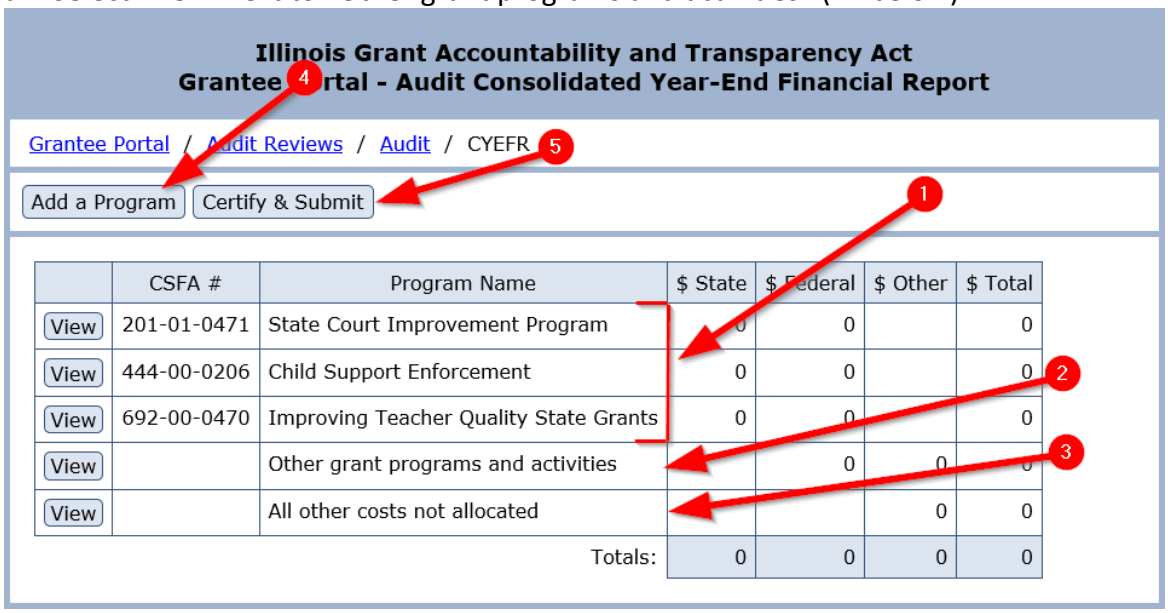
e. Enter any indirect costs associated with the CSFA # appropriate to the State or Federal funding

Direct Administrative Costs	37.00	38.00	39.00	114.00
Miscellaneous Costs	40.00	41.00	42.00	123.00
Total Direct Expenses	**287.00**	**301.00**	**315.00**	**903.00**
Indirect Costs	43.00	44.00	45.00	132.00
Total Expenses	**330.00**	**345.00**	**360.00**	**1,035.00**

Cancel Save

f. Save

6. Expenditures of other grant funding received (direct federal and other sources)
   a. Select 'View' next to "Other grant programs and activities" (#2 below)



b. Enter the expenditures either by line other or lump sum in the correct “Direct Federal” or “Other” funding column

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

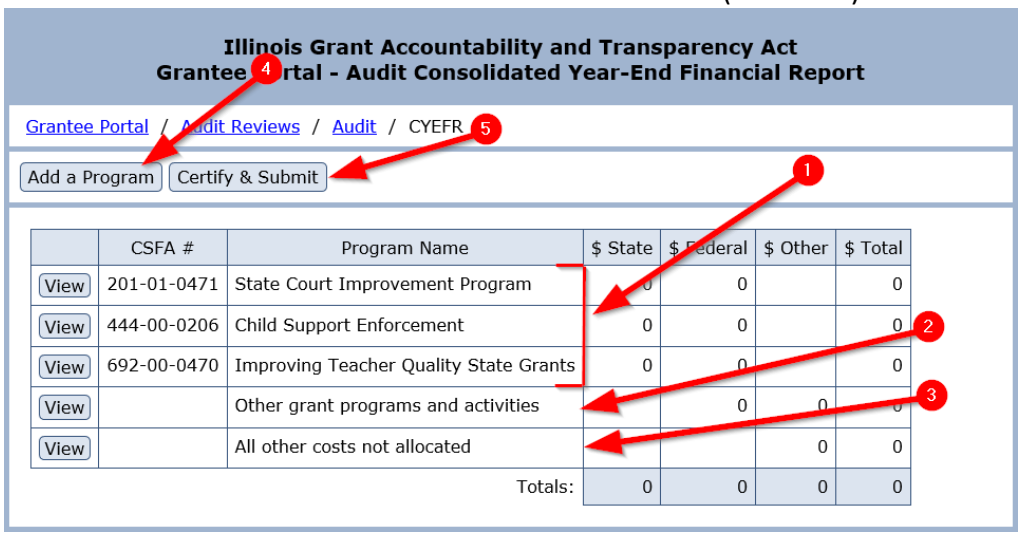
Program	Other grant programs and activities

Category	Direct Federal	Other Amount	Total
Personal Services (Salaries and Wages)	0.00	0.00	0.00
Fringe Benefits	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Equipment	0.00	0.00	0.00
Supplies	0.00	0.00	0.00
Contractual Services	0.00	0.00	0.00
Consultant (Professional Services)	0.00	0.00	0.00
Construction	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00
Miscellaneous Costs	0.00	0.00	0.00
Total Direct Expenses	**0.00**	**0.00**	**0.00**

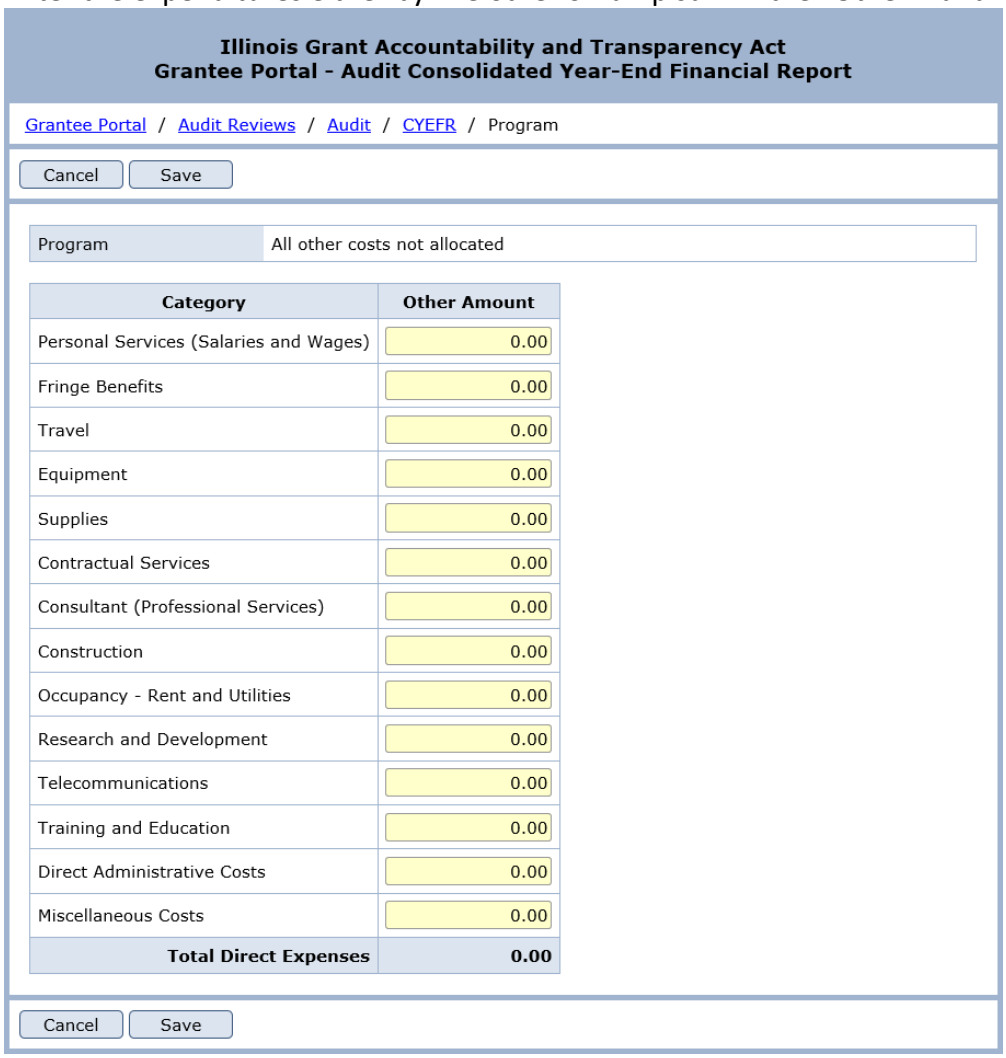
Cancel Save

c. Save

7. Expenditures not related to grants
   a. Select 'View' next to "All other costs not allocated" (#3 below)

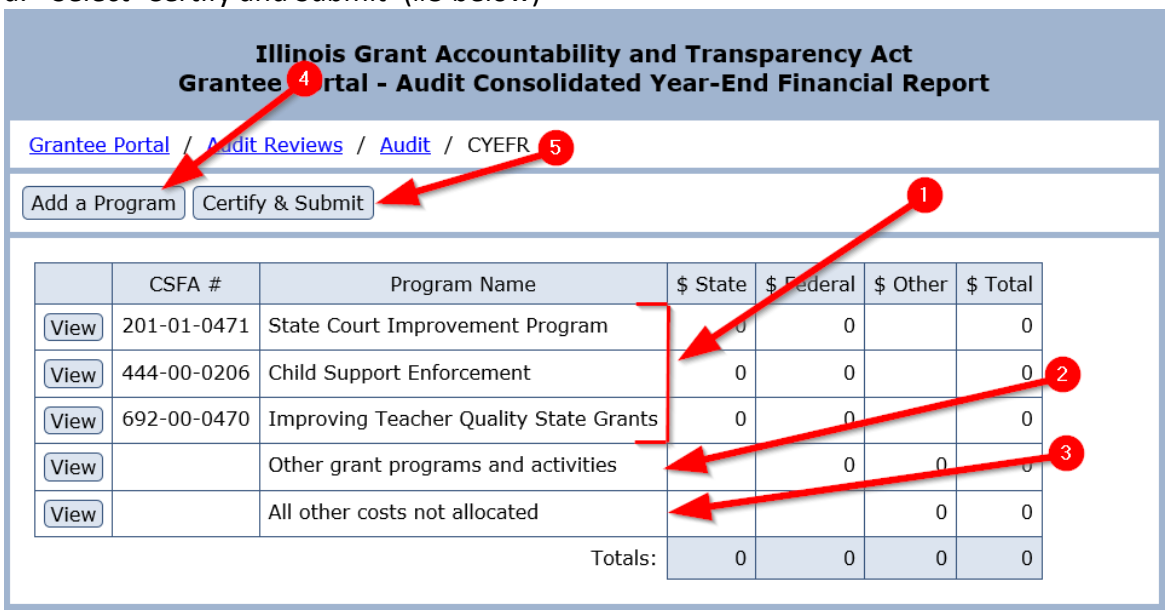


   b. Enter the expenditures either by line other or lump sum in the "Other" funding column

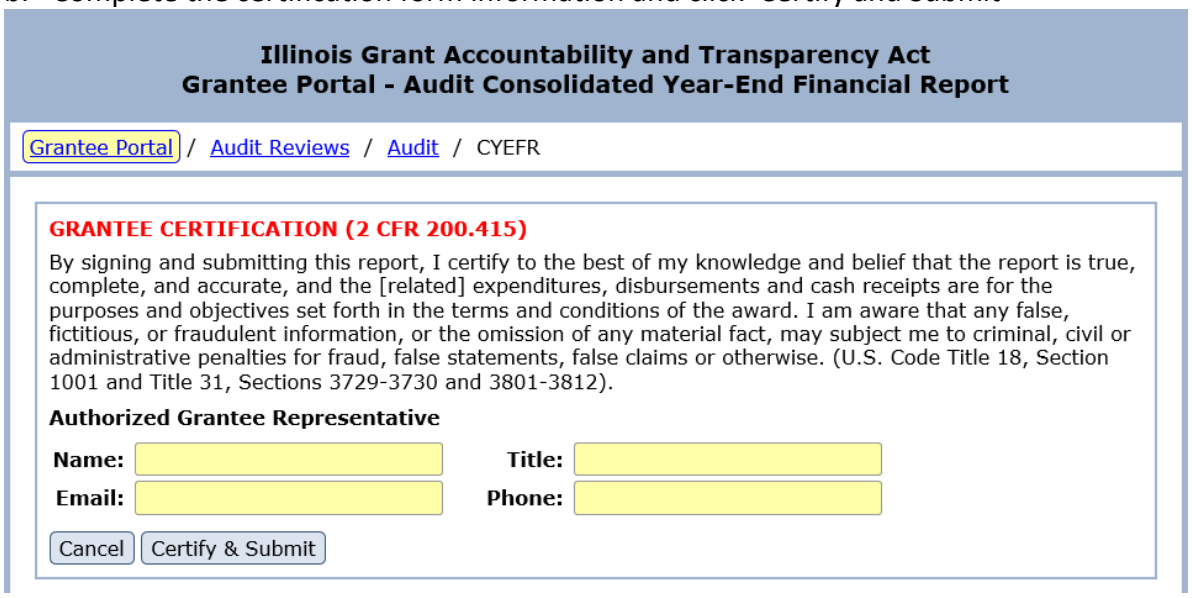


c. Save

8. Certify and submit the CYEFR
   a. Select 'Certify and Submit' (#5 below)



   b. Complete the certification form information and click 'Certify and Submit'



Step 3 – Audit Package Upload

Step 3 - Upload File Requirements

For all audits, a Peer Review Letter or Internal Inspection for 'off-years' is required.

For single and program audits, the audit file pulled from your submission to the Federal Audit Clearinghouse by your state cognizant agency.

For financial audits, you will be required to upload the audit files.

Upload Requirements

1. Reminder notification through Grantee Portal 45 days prior to due date if Audit Certification Form has been submitted. If not, no reminder will be sent as weekly reminders are already being sent.

2. Single Audits and Program Audits (30 days after completion or 9 months after FYE, whichever is earlier)
   a. State Cognizant Agency required to retrieve Single Audit Package from FAC
   b. Grantee must upload the Auditor's Peer Review Letter and any Management Letters or other communications from the auditors required by AU325, as applicable
   c. Can be uploaded in a single file or multiple files; ARRM will combine all files into one pdf document

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Upload

Grantee Portal / Audit Reviews / Audit / Upload

Save & Submit Save Only

Disclaimer: The file content requirements and the audit type shown are based on the Audit Certification Form previously submitted by this organization. Please consult your financial or CPA representative to make sure these are the correct requirements. If they are not, you must contact your State of Illinois cognizant agency to request the certification form be returned for editing.

When the files are selected, click the "Save & Submit" button.

File Content Requirements for the Single Audit

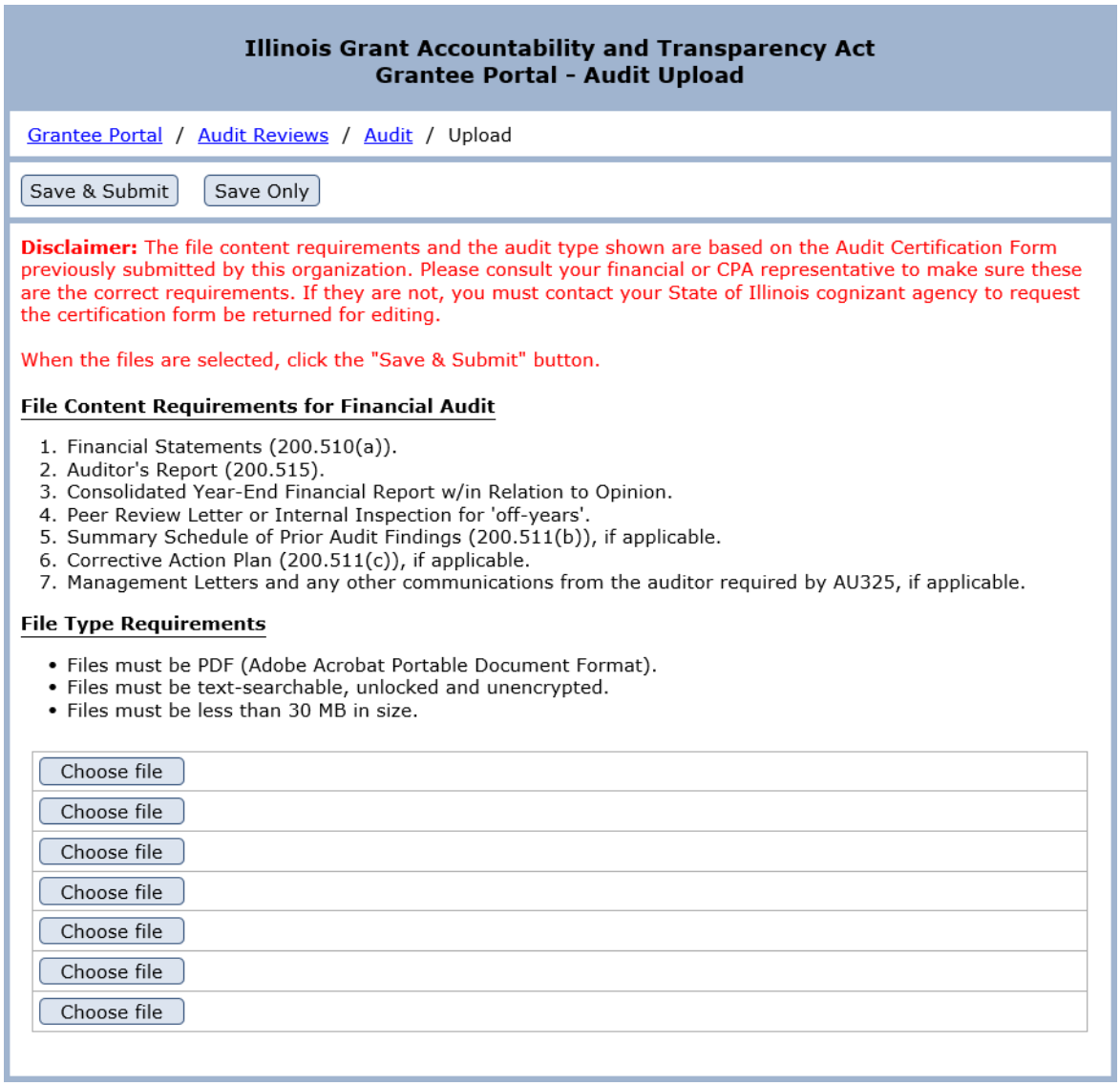
1. Peer Review Letter or Internal Inspection for 'off-years'.
2. Management Letters and any other communications from the auditor required by AU325, if applicable.

File Type Requirements

- Files must be PDF (Adobe Acrobat Portable Document Format).
- Files must be text-searchable, unlocked and unencrypted.
- Files must be less than 30 MB in size.

Choose file
Choose file
Choose file
Choose file
Choose file
Choose file
Choose file

3. GAGAS and GAAS Audits (30 days after completion or 6 months after FYE, whichever is earlier)
   a. Grantee must upload the Audit Packet (this will include the Auditor's Peer Review Letter and any Management Letters or other communications from the auditors required by AU325, as applicable)
   b. Can be uploaded in a single file or multiple files; ARRM will combine all files into one pdf document



Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Upload

Grantee Portal / Audit Reviews / Audit / Upload

Save & Submit Save Only

Disclaimer: The file content requirements and the audit type shown are based on the Audit Certification Form previously submitted by this organization. Please consult your financial or CPA representative to make sure these are the correct requirements. If they are not, you must contact your State of Illinois cognizant agency to request the certification form be returned for editing.

When the files are selected, click the "Save & Submit" button.

File Content Requirements for Financial Audit

1. Financial Statements (200.510(a)).
2. Auditor's Report (200.515).
3. Consolidated Year-End Financial Report w/in Relation to Opinion.
4. Peer Review Letter or Internal Inspection for 'off-years'.
5. Summary Schedule of Prior Audit Findings (200.511(b)), if applicable.
6. Corrective Action Plan (200.511(c)), if applicable.
7. Management Letters and any other communications from the auditor required by AU325, if applicable.

File Type Requirements

- Files must be PDF (Adobe Acrobat Portable Document Format).
- Files must be text-searchable, unlocked and unencrypted.
- Files must be less than 30 MB in size.

Choose file
Choose file
Choose file
Choose file
Choose file
Choose file
Choose file

4. Save and Submit

Step 4 – State Data Collection Form (due with Audit Package Upload)

Step 4 - Data Collection Form

The data collection form gathers information about the audit. It is used to search, filter and route the audit through the review process. It is due immediately after the audit package upload.

Data Collection Form

1. Reminder notification through Grantee Portal 45 days prior to due date if Audit Certification Form has been submitted. If not, no reminder will be sent as weekly reminders are already being sent.

2. Single Audits and Program Audits
   a. Auto populated and submitted with data from FAC Data Collection Form

3. GAGAS and GAAS Audits
   a. Grantee must complete

Illinois Grant Accountability and Transparency Act
Grantee Portal - Data Collection Form

Grantee Portal / Audit Reviews / Audit / Data Collection Form

Submit Edit

CPA Firm Information	
CPA Firm Name	
CPA FEIN	
CPA Address	Address 1: Address 2: City: State: IL Zip: 62706
CPA Contact	Name: Title: Email: Phone:
Date Signed By CPA	
Multiple CPAs	No

Grantee Information

Enter the FEIN numbers of the organizations covered by this audit

Enter the DUNS numbers of the organizations covered by this audit

Audit Package Information

Was this audit prepared in accordance with generally accepted accounting principles (GAAP)?

Yes

What was the auditor's opinion on the financial statements?

Unmodified opinion;

Is a "going concern" emphasis-of-matter paragraph included in the audit report?

No

Is a significant deficiency in internal control disclosed?

No

Is a material weakness in internal control disclosed?

No

Is a material weakness or significant deficiency disclosed in the Management Letter (AU325)?

No

Submit Edit

4. Submit once complete

Step 5 – Management Decision Letter

1. Must be provided no later than 180 days after a complete audit package submission
   a. Single Audits – date determined by FAC
   b. GAGAS and GAAS Audits – date determined by GATU/Contractor

2. Grantee required to accept the Management Decision Letter through Grantee Portal

Step 4 - Data Collection Form

Submitted: 05/10/2018 Data Collection Form

Step 5 - Management Decision Letter

Management Decision Letter.pdf

Please review the Management Decision Letter. This audit review record will be archived within 21 calendar days.

Audit Packet not received prior to due date

1. Due date + one day, Grantee Portal late notification and notify cognizant agency of delinquency
   a. 15-day grace period begins

Audit packet not received prior to end of grace period

1. Cognizant agency to invoke stop pay process
2. Notifications to grantee according to the Grantee Compliance Enforcement System (GCES)
3. Grantee will be removed from stop pay immediately upon receipt of a complete audit packet submission

State Agency/GATU/Contractor Audit Report Review – Grantee Impact

1. Notification of audit packet received is sent to contractor

2. Contractor review of the Audit Report
   a. Contractor will review within 14 days to ensure the correct audit packet has been submitted and is complete
      i. If packet is incomplete, Grantee Portal notification identifying the missing items giving the grantee 7 days to re-submit.
      ii. If the grantee does not re-submit or after two unsuccessful attempts of re-submission, cog agency will be notified and must invoke stop pay until a complete submission is received
      iii. Once a complete submission is received,
         A. Email notification to Grantee that submission is complete, review will now be conducted
         B. Identified in ARRMS as pending review
   b. Ensure audit report meets applicable standards
   c. Issue a Pass, Pass with Deficiencies or Fail determination for each grantee audit report.
   d. Ensure 'In Relation To' opinion on the CYEFR is included in the audit report and that the CYEFR in the audit report matches the CYEFR submitted through the Grantee Portal.

3. Reconciling the CYEFR – State Agency
   a. State agencies are required to reconcile CYEFR amounts to their records
      i. Discrepancies may be identified either:
         A. During Audit Report Review by Contractor
         B. During State Agency reconciliation
      ii. CYEFR will be returned for correction by Grantee when necessary
         A. Grantees will have 7 calendar days to make necessary corrections and re-submit the CYEFR.
         B. If the grantee does not re-submit or after two unsuccessful attempts of re-submission, cognizant agency will be notified and must invoke stop pay until a corrected CYEFR is submitted.
   b. For any CSFA programs added to the CYEFR by the grantee, the State agency must immediately add the corresponding awards into the CSFA.
   c. State agencies have 45 days to complete the reconciliation

4. Acceptance of the Corrective Action Plan
   a. State agencies are required to review and approve the Corrective Action plan for all audit findings
      i. If unable to approve, the State Agency may invoke the Cooperative Audit Resolution Team (CART) process
      ii. Grantee can request to invoke the CART process by contacting their cognizant state agency
      iii. Participation of all stakeholders required for a successful CART process
      iv. Follow-up on the Corrective Action Plan will be part of the on-site review process

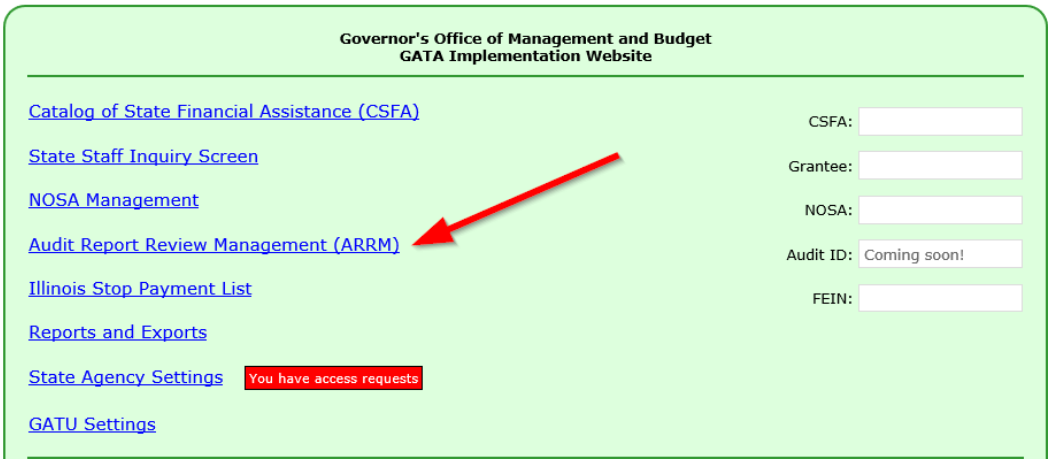
5. Audit Committee
   a. GATU through the use of a Contractor will determine if the audit report meets all of the applicable auditing and reporting standards
      i. Pass – no action required by the Audit Committee
      ii. Pass with Deficiencies – Audit Committee to determine the appropriate action to be taken
      iii. Fail – Audit Committee will request a work paper review of the audit through the audit firm

6. Communication with the Grantee during the review stage can be through the Grantee Portal and directly from State Agencies. The communications will be based on the results of the audit report review, CYEFR reconciliation and Corrective Action Plans.

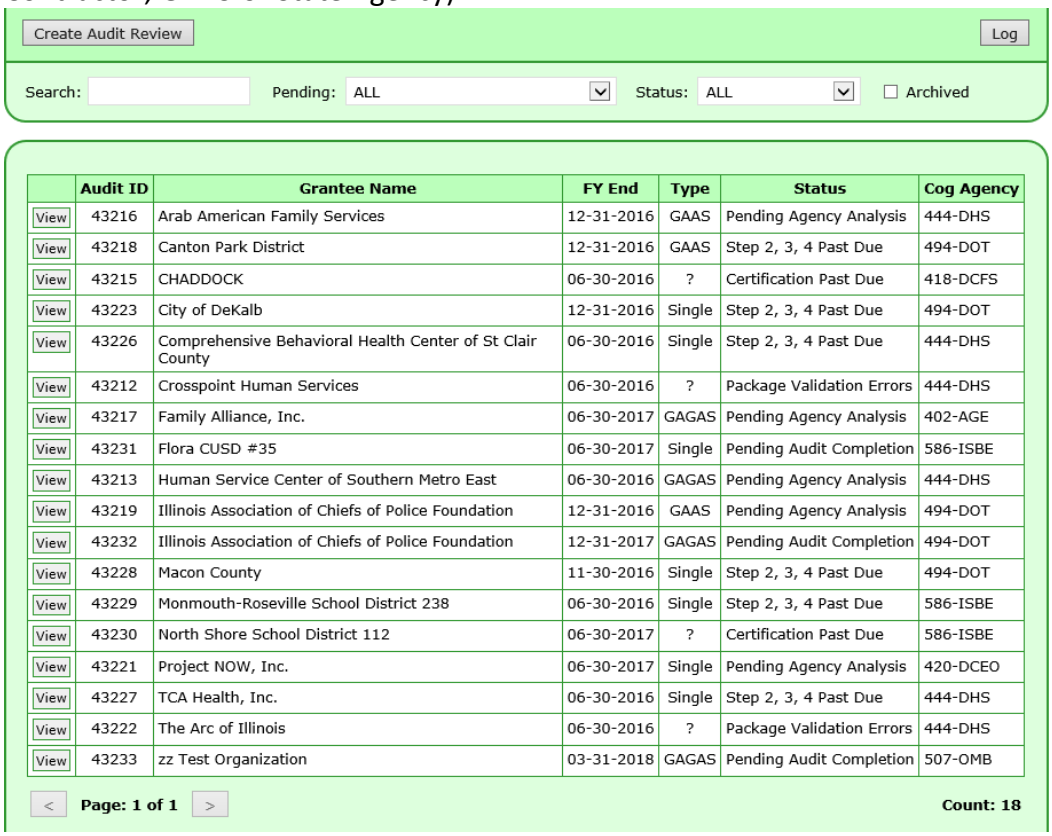
State Agency Instructions

1. The state awarding agencies are responsible for ensuring the NOSA is used and certify each award is included in the CSFA by October 1st of each year and monthly thereafter, if applicable

2. ARRMS is a module within the GATA Implementation Website



3. ARRMS provides a dashboard of current audit cases by Audit ID. The list is searchable and can be filtered by 'Pending' or 'Status'. Pending is who the case is pending with (i.e. Contractor, GATU or State Agency).



	Audit ID	Grantee Name	FY End	Type	Status	Cog Agency
View	43216	Arab American Family Services	12-31-2016	GAAS	Pending Agency Analysis	444-DHS
View	43218	Canton Park District	12-31-2016	GAAS	Step 2, 3, 4 Past Due	494-DOT
View	43215	CHADDOCK	06-30-2016	?	Certification Past Due	418-DCFS
View	43223	City of DeKalb	12-31-2016	Single	Step 2, 3, 4 Past Due	494-DOT
View	43226	Comprehensive Behavioral Health Center of St Clair County	06-30-2016	Single	Step 2, 3, 4 Past Due	444-DHS
View	43212	Crosspoint Human Services	06-30-2016	?	Package Validation Errors	444-DHS
View	43217	Family Alliance, Inc.	06-30-2017	GAGAS	Pending Agency Analysis	402-AGE
View	43231	Flora CUSD #35	06-30-2017	Single	Pending Audit Completion	586-ISBE
View	43213	Human Service Center of Southern Metro East	06-30-2016	GAGAS	Pending Agency Analysis	444-DHS
View	43219	Illinois Association of Chiefs of Police Foundation	12-31-2016	GAAS	Pending Agency Analysis	494-DOT
View	43232	Illinois Association of Chiefs of Police Foundation	12-31-2017	GAGAS	Pending Audit Completion	494-DOT
View	43228	Macon County	11-30-2016	Single	Step 2, 3, 4 Past Due	494-DOT
View	43229	Monmouth-Roseville School District 238	06-30-2016	Single	Step 2, 3, 4 Past Due	586-ISBE
View	43230	North Shore School District 112	06-30-2017	?	Certification Past Due	586-ISBE
View	43221	Project NOW, Inc.	06-30-2017	Single	Pending Agency Analysis	420-DCEO
View	43227	TCA Health, Inc.	06-30-2016	Single	Step 2, 3, 4 Past Due	444-DHS
View	43222	The Arc of Illinois	06-30-2016	?	Package Validation Errors	444-DHS
View	43233	zz Test Organization	03-31-2018	GAGAS	Pending Audit Completion	507-OMB

4. CSFA populates Audit Report Review Management System (ARRMS), if there is an award that crosses the grantee's fiscal year.
   a. By FEIN number
      i. Cognizant Agency
      ii. FEIN/DUNS – Parent DUNS
      iii. Grantee FYE

AUDIT REVIEW INFORMATION	Add a Note
Grantee Name	zz Test Organization
Grantee Audit Contacts	
Cognizant Agency	Human Services (444)
ID Numbers	**Audit ID:** 43223 **DUNS:** **FEIN:** **Grantee ID:** 687797
Audit Review Period	03/01/2017 through 02/28/2018 Save **Awards found:** 3 **FYE:** 06/30
Status	Pending Agency Analysis : State agencies impacted by this audit need to reconcile expenditures and if applicable, determine if they agree with each of the corrective action plans.

5. The 'OTHER DOCUMENTATION' section ARRMS is to allow state agencies to provide any additional documentation to a grantee if necessary as part of their reconciliation/review process.

OTHER DOCUMENTATION (PDF Only)			Add Document
File Description	**Agency**	**To Grantee**	
DHS record of expenses	444-DHS	No Yes	Delete

6. Grantee FYE + one day, Grantee Portal notification sent to FEIN (Parent if applicable) of Audit Requirements

7. Grantee FYE + 30 days, Grantee Portal reminder notification sent to FEIN (Parent if applicable) of Audit Requirements and Audit Certification due date

8. Grantee FYE + 60 days, Grantee Portal notification sent to FEIN (Including Parent if applicable) for Audit Certification (plus daily reminder 61 – 180 days until certification is received; at 180 days, cognizant agency notification for stop pay)
   a. Direct them to Grantee Portal for completion
      i. Instructions for completion
      ii. Audit Requirements
      iii. Submission Instructions
      iv. Include Stop Pay Language – add statements that audit reporting package will be considered incomplete until certification and CYEFR is complete, also see steps 11, 12 & 13

9. Based on grantee response, ARRMS calculates due date of audit submission:
   a. Single Audit and Program Audit due date = grantee FYE + nine (9) months,
   b. Financial Audit due date = grantee FYE + six (6) months

10. If audit packet is not received 45 Calendar days prior to due date, grantee receives reminder of due dates through the Grantee Portal.

11. If audit packet is not received on the due date, the following day a late notice will be sent to the Grantee and the Cognizant Agency.
    a. The grantee will be allowed 15 calendar days grace period to submit the audit packet

12. If audit packet is not received at the end of the grace period, the Cognizant Agency is responsible to invoke the stop pay process
    a. Once complete audit packet is received, Cognizant Agency must immediately remove the grantee from stop pay list

13. Once the audit packet received:
    a. Email notice is sent to the Contractor
    b. Contractor must determine if the submission is complete within 14 calendar days
        i. Incomplete submission (received prior to due date),
            A. Contractor will identify missing items in the ARRMS
            B. Grantee will be notified through the Grantee Portal of the missing items and will have 7 calendar days to re-submit audit certification, CYEFR, audit packet and data collection form
            C. After two unsuccessful attempts of re-submission, the cognizant agency will be notified and must invoke stop pay until a complete submission is received.
        ii. Incomplete submission (received on or after due date),
            A. Contractor to identify missing items
            B. Grantee will be notified through the Grantee Portal of the missing items and will have 7 calendar days to re-submit audit certification, CYEFR, audit packet and data collection form
            C. After two unsuccessful attempts of re-submission, the cognizant agency will be notified and must invoke stop pay until a complete submission is received.
        iii. Complete submission,
            A. Grantee receives email notification that their submission is complete, being reviewed and the review process will take approximately two months.
            B. The ARRMS will identify all complete submissions during the review process as "Pending Analysis"

GRANTEE REQUIREMENTS		
Step 1: Certification Form	Complete. **Q1:** No **Q2:** Yes **Q3:** **Audit Type:** GAGAS Financial Audit	Return
Step 2: CYEFR Submission	Complete. PDF Report Excel Report	Return
Step 3: Package Upload	Complete. Audit Package.pdf	
Step 4: Data Form	Complete. PDF Report	

c. If Single Audit, under the UG, all recipients and subrecipients must submit their single audit report packets to the Federal Audit Clearinghouse (FAC). Pass-through entities are required to download the single audit report packets from the FAC and are not allowed to require their subrecipients to submit their single audit report packet directly to the pass-through entity. The following is the State of Illinois procedures for obtaining the single audit report packet:
   i. GATU is responsible for running a nightly report of subrecipients who have "Submitted" and FAC has "Accepted" their single audit report packet submission
   ii. The Cognizant Agency will be notified to download the single audit report packet from FAC and upload to ARRMS

COGNIZANT AGENCY REQUIREMENT - SINGLE AUDIT UPLOAD

Select Single Audit

Upload Single Audit

The Federal Audit Clearinghouse (FAC) has accepted a single audit that may be associated with this grantee. It is a federal requirement that if the grantee has uploaded a single audit to the FAC then you, as the cognizant state agency, must use this audit in the audit report review process.

If you already have the audit file then click the "Select Single Audit" button, select the file, click "Upload Single Audit"

If you do not have the audit file, follow these steps to view the audits associated with this grantee on the FAC...

- Click here to open the FAC search page
- Click the "GENERAL INFORMATION" section to show the filter options
- Scroll down until you see the "Auditee EIN" textbox and enter the grantee's FEIN of **911144442**
- Click the "Search" button above the "GENERAL INFORMATION" section
- Click the checkbox to acknowledge the statement and click the "Continue to Search Results" button
- Scroll down to view the table at the bottom and look for an "Audit" link in the Audit column associated with the correct FY

If the single audit is found then...

- Click the "Audit" link on the FAC page to download the PDF file and save it to your computer or network
- On this page, click the "Select Single Audit" button above and choose the file downloaded from the FAC
- Click the "Upload Single Audit" button

If the single audit is not found then you must work with the grantee to upload the single audit file.

14. State agencies are required to reconcile CYEFR amounts to their records
   a. PDF and excel reports of the grantee's CYEFR are available for use by the State Agency staff.
   b. Each state agency that made an award to the grantee is required to record the agency reconciled amounts in the ARRMS.
   c. Cognizant agencies, with technical assistance from GATU/Audit Committee, ensures all funds reconciled and if errors in amounts are identified, the following actions must be taken:
      i. If the sum of errors is immaterial and does not affect audit type, each agency responsible for communicating the immaterial errors with their grantee
      ii. If the sum of errors is material, affect the audit type and/or the CYEFR reconciliation cannot be completed, the cognizant agency must notify GATU/Audit Committee to take appropriate action
      iii. GATU will then be responsible for determining if additional steps are necessary to complete the reconciliation and will send the reconciled CYEFR to the Contractor, indicating any issues for the Contractor to address.

d. CYEFR will be returned for correction by Grantee when necessary
e. State agencies have 45 days to complete the reconciliation

STATE AGENCY REQUIREMENT - CYEFR RECONCILIATION					Help with this section / Add a Note
State Agency	Grantee $State	Agency $State	Grantee $Fed	Agency $Fed	Match
201-Supreme Court	0.00	0.00	2,550.00	0.00	Pending
444-Human Services (Cog Ag)	0.00	0.00	125,000.00	0.00	No / Yes
692-Math And Science Academy	215,000.00	0.00	236,500.00	0.00	Pending
Other Grant Programs and Activities	0.00	0.00	0.00	0.00	Yes
TOTAL	**215,000.00**	**0.00**	**364,050.00**	**0.00**	

As the cognizant agency for this grantee you are responsible for certifying that the information presented is complete and acurate. If you believe there is a significant issue or the incorrect audit may have been performed, you can send this audit review to GATU. You may also return the CYEFR to the grantee if needed.

Send to GATU OR Return CYEFR to Grantee OR Approve Reconciliation

15. Contractor audit report review process
    a. Reviews Report to determine if the audit report meets applicable auditing and reporting standards
    b. Reviews the CYEFR reconciliation
    c. Provides finding information
    d. Issues Pass/Fail Determination
    e. Pass – notification to cognizant agency for Audit Report Review Complete
    f. Pass w/deficiencies or Fail – notification to Audit Committee

CROWE/HORWATH REQUIREMENTS	
Package Validation	Completed on 5/14/2018.
Stage / Status	Desk Review (Last action: 5/14/2018 11:02:51 AM)
Findings Count	6
Pass / Fail	Pass

16. State agencies are required to review and accept the Corrective Action Plan related to findings related to their programs and any cross-cutting findings identify during the Audit Report Review.
    a. Corrective Action Plans accepted – acknowledgement in system
    b. If unable to accept the CAP for any finding, the State Agency may invoke the Cooperative Audit Resolution Team (CART) process
    c. Grantee can request to invoke the CART process by contacting their cognizant state agency
    d. Participation of all stakeholders required for a successful CART process

e. Cog Agency accepts cross-cutting finding CAP (according to CART resolution when necessary)

f. Follow-up on the Corrective Action Plan will be part of the on-site review process

STATE AGENCY REQUIREMENT - CORRECTIVE ACTION PLAN AGREEMENT | Add a Note

2017-001	AD - Internal Controls	Grantee Agrees
AGREE DISAGREE	Human Services (444)	
2017-002	AC - Segretation of Duties	Grantee Agrees
PENDING	Supreme Court (201)	
PENDING	Agriculture (406)	
2017-003	AB - Preparation of Financial Statements	Grantee Disagrees
PENDING	Supreme Court (201)	
PENDING	Agriculture (406)	
AGREE DISAGREE	Human Services (444)	

As the cognizant agency for this grantee you are responsible for certifying and approving the corrective action plans. If you believe there is a significant issue you can send this audit review to the Cooperative Audit Resolution Team.

Send to CART OR Approve Corrective Action Plans

17. Cognizant Agency issues Management Decision Letter (MDL) (or similar response for grantees not subject to an audit)

a. Cognizant Agency uploads MDL in ARRMS

MANAGEMENT DECISION LETTER (PDF Only) | Add a Note

Every audit review must have a management decision letter (MDL). The cognizant agency uploads the MDL by choosing a PDF file and clicking the upload button. This does not send it to the grantee but just makes it available on this screen.

MDL examples in Microsoft Word: No Audit MDL.docx Standard MDL.docx

Choose file

UPLOAD

b. Communication to the Grantee through the Grantee Portal

MANAGEMENT DECISION LETTER (PDF Only) | Add a Note

Management Descision Letter.pdf

When everything if final, send the MDL to the grantee by clicking the "Send to grantee" button. This will lock down the audit review (except for notes) until the grantee either accepts or appeals the MDL.

Delete MDL Send to grantee

c. Cognizant Agency can retrieve the MDL if revisions are necessary.

MANAGEMENT DECISION LETTER (PDF Only) | Add a Note

Management Descision Letter.pdf

The MDL has been sent to the grantee. The audit review will remain locked until the grantee accepts or appeals the MDL. If the grantee accepts then the audit review will be archived. If the grantee appeals then the audit review will be unlocked and the Audit Committee section will be available for editing.

Retrieve MDL

18. Audit Deficiencies – Audit Committee
    a. Automatic Workpaper Quality Control Review for Failed Audits
    b. Audit Committees determinations with pass with deficiencies
        i. Determination for notification of error without correction and reissuance of report
        ii. Determination of notification with required reissuance of report
        iii. Determination if a Workpaper Quality Control Review is warranted

19. Results of Workpaper Quality Control Review – Audit Committee
    a. Evaluate any deficiencies noted
    b. Determine proper course of action for audit firm

CART Process

The CART process will be managed by GATU used for cooperative audit resolution including:

1. Cross Cutting Audit Findings cooperative approval of corrective action plan
2. To assist in developing a corrective action plan for repeat findings, can be initiated by grantee or state awarding agency

CART Approaches

The three approaches to the Cooperative Audit Resolution Oversight Initiative are:

- "One Click Acceptance"
- Simple CART
- Complex CART

"One Click Acceptance":

One Click Acceptance of the CAP on basic findings or oversight issues in which the corrective action plan addresses basic internal control practices. Whether the finding pertains to a single agency or cross-cutting finding for multiple awarding agencies, the grantmaking agency's acceptance can be completed by accepting the corrective action within the Audit Report Review System, eliminating the need for the formal CART process.

Simple CART:

Used in situations that are more complex than basic internal control issue(s). The awarding agency or the grantee determines that additional technical assistance is needed to clearly identify and resolve the root cause, then a request can be submitted by the either party to participate in the CART process. The goal is to ensure that the corrective action plan addresses the root cause to avoid future findings.

Complex CART:

Used for complex, cross-cutting and repeated findings. Oversight findings may reveal pervasive problems with a program's performance, or it may reveal that prolonged negotiations or grants fund recovery have already occurred. The issues/findings included in a complex CART project would be spelled out in a scope agreement. The scope agreement would be signed by the assigned CART members. The scope agreement establishes the issues to be resolved, timeframes, the parties involved and their roles throughout the process.

Request Form

- Copy of the finding or non-compliance issue write up
    - Includes the recommendation and the entity response and Corrective Action Plan
- Copy of the regulation including the Compliance Supplement, Code of Federal regulations, IL Statute, IL Administrative Code, other program rules
- Other additional information necessary for resolution – including a detailed write up of disagreement between the auditors or oversight personnel

CART Agreement

The CART Agreement must include:

1. The resolution plan including an updated corrective action plan and additional training necessary for technical issues
2. Roles and Responsibilities of the grantee and the awarding agency for follow up
3. Timeline
4. Contact for the awarding agency and the grantee
5. Signature of CART Members

Resolution of disagreements between CART members will be the responsibility of the Audit Committee

CART Membership

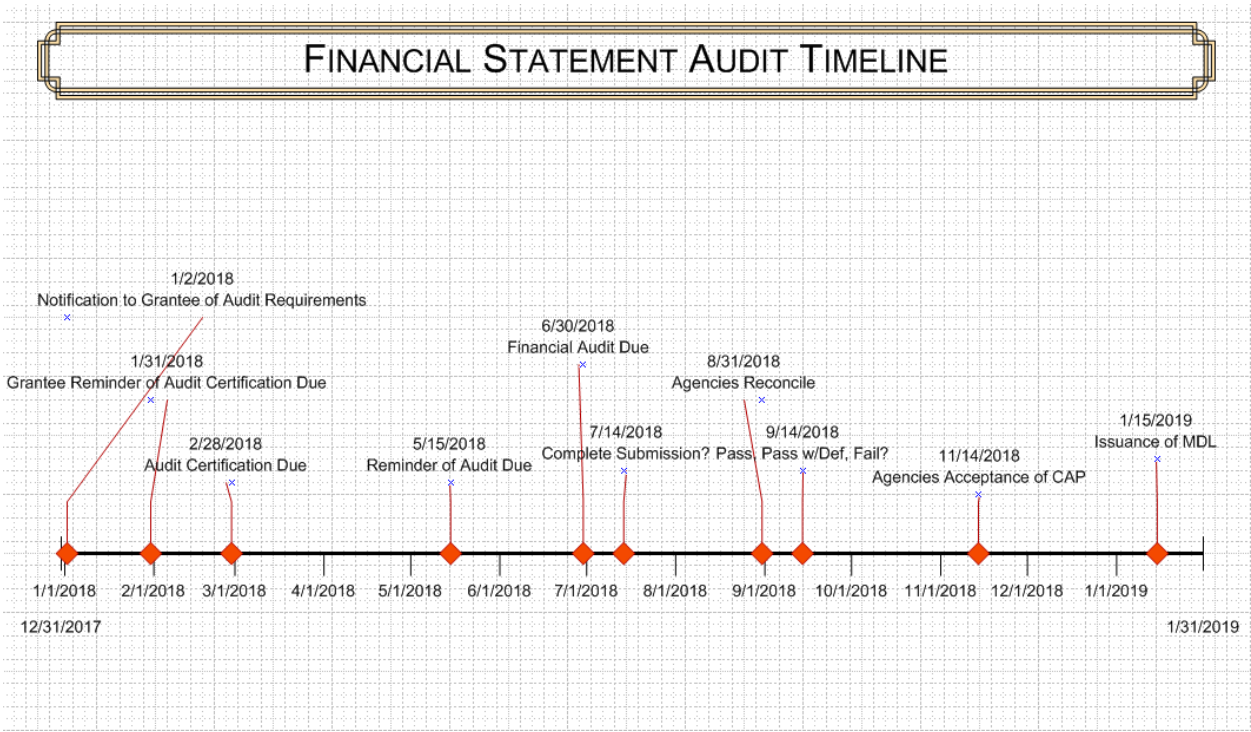
The CART will require a quorum of at least 5 members for Agency Specific Finding resolution. Membership will be comprised of the following members:

1. GATU Director or GOMB Deputy Director
2. GATU Fiscal and Audit Staff
3. State Awarding Agency members
    a. Audit Report Review Liaison
    b. Programmatic Audit Report Review SMEs
    c. Fiscal and Administrative Audit Report Review SMEs
4. Grantee representative(s)

Based on the information provided in the Audit Report Review Process, GATU will identify which state agencies will be required to participate in each CART meeting. The state agency audit report review liaison will be responsible for ensuring the proper SMEs participate in each CART meeting.

Audit Committee

1. Determine action to be taken on substandard audits
    a. Pass with Deficiencies
        i. Fix next year
        ii. Reissue audit report
        iii. Quality Control Review (QCR) of the audit firm's work papers is necessary
    b. Fail
        i. Quality Control Review (QCR) of the audit firm's work papers is necessary
        ii. So severe, QCR not necessary – notify proper regulatory officials


FINANCIAL STATEMENT AUDIT TIMELINE
1/2/2018
Notification to Grantee of Audit Requirements
1/31/2018
Grantee Reminder of Audit Certification Due
2/28/2018
Audit Certification Due
5/15/2018
Reminder of Audit Due
6/30/2018
Financial Audit Due
7/14/2018
Complete Submission? Pass
8/31/2018
Agencies Reconcile
9/14/2018
Pass w/Def, Fail?
11/14/2018
Agencies Acceptance of CAP
1/15/2019
Issuance of MDL
1/1/2018
2/1/2018
3/1/2018
4/1/2018
5/1/2018
6/1/2018
7/1/2018
8/1/2018
9/1/2018
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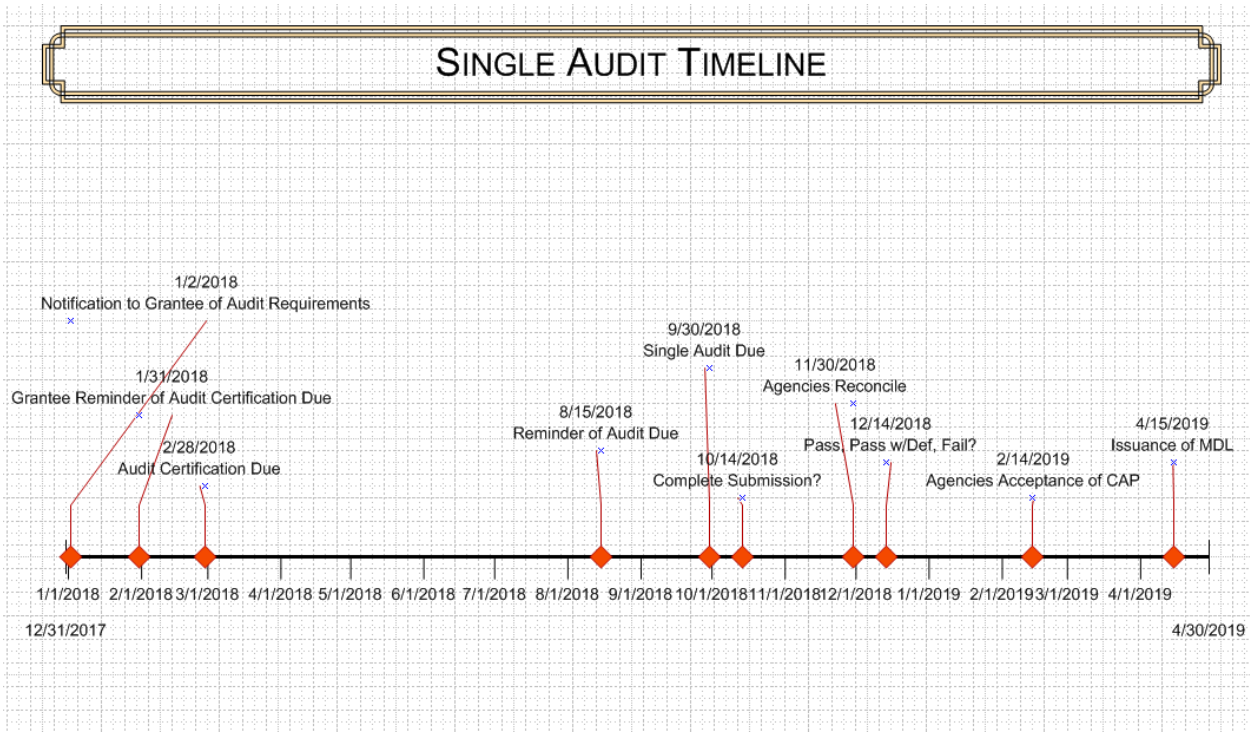
1/1/2019
12/31/2017
1/31/2019


SINGLE AUDIT TIMELINE
1/2/2018
Notification to Grantee of Audit Requirements
1/31/2018
Grantee Reminder of Audit Certification Due
2/28/2018
Audit Certification Due
8/15/2018
Reminder of Audit Due
9/30/2018
Single Audit Due
10/14/2018
Complete Submission?
11/30/2018
Agencies Reconcile
12/14/2018
Pass, Pass w/Def, Fail?
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Agencies Acceptance of CAP
4/15/2019
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1/1/2018
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7/1/2018
8/1/2018
9/1/2018
10/1/2018
11/1/2018
12/1/2018
1/1/2019
2/1/2019
3/1/2019
4/1/2019
12/31/2017
4/30/2019

For questions regarding the process, please contact your cognizant agency. For questions regarding specific program reporting, please contact the state agency that provided the grant funding.

Carol Kraus or Lori Beeler of the Grants Accountability and Transparency Unit of the Governor's Office of Management and Budget can also be contacted for questions related to this process.

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