

44 ILLINOIS ADMINISTRATIVE CODE 7000

SUBTITLE F

TITLE 44: GOVERNMENTAL CONTRACTS, GRANTMAKING,
PROCUREMENT AND PROPERTY MANAGEMENT
SUBTITLE F: GRANTMAKING

CHAPTER I: GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

PART 7000

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

SUBPART A: GENERAL

Section

7000.10	Purpose and Applicability
7000.20	Definitions
7000.30	Incorporations and Referenced Materials
7000.40	Governor's Office of Management and Budget Responsibilities
7000.50	Grant Accountability and Transparency Unit Responsibilities
7000.60	Catalog of State Financial Assistance
7000.70	Auditing Standards
7000.80	Annual Report and 5-Year Review

SUBPART B: STATE AGENCY RESPONSIBILITIES AND IMPLEMENTATION

7000.100	State Grant-making Agency Responsibilities
7000.110	State Grant-making Agency Implementation
7000.120	Institution of Higher Education Responsibilities and Implementation

AUTHORITY: Implementing and authorized by the Grant Accountability and Transparency Act [30 ILCS 708].

SOURCE: Adopted at 39 Ill. Reg. 10777, effective July 24, 2015.

SUBPART A: GENERAL

Section 7000.10 Purpose and Applicability

- a) The Act and This Part
 - 1) The Grant Accountability and Transparency Act (Act) *is intended to comply with the General Assembly's directives to:*
 - A) *develop a coordinated, nonredundant process for the provision of effective and efficient oversight of the selection and monitoring of*

SUBTITLE F

grant recipients, thereby ensuring quality programs and limiting fraud, waste and abuse; and

- B) *define the purpose, scope, applicability and responsibilities in the life cycle of a grant. [30 ILCS 708/5(a)]*
- 2) *The Act is also intended to increase the accountability and transparency in the use of grant funds from whatever source and to reduce administrative burdens on both State agencies and grantees by adopting federal guidance and regulations applicable to those grant funds; specifically, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements, 2 CFR 200). [30 ILCS 708/5(b)]*
- 3) *The Act is consistent with the State's focus on improving performance and outcomes while ensuring transparency and the financial integrity of taxpayer dollars through such initiatives as the Management Improvement Initiative Committee created by Section 1-37a of the Department of Human Services Act [20 ILCS 1305], the State prioritized goals created under Section 50-25 of the State Budget Law [15 ILCS 20] (also known as "Budgeting for Results"), and the Grant Information Collection Act [30 ILCS 707]. [30 ILCS 708/5(c)]*
- 4) **Supersession of GATA; Subjection to Auditing Statutes**
Supersession. Section 80 of GATA states that, on and after July 1, 2015, in the event of a conflict with the Grant Funds Recovery Act, the provisions of GATA shall control.
- b) **Purpose**
- 1) *The purpose of the Act is to establish uniform administrative requirements, cost principles, and audit requirements for federal and federal pass-through awards to non-federal entities. State awarding agencies shall not impose additional or inconsistent requirements, except as provided in section 200.102 of the Uniform Requirements, unless specifically required by State or federal statute. The Act and this Part do not apply to private awards.*
- 2) *The Act and this Part provide the basis for a systematic and periodic collection and uniform submission to the Governor's Office of Management and Budget of information of all State and federal financial assistance programs by State grant-making agencies. The Act and this Part*

SUBTITLE F

also establish policies related to the delivery of this information to the public, including through the use of electronic media. [30 ILCS 708/10]

c) Applicability

- 1) *The requirements established under the Act apply to State grant-making agencies that make State and federal pass-through awards to non-federal entities. These requirements apply to all costs related to federal and federal pass-through awards. The requirements established under the Act do not apply to private awards. [30 ILCS 708/45(a)]*
- 2) *Nothing in the Act shall prohibit the use of State funds for purposes of federal match or maintenance of effort. [30 ILCS 708/45(a-5)]*
- 3) *The terms and conditions of federal and pass-through awards apply to subawards and subrecipients unless a particular Section of the Act or the terms and conditions of the federal or federal pass-through award specifically indicate otherwise. Non-federal entities shall comply with requirements of the Act regardless of whether the non-federal entity is a recipient or subrecipient of a federal or federal pass-through award. Pass-through entities shall comply with the requirements set forth under this Part, but not to any requirements in the Act directed towards State or federal awarding agencies, unless the requirements of the federal awards indicate otherwise. [30 ILCS 708/45(b)]*
- 4) *When a non-federal entity is awarded a cost-reimbursement contract, only UR sections 200.330 through 200.332 are incorporated by reference into the contract. However, when the Cost Accounting Standards are applicable to the contract, they take precedence over the requirements of the Act unless they are in conflict with UR subpart F. In addition, costs that are made unallowable under 10 USC 2324(e) and 41 USC 4304(a), as described in the Federal Acquisition Regulations (48 CFR 1), subparts 31.2 and 31.603, are always unallowable. For requirements other than those covered in UR subpart D, the terms of the contract and FAR apply. [30 ILCS 708/45(b)]*
- 5) *With the exception of UR subpart F, which is required by the federal Single Audit Act, in any circumstances in which the provisions of federal statutes or regulations differ from the provisions of the Act, the federal statutes or regulations govern. [30 ILCS 708/45(b)]*
- 6) *State grant-making agencies may apply UR subparts A through E to for-profit entities, foreign public entities, or foreign organizations, except*

SUBTITLE F

when the awarding agency determines that the application of these subparts would be inconsistent with the international obligations of the United States or the statutes or regulations of a foreign government. [30 ILCS 708/45(c)]

- 7) *Except for UR sections 200.202 and 200.330 through 200.332, the requirements of UR subparts C, D and E do not apply to the programs listed in UR section 200.101 and Section 45(d) of the Act. [30 ILCS 708/45(d)]*

Section 7000.20 Definitions

The following definitions shall apply to this Part:

"Acquisition cost" means the cost of the asset, including the cost to ready the asset for its intended use. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software includes those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in transit insurance, freight and installation may be included in or excluded from the acquisition cost in accordance with the awardee's regular accounting practices.

"Act" or "GATA" means the Grant Accountability and Transparency Act.

"Administrative rules" means the administrative rules codified in the Illinois Administrative Code.

"Advance payment" means a payment that a federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the awardee disburses the funds for program purposes.

"A/E" means architectural and engineering services.

"AICPA" means the American Institute of Certified Public Accountants.

"Allocation" means the process of assigning a cost, or a group of costs, to one or more cost objectives, in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost directly to a final cost objective or through one or more intermediate cost objectives.

SUBTITLE F

"Allowable cost" means a cost allowable to a project (i.e., that can be paid for using grant funds). Costs will be considered to be allowable if they:

are reasonable and necessary for the performance of the award;

are allocable to the specific project;

are treated consistently in like circumstances to federally-financed, State-financed, and other activities of the awardee;

conform to any limitations of the cost principles or the sponsored agreement;

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

are determined to be in accordance with generally accepted accounting principles;

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

are not used to meet the match requirements of another State or federal grant; and

are adequately documented.

"Audit finding" means deficiencies the auditor is required, by UR section 200.516(a), to report in the schedule of findings and questioned costs.

"Auditee" means any awardee that expends federal or federal pass-through awards that must be audited as provided in UR Subpart F (Audit Requirements).

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

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

SUBTITLE F

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

"Awardee" means a State, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a federal or federal pass-through award as a recipient or subrecipient.

"Billing rate" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on federal or federal pass-through awards pending the establishment of a final rate for the period. (See also the definition of provisional rate.)

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

"Call to action" means a communication that includes any one or more of the following:

The communication states that the recipient should contact a member or employee of a legislative body, or any other government official or employee who may participate in the formulation of legislation, when the principal purpose of the contact is lobbying.

The communication states the address, telephone number or similar information of a legislator or an employee of a legislative body.

The communication provides a petition, a tear-off postcard or similar material for the recipient to communicate with any such individual.

The communication specifically identifies one or more legislators who will vote on the legislation, indicating that the legislator will:

oppose the organization's view with respect to the legislation;

SUBTITLE F

be undecided with respect to the legislation;

be the recipient's representative in the legislature; or

be a member of the legislative committee or subcommittee that will consider the legislation.

"Capital assets" means tangible or intangible assets used in operations having a useful life of more than one year that are capitalized in accordance with GAAP. Capital assets include:

Land; buildings (facilities); equipment and intellectual property (including software); and whether acquired by purchase, construction, manufacture, lease-purchase or exchange, or through capital leases; and

Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

"Capital expenditures" means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life.

"CAS" means the Cost Accounting Standards established by the Federal Cost Accounting Standards Board.

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

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

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

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

SUBTITLE F

"Central service cost allocation plan" means the documentation identifying, accumulating and allocating or developing billing rates based on the allowable costs of services provided by the State or local government on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

"CFDA program title" means the title of the program under which the federal award was funded in the CFDA.

"Claim" means, depending on the context, either:

A written demand or written assertion by one of the parties to a federal or federal pass-through award seeking as a matter of right:

The payment of money in a sum certain;

The adjustment or interpretation of the terms and conditions of the federal or federal pass-through award; or

Other relief arising under or relating to a federal or federal pass-through award; or

A request for payment that is not in dispute when submitted.

"Class of federal awards" means a group of federal awards either awarded under a specific program or group of programs or to a specific type of awardee or group of non-federal entities (awardees) to which specific provisions or exceptions may apply.

"Closeout" means the process by which the federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the federal award have been completed and takes actions as described in UR section 200.343.

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

SUBTITLE F

"CMIA" means the federal Cash Management Improvement Act and the Department of the Treasury's Rules and Procedures for Efficient Federal-State Funds Transfers.

"CMS" means the Illinois Department of Central Management Services.

"COFAR" means the Council on Financial Assistance Reform.

"Cognizant agency for audit" means the State (if the awardee does not receive funding directly from the federal government) or federal agency designated to carry out the responsibilities described in UR section 200.513 (Responsibilities). The cognizant agency for audit is not necessarily the same as the cognizant agency for indirect costs. A list of cognizant agencies for audit may be found at the Federal Audit Clearinghouse (FAC) web site (<https://harvester.census.gov/fac/dissemination/Reports.asp>).

"Cognizant agency for indirect costs" means the State (if the awardee does not receive funding directly from the federal government) or federal agency responsible for reviewing, negotiating and approving cost allocation plans or indirect cost proposals developed on behalf of all State or federal agencies, as applicable. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. For assignments of cognizant agencies see the following:

For IHEs: UR appendix III (Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)), paragraph C.11.

For nonprofit organizations: UR appendix IV (Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations)), paragraph C.2.

For State and local governments: UR appendix V (State/Local Governmentwide Central Service Cost Allocation Plans)), paragraph F.1.

"Compliance Supplement" means UR appendix XI (Compliance Supplement (previously known as the OMB Circular A-133 Compliance Supplement)).

"Comprehensive Annual Financial Report" or "CAFR" means the financial report of a governmental entity. The report contains basic financial statements, notes to the basic financial statements, and required supplementary information (RSI), plus voluntarily provided supplementary information (SI) such as an introductory

SUBTITLE F

section, supporting schedules with more detailed financial information than is found in the financial statements, and a statistical section.

"Computing devices" means machines used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or peripherals) for printing, transmitting and receiving, or storing electronic information.

"Conflict of interest" means a situation that arises when a person in a position of authority over an organization, such as an officer, director or manager, may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.

"Conflict of interest policy" means a policy that defines conflict of interest, identifies the classes of individuals within an organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest.

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

"Contractor" means a person or entity that receives a contract funded through grant funds awarded by a State grant-making agency or IHE.

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

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

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

SUBTITLE F

"Cooperative agreement" does not include a cooperative research and development agreement, or an agreement that provides only direct cash assistance to an individual, a subsidy, a loan, a loan guarantee or insurance.

"Cooperative audit resolution" means the use of audit follow-up techniques that promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the State or federal agency and the awardee. This approach is based upon:

a strong commitment, by federal and federal pass-through agency and awardee leadership, to program integrity;

federal and federal pass-through agencies strengthening partnerships and working cooperatively with non-federal awardee entities and their auditors, and non-federal awardee entities and their auditors working cooperatively with federal and federal pass-through agencies;

a focus on current conditions and corrective action going forward;

federal and federal pass-through agencies offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred; and

federal and federal pass-through agency leadership sending a clear message that continued failure to correct conditions identified by audits that are likely to cause improper payments, fraud, waste or abuse is unacceptable and will result in sanctions.

"Corrective action" means action taken by the auditee that:

corrects identified deficiencies;

produces recommended improvements; or

demonstrates that audit findings are either invalid or do not warrant auditee action.

"COSO" means the Committee of Sponsoring Organizations of the Treadway Commission, a joint initiative of the Institute of Management Accountants (IMA), the American Accounting Association (AAA), the American Institute of Certified Public Accountants, (AICPA), the Institute of Internal Auditors (IIA) and Financial Executives International (FEI). COSO has established an internal control model that companies and organizations use to assess their control systems.

SUBTITLE F

"Cost allocation plan" means central service cost allocation plan or public assistance cost allocation plan.

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

"Cost sharing" means third-party in-kind contributions and the portion of project costs not paid by federal or federal pass-through funds, unless otherwise authorized by statute. (See also the definition matching.)

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

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

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

"Direct lobbying" means any attempt to influence legislation or executive action through communications, with respect to a measure that is the subject of a ballot initiative, referendum or similar process, with:

any member or staff of a legislative or executive body;

any governmental official or employee (other than a member or employee of a legislative or executive body) who may participate in formulating legislation, but only if the principal purpose of the communication is to influence legislation or executive action; or

the general public.

SUBTITLE F

The communications must refer to specific legislation or executive action and must reflect a view on the legislation or executive action.

"Disallowed costs" means those charges to a federal or federal pass-through award that the federal pass-through awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable State or federal statutes, regulations or the terms and conditions of the federal or federal pass-through award.

"Discretionary grant" means a grant or award for which the federal or federal pass-through awarding agency may exercise judgment (discretion) in determining the recipient and/or the amount of the award and may be issued under a competitive application process.

"Eligible applicant" means any organization that meets the eligibility requirements listed in the Notice of Funding Opportunity.

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

"Executive" means, with respect to an organization, the officers, managing partners, or any other employees in management positions. "Executive" means, with respect to the federal government, the executive branch.

"Executive branch" means that branch of State or federal government that is under the jurisdiction of the Governor or the President, respectively.

"Expenditures" means charges made by an awardee to a project or program for which a federal or federal pass-through award was received.

The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.

For reports prepared on a cash basis, expenditures are the sum of:

Cash disbursements for direct charges for property and services;

The amount of indirect expense charged;

The value of third-party in-kind contributions applied; and

SUBTITLE F

The amount of cash advance payments and payments made to subrecipients.

For reports prepared on an accrual basis, expenditures are the sum of:

Cash disbursements for direct charges for property and services;

The amount of indirect expense incurred;

The value of third-party in-kind contributions applied; and

The net increase or decrease in the amounts owed by the awardee for:

Goods and other property received;

Services performed by employees, contractors, subrecipients and other payees; and

Programs for which no current services or performance are required, such as annuities, insurance claims or other benefit payments.

"FAIN" means the unique federal award identification number assigned to each federal award.

"FAR" means the Federal Acquisition Regulation (48 CFR 1).

"F&A costs" means facilities and administrative costs (see also the definition of indirect costs).

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

"Federal award" means:

the federal financial assistance that an awardee receives directly from a federal awarding agency or indirectly from a pass-through entity;

the cost-reimbursement contract under the Federal Acquisition Regulations that an awardee receives directly from a federal awarding agency or indirectly from a pass-through entity; or

SUBTITLE F

the instrument setting forth the terms and conditions when the instrument is the grant agreement, cooperative agreement, other agreement for assistance, or cost-reimbursement contract awarded under FAR.

"Federal award" does not include other contracts that a federal agency uses to buy goods or services from a contractor or a contract to operate federal government owned, contractor-operated facilities. (See also definitions of financial assistance, grant agreement and cooperative agreement.)

"Federal awarding agency" means the federal agency that provides a federal award directly to an awardee.

"Federal award date" means the date when the federal award is signed by the authorized official of the federal awarding agency.

"Federal Debarred and Suspended List" means the list of those persons and entities who are identified as excluded on the System for Award Management (<https://www.sam.gov>), as described in UR appendix II, paragraph (i).

"Federal Financial Assistance" means any grant, loan, contract (other than a procurement contract or a contract of insurance or guaranty), or any other arrangement by which the federal government provides or otherwise makes available assistance in the form of funds, services or federal personnel or real or personal property.

"Federal Fiscal Year" means the period beginning on October 1 and ending on September 30.

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

"Federal program" means all federal awards which are assigned a single number in the CFDA. When no CFDA number is assigned, all federal awards to non-federal entities from the same agency made for the same purpose should be combined and considered one program. "Federal program" can also mean a cluster of programs. The types of clusters of programs are:

research and development;

SUBTITLE F

student financial aid; and

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

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

"Fee-for-service" means payments for Medicaid services that are made on the basis of a rate, unit cost or allowable cost incurred and is based on a statement or bill as required by the administering State or federal agency.

"FFATA" means the Federal Funding Accountability and Transparency Act (31 USC 6101; P.L. 110-252).

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

"Final rate" means an indirect cost rate applicable to a specified past period that is based on the actual costs of the period. A final rate is not subject to adjustment.

"Financial assistance" means the following:

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

grants;

cooperative agreements;

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

direct appropriations;

food commodities; and

other financial assistance, except cooperative agreements.

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

SUBTITLE F

"Financial assistance" does not include amounts received as reimbursement for services rendered to individuals.

(See also the definition of federal financial assistance).

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

"Fixed rate" means an indirect cost rate that has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.

"Fixed-rate grant" means a type of grant agreement for non-Medicaid services in which reimbursement is made on the basis of a rate, unit cost or allowable cost incurred and is supported by a bill or statement.

"FOIA" means the Illinois Freedom of Information Act [5 ILCS 140] or the federal Freedom of Information Act (5 USC 552), as applicable.

"Foreign public entity" means:

a foreign government or foreign governmental entity;

a public international organization that is entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 USC 288 through 288f);

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

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

"Foreign organization" means an entity that is:

a public or private organization, located in a country other than the United States and its territories, that is subject to the laws of the country

SUBTITLE F

in which it is located, irrespective of the citizenship of project staff or place of performance;

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

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

an organization, located in a country other than the United States, not recognized as a foreign public entity.

"Formula-based grant" means a grant or award that is determined by a formula established in federal or State statute or rule.

"FR" means the Federal Register.

"GASB" means Governmental Accounting Standards Board.

"GATU" means the Grant Accountability and Transparency Unit within the Illinois Governor's Office of Management and Budget.

"General purpose equipment" means equipment that is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. (See also the definitions of equipment and special purpose equipment.)

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

"Generally Accepted Government Auditing Standards" or "GAGAS", also known as the Yellow Book, means generally accepted government auditing standards issued by the Comptroller General of the United States that are applicable to financial audits.

SUBTITLE F

"GFRA" means the Grant Funds Recovery Act.

"GOCO" means a State or federal government-owned, contractor-operated facility.

"GOMB" means the Illinois Governor's Office of Management and Budget.

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

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

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

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

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

"Grassroots lobbying" means a call to action that attempts to influence legislation or executive action by influencing public opinion. To be considered grassroots lobbying, the communication must:

refer to specific legislation or specific executive action;

reflect a view on the legislation or executive action; and

encourage the recipient to take action with respect to that legislation or executive action.

"HFS Suspended List" means the list, maintained by the Illinois Department of Healthcare and Family Services, of persons and entities who are debarred,

SUBTITLE F

suspended or otherwise excluded from the receipt of federally financed Medicaid. The list may be viewed on the HFS website at <http://www.state.il.us/agency/oig/sanctionlist.asp>.

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

"IHE" means an Institution of Higher Education as defined at 20 USC 1001(a).

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

"ILSAC" means the Illinois Single Audit Commission.

"Improper payment" means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. "Improper payment" includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except when these payments are authorized by federal statute), any payment that does not account for credit for applicable discounts, and any payment in which insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

"Indirect (facilities & administrative (F&A)) costs" or "indirect facilities and administrative costs" means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs. Indirect cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived. (See also the definition of F&A costs.)

"Indirect cost rate proposal" means the documentation prepared by an awardee to substantiate its request for the establishment of an indirect cost rate for the reimbursement of indirect costs. This proposal provides the basis for the review and negotiation leading to the establishment of an organization's indirect cost rate.

SUBTITLE F

"Information technology systems" means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (See also UR sections 200.20 (computing devices) and 200.33 (equipment).)

"Inspector General" means the Office of Executive Inspector General for Illinois.

"Intangible property" means property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

"Intermediate cost objective" means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives. (Also see the definitions of cost objective and final cost objective.)

"Internal controls" means a process, implemented by an awardee, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

Effectiveness and efficiency of operations;

Reliability of reporting for internal and external use; and

Compliance with UR sections 200.62 and 200.303 and the Illinois Fiscal Control and Internal Auditing Act.

"Internal control over compliance requirements for federal or federal pass-through awards" means a process implemented by an awardee designed to provide reasonable assurance regarding the achievement of the following objectives for federal or federal pass-through awards:

Transactions are properly recorded and accounted for, in order to:

Permit the preparation of reliable financial statements and federal and federal pass-through reports;

Maintain accountability over assets; and

SUBTITLE F

Demonstrate compliance with State and federal statutes, regulations, and the terms and conditions of the federal or federal pass-through award;

Transactions are executed in compliance with:

State and federal statutes, regulations, and terms and conditions of the federal or federal pass-through award that could have a direct and material effect on a federal or federal pass-through program; and

Any other State or federal statutes and regulations that are identified in the Compliance Supplement; and

Funds, property and other assets are safeguarded against loss from unauthorized use or disposition.

"IRC" means the Internal Revenue Code.

"Lobbying" means communication that is intended to influence legislation or executive action. (See the definitions of direct lobbying and grassroots lobbying.)

"Local government" means any entity defined as a unit of local government by Article VII, Section 1 of the Illinois Constitution and includes school districts.

"Maintenance of effort" means a requirement contained in a program's authorizing legislation or program regulations stating that, in order to receive federal grant funds, a recipient must agree to maintain a specified level of financial effort for the grant from its own resources and other non-federal sources.

"Major program" means a federal program determined by the auditor to be a major program in accordance with UR section 200.518 (Major program determination) or a program identified as a major program by a federal awarding agency or pass-through entity in accordance with UR section 200.503 (Relation to other audit requirements), paragraph (e).

"Management decision" means the evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision to the auditee as to what corrective action is necessary.

"Mandatory formula-based grant" or "mandatory grant" means noncompetitive grant funding that is allocated to recipients based upon a set of pre-existing

SUBTITLE F

criteria, such as population and/or other census criteria; all applicants who meet the minimum requirements of the application process are entitled to receive money.

"Matching" means third-party in-kind contributions and the portion of project costs not paid by federal funds, unless otherwise authorized by statute. (See the definition of cost sharing.)

"Micro-purchase" means a purchase of supplies or services using simplified acquisition procedures (see Section 7000.30), the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of an awardee's small purchase procedures. The awardee uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by 48 CFR Subpart 2.1 (Definitions). It is \$3,000 except as otherwise discussed in Subpart 2.1, but this threshold is periodically adjusted for inflation.

"Modified Total Direct Cost" or "MTDC" means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

"Negotiated rate" means the indirect (F&A) cost rate negotiated with and accepted by the federal or State awarding agency. Per the rate agreement, negotiated rates include final, fixed and predetermined rates and exclude provisional rates.

"Non-federal entity" means a state, local government, institution of higher education, or organization, whether nonprofit or for-profit, that carries out a federal or federal pass-through award as a recipient or subrecipient. (See also the definition of awardee.)

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

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

SUBTITLE F

is not organized primarily for profit; and

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

"Notice of award" means the published announcement by a federal or State agency as a pass-through entity that a specific grant will be awarded to an awardee.

"Notice of funding opportunity" means an agency's formally issued announcement of the availability of federal or federal pass-through funding through one of its financial assistance programs. The announcement provides eligibility and evaluation criteria, funding preferences/priorities, the submission deadline, and information on how to obtain application kits.

"Obligations", when used in connection with an awardee's utilization of funds under an award, means:

orders placed for property and services;

contracts and subawards; and

similar transactions,

during a given period that require payment by the awardee during the same or future period.

"Office of Management and Budget" or "OMB" means the federal Office of Management and Budget of the Executive Office of the President.

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

"Participant support costs" means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

SUBTITLE F

"Pass-through entity" or "PTE" means an awardee that provides a subaward to a subrecipient to carry out part of a program.

"Performance goal" means a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value or rate. In some instances (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with State or federal agency policy).

"Period of performance" means the time during which the awardee may incur new obligations to carry out the work authorized under the federal or federal pass-through award. The federal awarding agency or federal pass-through entity must include start and end dates of the period of performance in the award (see section 200.210 (Information contained in a federal award), paragraph (a)(5) and section 200.331 (Requirements for pass-through entities), paragraph (a)(1)(D).

"Personal property" means property other than real property. It may be tangible, having physical existence, or intangible.

"Personally Identifiable Information" or "PII" means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites and university listings. This type of information is considered to be public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source that, when combined with other available information, could be used to identify an individual.

"Predetermined rate" means an indirect cost rate, applicable to a specified current or future period, usually the organization's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

"Prior approval" or "Prior written approval" means an authorization by one party, provided in writing to another party, to proceed in a specified manner.

SUBTITLE F

"Private award" means an award from a person or entity other than a state or federal entity. Private awards are not subject to GATA.

"Program income" means gross income received by the non-federal awardee directly generated by a supported activity, or earned only as a result of the federal award during the period of performance, except as provided in UR section 200.307, paragraph (f) (also see the definition of period of performance). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal or federal pass-through award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal or federal pass-through award funds. Interest earned on advances of federal or federal award funds is not program income. Except as otherwise provided in State or federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts and interest earned on any of them.

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

"Property" means real property or personal property.

"Protected Personally Identifiable Information" or "Protected PII" means an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, security clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, and educational transcripts. This does not include PII that is required by law to be disclosed. (See also the definition of Personally Identifiable Information.)

"Provisional rate" means a temporary indirect cost rate applicable to a specified period that is used for funding, interim reimbursement, and reporting indirect costs on federal or federal pass-through awards pending the establishment of a final rate for the period.

"Public institutions of higher education" has the meaning provided in Section 1 of the Board of Higher Education Act [110 ILCS 205].

"Questioned cost" means a cost that is questioned by the auditor because of an audit finding:

SUBTITLE F

That resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a State or federal award, including for funds used to match State or federal funds;

When the costs, at the time of the audit, are not supported by adequate documentation; or

When the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

"Real property" means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

"Recipient" means an awardee that receives an award directly from a federal awarding agency to carry out an activity under a program. "Recipient" does not include subrecipients. (See the definition of non-federal entity.)

"Research and Development" or "R&D" means all research activities, both basic and applied, and all development activities that are performed by non-federal entities. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems or methods, including design and development of prototypes and processes.

"SAM" means the federal System for Award Management (<https://www.sam.gov>).

"Simplified acquisition threshold" means the dollar amount below which an awardee may purchase property or services using small purchase methods. Non-federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 USC 1908. The current simplified acquisition threshold is \$150,000, but this threshold is periodically adjusted for inflation. (See the definition of micro-purchase.)

"Single Audit Act" means the federal Single Audit Act Amendments of 1996 (31 USC 7501 through 7507).

"Special purpose equipment" means equipment that is used only for research, medical, scientific or other technical activities. Examples of special purpose

SUBTITLE F

equipment include microscopes, x-ray machines, surgical instruments and spectrometers.

"State agency" means an executive branch agency. For purposes of GATA, "State agency" does not include public institutions of higher education.

"State fiscal year" means the period beginning on July 1 and ending on June 30.

"State grant-making agency" means a State agency that provides an award to an awardee. "State grant-making agency" has the same meaning as "State awarding agency".

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

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

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

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

"Supplies" means all tangible personal property other than those described in the definition of equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the awardee for

SUBTITLE F

financial statement purposes or \$5,000, regardless of the length of its useful life. (See the definitions of computing devices and equipment.)

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

"Termination" means the ending of a federal or federal pass-through award, in whole or in part, at any time prior to the planned end of the period of performance.

"Third-party in-kind contributions" means the value of non-cash contributions (i.e., property or services) that benefit a State- or federally-assisted project or program and are contributed by non-federal third parties, without charge, to an awardee under a State or federal award.

"Total compensation" means the cash and noncash dollar value earned by the executive during the grantee's or subrecipient's preceding fiscal year and includes the following: salary and bonus; awards of stock, stock options and stock appreciation rights; earnings for services under non-equity incentive plans; and change in pension value.

"Unallowable cost" means a cost specified by law or regulation, federal cost principles, or the terms and conditions of an award that may not be reimbursed under a grant or cooperative agreement.

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

"Unliquidated obligations" means, for financial reports prepared on a cash basis, obligations incurred by the awardee that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are obligations incurred by the awardee for which an expenditure has not been recorded.

"Unobligated balance" means the amount of funds under a State or federal award that the awardee has not obligated. The amount is computed by subtracting the cumulative amount of the awardee's unliquidated obligations and expenditures of funds under the State or federal award from the cumulative amount of the funds that the State awarding agency or pass-through entity authorized the awardee to obligate.

SUBTITLE F

"USC" means the United States Code.

"Voluntary committed cost sharing" means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the award on the part of the awardee and that becomes a binding requirement of the award. [30 ILCS 708/15]

Section 7000.30 Incorporations and Referenced Materials

- a) References to Federal and State Statutes
 - 1) Federal Statutes
 - A) Cash Management Improvement Act (31 USC 1)
 - B) Federal Funding Accountability and Transparency Act (31 USC 6101)
 - C) Freedom of Information Act (5 USC 552)
 - D) Improper Payments Elimination and Recovery Act of 2012 (31 USC 3321 note)
 - E) Internal Revenue Code (26 USC)
 - F) Simplified Acquisition Procedures: Inflation adjustment of acquisition-related dollar thresholds (41 USC 1908)
 - G) Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 (31 USC 7501)
 - 2) Illinois Statutes
 - A) Grant Accountability and Transparency Act [30 ILCS 708]
 - B) Fiscal Control and Internal Auditing Act [30 ILCS 10]
 - C) Freedom of Information Act [5 ILCS 140]
 - D) Illinois Grant Funds Recovery Act [30 ILCS 705]; Section 15.1 creates the Illinois Single Audit Commission
 - E) Illinois State Auditing Act [30 ILCS 5]

SUBTITLE F

F) Board of Higher Education Act [110 ILCS 205]

b) Incorporations By Reference

1) Federal Regulations

A) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200 (December 2014)):

~~H. i) Subpart B – General Provisions~~

ii) Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards

~~I Subpart B – General Provisions except:~~~~I. Section §200.203 (6)(b) the timeframe shall be 45 calendar days.~~~~II. Section §200.204 requires that an appeals must be described and incorporated with the merit-based review process.~~~~III. Section §200.205 must use a risk based approach as described in subsection (c)~~~~IV. III. Section §200.210 State related references~~iii) Subpart D – Post Federal Award Requirements except for:~~I. Section §200.308 (e) adds The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent per detail line item or \$1,000, whichever is greater, of the total budget as last approved by the Federal awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.~~~~I.II. §200.336 adds Any entity of the State including, but not limited to, the State awarding agency, the Auditor General, the Attorney General, any Executive Inspector General, and the Inspector General of the State awarding agency, as applicable, or any of their authorized representatives must have the right of access to any documents, papers, or~~

SUBTITLE F

other records of the subrecipient which are pertinent to the State award in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the subrecipient's personnel for the purpose of interview and discussion related to such documents.

- iv) Subpart E – Cost Principles
 - v) Subpart F – Audit Requirements
 - vi) Appendix I – Full Text of Notice of Funding Opportunity
 - vii) Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
 - viii) Appendix III – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
 - ix) Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
 - x) Appendix V – State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans
 - xi) Appendix VI – Public Assistance Cost Allocation Plans
 - xii) Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals
 - xiii) Appendix VIII – Nonprofit Organizations Exempted From Subpart E – Cost Principles
 - xiv) Appendix IX – Hospital Cost Principles
 - xv) Appendix X – Data Collection Form (Form SF-SAC)
 - xvi) Appendix XI – Compliance Supplement
- B) Cost Accounting Standards (48 CFR 9904 (2014))

SUBTITLE F

- C) Federal Acquisition Regulations System (48 CFR Ch. 1 (2014))
 - D) Rules and Procedures for Efficient Federal-State Funds Transfers (31 CFR 205)
- 2) Government Auditing Standards (Yellow Book), U.S. Government Accountability Office by the Comptroller General of the United States (2011 Revision) (<http://www.gao.gov/yellowbook>)
 - 3) No later editions of the regulations and standards listed in subsection (b) are incorporated in this Part.

Section 7000.40 Governor's Office of Management and Budget Responsibilities

- a) Grant Accountability and Transparency Unit. *GOMB shall, on or before July 1, 2014, establish a centralized unit known as GATU. The unit shall be funded with a portion of the administrative funds provided under existing and future federal pass-through grants. The amounts charged will be allocated based on the actual cost of the services provided to State grant-making agencies and public institutions of higher education in accordance with the applicable federal cost principles contained in 2 CFR 200. The Act does not cause a reduction in the amount of any State or federal grant awards that have been or will be directed towards State agencies or public institutions of higher education. [30 ILCS 708/55]*
- b) GOMB Responsibilities. *GOMB shall:*
 - 1) *provide technical assistance and interpretations of policy requirements in order to ensure effective and efficient implementation of the Act by State grant-making agencies [30 ILCS 708/55];*
 - 2) *have authority to approve any exceptions to the requirements of the Act, and shall adopt rules governing the criteria to be considered when an exception is requested. Exceptions shall only be made in particular cases in which adequate justification is presented [30 ILCS 708/55];*
 - 3) *adopt rules regarding conflict of interest policies for awards. A non-federal entity must disclose in writing any potential conflict of interest to the pass-through entity in accordance with applicable awarding agency policy [30 ILCS 708/35];*
 - 4) *with the advice and technical assistance of ILSAC, adopt rules requiring that the applicant for an award disclose, in a timely manner and in*

SUBTITLE F

writing, to the pass-through entity all violations of State or federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award. Failure to make the required disclosures may result in any of the following remedial actions:

- A) *The temporary withholding of cash payments pending correction of the deficiency by the awarding agency or non-federal entity or more severe enforcement action by the pass-through entity;*
- B) *Disallowance of (that is, denial of both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance;*
- C) *Whole or partial suspension or termination of the award;*
- D) *Initiation of suspension or debarment proceedings authorized under this Part and awarding agency rules (or, in the case of a pass-through entity, recommendation that such a proceeding be initiated by the awarding agency);*
- E) *Withholding further awards for the project or program;*
- F) *Taking any other remedial action that may be available. [30 ILCS 708/40]*

Section 7000.50 Grant Accountability and Transparency Unit Responsibilities

- a) *GATU shall be responsible for:*
 - 1) *The development of minimum requirements applicable to the staff of grant applicants to manage and execute grant awards for programmatic and administrative purposes, including grant management specialists with:*
 - A) *general and technical competencies;*
 - B) *programmatic expertise;*
 - C) *fiscal expertise and systems necessary to adequately account for the source and application of grant funds for each program; and*
 - D) *knowledge of compliance requirements;*

SUBTITLE F

- 2) *The development of minimum training requirements, including annual training requirements;*
- 3) *Accurate, current, and complete disclosure of the financial results of each funded award, as set forth in UR sections 200.327 through 200.329;*
- 4) *Development of criteria for requiring the retention of a fiscal agent and for becoming a fiscal agent;*
- 5) *Development of disclosure requirements in the grant application pertaining to:*
 - A) *related-party status between grantees and grant-making agencies;*
 - B) *past employment of applicant officers and grant managers;*
 - C) *disclosure of current or past employment of members of immediate family; and*
 - D) *disclosure of senior management of grantee organization and their relationships with contracted vendors;*
- 6) *Implementation of rules prohibiting a grantee from charging any cost allocable to a particular award or cost objective to other State or federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons;*
- 7) *Implementation of rules prohibiting a non-federal entity from earning or keeping any profit resulting from State or federal financial assistance, unless prior approval has been obtained from GOMB and is expressly authorized by the terms and conditions of the award;*
- 8) *Maintenance of an Illinois Debarred and Suspended List that contains the names of those individuals and entities that are ineligible, either temporarily or permanently, to receive an award of grant funds from the State;*
- 9) *Ensuring the adoption of standardized rules for the implementation of the Act by State grant-making agencies. GATU shall provide such advice and technical assistance to the State grant-making agencies as is necessary or indicated in order to ensure compliance with the Act;*
- 10) *Coordination of financial and single audit reviews;*

SUBTITLE F

- 11) Coordination of on-site reviews of grantees and subrecipients; and
 - 12) Maintenance of the Catalog of State Financial Assistance (see Section 7000.60), which is available to the public at <http://csfa.illinois.gov>.
- b) *GATU shall have no power or authority regarding the approval, disapproval, management, or oversight of grants entered into or awarded by a State agency or by a public institution of higher education. The power or authority existing under law to grant or award grants by a State agency or by a public IHE shall remain with that State agency or public IHE. GATU shall be responsible for reviewing and approving amendments to the Administrative Code proposed by State grant agencies in connection with the implementation of the Act and shall be responsible for establishing standardized policies and procedures for State grant-making agencies in order to ensure compliance with the Uniform Requirements, all of which must be adhered to by the State grant-making agencies throughout the life cycle of the grant.*
- c) *The powers and functions of grant-making by State agencies or public IHE may not be transferred to, nor may prior grant approval be transferred to, any other person, office or entity within the executive branch of State government. [30 ILCS 708/60]*

Section 7000.60 Catalog of State Financial Assistance

The Catalog of State Financial Assistance is a single, authoritative, statewide, comprehensive source document of State financial assistance program information maintained by GATU. The Catalog shall contain, at a minimum, the following information:

- a) *An introductory section that contains Catalog highlights, an explanation of how to use the Catalog, an explanation of the Catalog and its contents, and suggested grant proposal writing methods and grant application procedures;*
- b) *A comprehensive indexing system that categorizes programs by issuing agency, eligible applicant, application deadlines, function, popular name, and subject area;*
- c) *Comprehensive appendices showing State assistance programs that require coordination through the Act and regulatory, legislative, and Executive Order authority for each program, commonly used abbreviations and acronyms, agency regional and local office addresses, and sources of additional information;*

SUBTITLE F

- d) *A list of programs that have been added to or deleted from the Catalog and the various program numbers and title changes;*
- e) *Program number, title, and popular name, if applicable;*
- f) *The name of the State department or agency or independent agency and primary organization sub-unit administering the program;*
- g) *The enabling legislation, including popular name of the Act, titles and Sections, Public Act number, and citation to the Illinois Compiled Statutes;*
- h) *The type or types of financial and nonfinancial assistance offered by the program;*
- i) *Uses and restrictions placed upon the program;*
- j) *Eligibility requirements, including applicant eligibility criteria, beneficiary eligibility criteria, and required credentials and documentation;*
- k) *Objectives and goals of the program;*
- l) *Information regarding application and award processing; application deadlines; range of approval or disapproval time; appeal procedure; and availability of a renewal or extension of assistance;*
- m) *Assistance considerations, including an explanation of the award formula, matching requirements, and the length and time phasing of the assistance;*
- n) *Post-assistance requirements, including any reports, audits, and records that may be required;*
- o) *Program accomplishments (where available) describing quantitative measures of program performance;*
- p) *Regulations, guidelines, and literature containing citations to the Illinois Administrative Code, the Code of Federal Regulations, and other pertinent informational materials; and*
- q) *The names, telephone numbers, and e-mail addresses of persons to be contacted for detailed program information at the headquarters, regional, and local levels.*
[30 ILCS 708/30]

Section 7000.70 Auditing Standards

SUBTITLE F

- a) **Effective Date for Standards**
The standards set forth in UR Subpart F, and any other standards that apply directly to State or federal agencies, shall apply to audits of fiscal years beginning on or after December 26, 2014.
- b) **Availability of Records**
Awardees must make their books and records available for review or audit by appropriate officials of the pass-through entity or awarding agency, the Auditor General, the Executive Inspector General, appropriate officials of the federal awarding agency, and the federal Government Accountability Office. [30 ILCS 708/65(b)]
- c) **Exemptions**
- 1) **Auditor General.** *This Act does not affect the provisions of the Illinois State Auditing Act and does not address the external audit function of the Auditor General. [30 ILCS 708/65(d)]*
- 2) **For-Profit Subrecipients**
- ~~A) A)~~ *The requirements of UR subpart F do not apply to for-profit subrecipients because for-profit subrecipients are not subject to the requirements of UR subpart F, Audits of States, Local and Non-Profit Organizations. Audits of for-profit subrecipients must be conducted pursuant to a Program Audit Guide issued by the Federal awarding agency. If a Program Audit Guide is not available, the State awarding agency must prepare a Program Audit Guide in accordance with the OMB Circular A-133 Compliance Supplement (see UR appendix IX; the Supplement can be found at https://www.whitehouse.gov/omb/circulars_default). For-profit entities are subject to all other general administrative requirements and cost principles applicable to grants. [30 ILCS 708/20(a)]*
- 3) For-Profit subrecipients who expend \$750,000 or more during their fiscal year are required to have an audit conducted in accordance with §200.507 Program-specific audits.
- 4) All recipients and subrecipients who expend less than \$750,000 during their fiscal year are required to follow the audit requirements below
- A) Subrecipients and grantees who expends \$300,000 or more during the awardees fiscal year must have a financial audit conducted in accordance with generally accepted government auditing standards

SUBTITLE F

B) All subrecipients and grantees who expend between \$300,00 and \$500,000, must comply with the audit requirements in C) and are deemed to be high risk are also required to undergo an agreed upon procedures audit, paid for and arranged by the pass-through entity in accordance with 2 CFR 200.425 for up to two of the four compliance types

C) All subrecipients and grantees who expend between \$500,001 and \$749,999 must comply with the audit requirements in C) and are deemed to be high risk are also required to undergo an agreed upon procedures audit, paid for and arranged by the pass-through entity in accordance with 2 CFR 200.425 for up to four of the compliance types

B5) *State grant-making agencies shall, with the advice and technical assistance of GOMB, establish requirements, as necessary, to ensure compliance by for-profit subrecipients. Agreements with for-profit subrecipients shall describe the applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for State and federal pass-through awards made to for-profit subrecipients shall include pre-award audits, monitoring during the agreement, and post-award audits. [30 ILCS 708/20(d)]*

Section 7000.80 Annual Report and 5-Year Review**a) Annual Report**

Effective January 1, 2016 and each January 1 thereafter, GOMB, in conjunction with ILSAC, shall submit to the Governor and the General Assembly a report that demonstrates the efficiencies, cost savings and reductions in fraud, waste and abuse as a result of the implementation of the Act and this Part. The report shall include, but not be limited to:

- 1) the number of entities placed on the Illinois Debarred and Suspended List;*
- 2) any savings realized as a result of the implementation of the Act;*
- 3) any reduction in the number of duplicative audits;*
- 4) the number of persons trained to assist grantees and subrecipients; and*
- 5) the number of grantees and subrecipients to whom a fiscal agent was assigned. [30 ILCS 708/95]*

SUBTITLE F

- b) **5-Year Review**
GOMB shall review the Act and this Part at least once every 5 years after December 26, 2014 (in conjunction with the federal review of the UR as required by 2 CFR 200.109) to determine whether any existing rules need to be revised or new rules adopted. [30 ILCS 708/70]

SUBPART B: STATE AGENCY RESPONSIBILITIES AND IMPLEMENTATION

Section 7000.100 State Grant-making Agency Responsibilities

- a) *The specific requirements and responsibilities of State grant-making agencies and non-federal entities are set forth in the Act. State agencies making State awards to non-federal entities must adopt by rule UR subparts C through F by July 1, 2016 unless different provisions are required by law.*
- b) *Each State grant-making agency shall appoint a Chief Accountability Officer who shall serve as a liaison to GATU and who shall be responsible for the State agency's implementation of and compliance with the Uniform Requirements and this Part.*
- c) *In order to effectively measure the performance of its recipients and subrecipients, each State grant-making agency shall:*
- 1) *require its recipients and subrecipients to relate financial data to performance accomplishments of the award and, when applicable, must require recipients and subrecipients to provide cost information to demonstrate cost-effective practices. The recipient's and subrecipient's performance should be measured in a way that will help the State agency to improve program outcomes, share lessons learned, and spread the adoption of promising practices; and*
 - 2) *provide recipients and subrecipients with clear performance goals, indicators, and milestones and must establish performance reporting frequency and content to not only allow the State agency to understand the recipient's progress, but also to facilitate identification of promising practices among recipients and subrecipients and build the evidence upon which the State agency's program and performance decisions are made.*
- d) *Each grant-making agency shall enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards. When applicable, the process may include a corrective action plan.*

SUBTITLE F

The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions. [30 ILCS 708/45(g)]

- e) *GOMB shall provide such advice and technical assistance to the State grant-making agencies as is necessary or indicated in order to ensure compliance with the Act. [30 ILCS 708/50]*

Section 7000.110 State Grant-making Agency Implementation

- a) *State grant-making agencies shall implement the policies and procedures applicable to federal and federal pass-through awards by adopting, on or before July 1, 2015, rules for non-federal entities that shall take effect for fiscal years on and after December 26, 2014, unless different provisions are required by State or federal statute or federal rule.*
- b) *The standards set forth in the Act, which affect administration of federal and federal pass-through awards issued by State grant-making agencies, become effective once adopted as rules by the State grant-making agencies. [30 ILCS 708/90]*

Section 7000.120 Institution of Higher Education Responsibilities and Implementation

- a) *For public institutions of higher education, this Part applies only to awards funded by State appropriations and federal pass-through awards from a State agency to public institutions of higher education. Federal pass-through awards from a State agency to public institutions of higher education are governed by and must comply with federal guidelines under the UR. [30 ILCS 708/20(c)]*
- b) *The standards set forth in the Act, which affect administration of federal pass-through awards issued by State grant-making agencies to IHEs, become effective once adopted as rules by BHE or ISAC, as applicable. [30 ILCS 708/90]*
- c) *Specific requirements and responsibilities of IHE are set forth in the Act and the UR.*