



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3845

Introduced 2/14/2020, by Sen. Pat McGuire

#### SYNOPSIS AS INTRODUCED:

30 ILCS 708/20  
30 ILCS 708/25  
30 ILCS 708/45

Amends the Grant Accountability and Transparency Act. Provides that for public institutions of higher education, specified provisions of the Act apply only to awards funded by federal pass-through awards from a State agency to public institutions of higher education (currently, also applies to awards funded by State appropriations). Provides that the Act shall recognize specified provisions of the Code of Federal Regulations as applicable to public institutions of higher education. Effective immediately.

LRB101 20124 RJF 69659 b

1 AN ACT concerning finance.

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

4 Section 5. The Grant Accountability and Transparency Act is  
5 amended by changing Sections 20, 25, and 45 as follows:

6 (30 ILCS 708/20)

7 Sec. 20. Adoption of federal rules applicable to grants.

8 (a) On or before July 1, 2016, the Governor's Office of  
9 Management and Budget, with the advice and technical assistance  
10 of the Illinois Single Audit Commission, shall adopt rules  
11 which adopt the Uniform Guidance at 2 CFR 200. The rules, which  
12 shall apply to all State and federal pass-through awards  
13 effective on and after July 1, 2016, shall include the  
14 following:

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

1           (2) Cost principles. In accordance with Subpart E of 2  
2           CFR 200, the rules shall establish principles for  
3           determining the allowable costs incurred by non-federal  
4           entities under State and federal pass-through awards. The  
5           principles are intended for cost determination, but are not  
6           intended to identify the circumstances or dictate the  
7           extent of State or federal pass-through participation in  
8           financing a particular program or project. The principles  
9           shall provide that State and federal awards bear their fair  
10          share of cost recognized under these principles, except  
11          where restricted or prohibited by State or federal law.

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

22          The provisions of this item (3) do not apply to  
23          for-profit subrecipients because for-profit subrecipients  
24          are not subject to the requirements of 2 CFR 200, Subpart  
25          F, Audits of States, Local and Non-Profit Organizations.  
26          Audits of for-profit subrecipients must be conducted

1           pursuant to a Program Audit Guide issued by the Federal  
2           awarding agency. If a Program Audit Guide is not available,  
3           the State awarding agency must prepare a Program Audit  
4           Guide in accordance with the 2 CFR 200, Subpart F - Audit  
5           Requirements - Compliance Supplement. For-profit entities  
6           are subject to all other general administrative  
7           requirements and cost principles applicable to grants.

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

11          (c) For public institutions of higher education, the  
12          provisions of this Section apply only to awards funded by ~~State~~  
13          ~~appropriations and~~ federal pass-through awards from a State  
14          agency to public institutions of higher education. Federal  
15          pass-through awards from a State agency to public institutions  
16          of higher education are governed by and must comply with  
17          federal guidelines under 2 CFR 200.

18          (d) The State grant-making agency is responsible for  
19          establishing requirements, as necessary, to ensure compliance  
20          by for-profit subrecipients. The agreement with the for-profit  
21          subrecipient shall describe the applicable compliance  
22          requirements and the for-profit subrecipient's compliance  
23          responsibility. Methods to ensure compliance for State and  
24          federal pass-through awards made to for-profit subrecipients  
25          shall include pre-award, audits, monitoring during the  
26          agreement, and post-award audits. The Governor's Office of

1 Management and Budget shall provide such advice and technical  
2 assistance to the State grant-making agency as is necessary or  
3 indicated.

4 (Source: P.A. 99-523, eff. 6-30-16; 100-676, eff. 1-1-19.)

5 (30 ILCS 708/25)

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

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

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

13 (3) The award of competitive grants in 3-year terms  
14 (one-year initial terms with the option to renew for up to  
15 2 additional years) to coincide with the federal award.

16 (4) The issuance of grants, including:

17 (A) public notice of announcements of funding  
18 opportunities;

19 (B) the development of uniform grant applications;

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

22 (D) specific conditions for individual recipients  
23 (including the use of a fiscal agent and additional  
24 corrective conditions);

25 (E) certifications and representations;

1 (F) pre-award costs;

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

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

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

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

14 (B) mandatory requirements regarding contents of  
15 the budget including, at a minimum, common detail line  
16 items specified under guidelines issued by the  
17 Governor's Office of Management and Budget;

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

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

25 (E) caps on the amount of salaries that may be  
26 charged to grants based on the limitations imposed by

1 federal agencies.

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

6 (A) organization name;

7 (B) Federal Employee Identification Number;

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

9 (D) fiscal condition;

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

12 (F) past performance in administering grants;

13 (G) whether the applicant is on the Debarred and  
14 Suspended List maintained by the Governor's Office of  
15 Management and Budget;

16 (H) whether the applicant is on the federal  
17 Excluded Parties List; and

18 (I) whether the applicant is on the Sanctioned  
19 Party List maintained by the Illinois Department of  
20 Healthcare and Family Services.

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

25 For public institutions of higher education, the  
26 provisions of this Section apply only to awards funded by ~~State~~

1 ~~appropriations and~~ federal pass-through awards from a State  
2 agency to public institutions of higher education.

3 (Source: P.A. 100-676, eff. 1-1-19; 100-997, eff. 8-20-18;  
4 101-81, eff. 7-12-19.)

5 (30 ILCS 708/45)

6 Sec. 45. Applicability.

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

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

15 (b) The terms and conditions of State, federal, and  
16 pass-through awards apply to subawards and subrecipients  
17 unless a particular Section of this Act or the terms and  
18 conditions of the State or federal award specifically indicate  
19 otherwise. Non-federal entities shall comply with requirements  
20 of this Act regardless of whether the non-federal entity is a  
21 recipient or subrecipient of a State or federal pass-through  
22 award. Pass-through entities shall comply with the  
23 requirements set forth under the rules adopted under subsection  
24 (a) of Section 20 of this Act, but not to any requirements in  
25 this Act directed towards State or federal awarding agencies,



1 unless the requirements of the State or federal awards indicate  
2 otherwise.

3 When a non-federal entity is awarded a cost-reimbursement  
4 contract, only 2 CFR 200.330 through 200.332 are incorporated  
5 by reference into the contract. However, when the Cost  
6 Accounting Standards are applicable to the contract, they take  
7 precedence over the requirements of this Act unless they are in  
8 conflict with Subpart F of 2 CFR 200. In addition, costs that  
9 are made unallowable under 10 U.S.C. 2324(e) and 41 U.S.C.  
10 4304(a), as described in the Federal Acquisition Regulations,  
11 subpart 31.2 and subpart 31.603, are always unallowable. For  
12 requirements other than those covered in Subpart D of 2 CFR  
13 200.330 through 200.332, the terms of the contract and the  
14 Federal Acquisition Regulations apply.

15 With the exception of Subpart F of 2 CFR 200, which is  
16 required by the Single Audit Act, in any circumstances where  
17 the provisions of federal statutes or regulations differ from  
18 the provisions of this Act, the provision of the federal  
19 statutes or regulations govern. This includes, for agreements  
20 with Indian tribes, the provisions of the Indian  
21 Self-Determination and Education and Assistance Act, as  
22 amended, 25 U.S.C. 450-458ddd-2.

23 (c) State grant-making agencies may apply subparts A  
24 through E of 2 CFR 200 to for-profit entities, foreign public  
25 entities, or foreign organizations, except where the awarding  
26 agency determines that the application of these subparts would

1 be inconsistent with the international obligations of the  
2 United States or the statute or regulations of a foreign  
3 government.

4 (d) 2 CFR 200.101 specifies how 2 CFR 200 is applicable to  
5 different types of awards. The same applicability applies to  
6 this Act.

7 (e) (Blank).

8 (f) For public institutions of higher education, the  
9 provisions of this Act apply only to awards funded by ~~State~~  
10 ~~appropriations and~~ federal pass-through awards from a State  
11 agency to public institutions of higher education. This Act  
12 shall recognize provisions in 2 CFR 200 as applicable to public  
13 institutions of higher education, including Appendix III of  
14 Part 200 and the cost principles under Subpart E.

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

21 (Source: P.A. 100-676, eff. 1-1-19; 100-863, eff. 8-14-18;  
22 101-81, eff. 7-12-19.)

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