

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

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65

66 AUTHORITY: Implementing and authorized by the Grant Accountability and Transparency Act

67 [30 ILCS 708].

68

69 SOURCE: Adopted at 39 Ill. Reg. 10777, effective July 24, 2015; former Part repealed at 42 Ill.

70 Reg. 18913 and new Part adopted at 42 Ill. Reg. 18916, effective October 5, 2018; amended at

71 47 Ill. Reg. 7893, effective May 26, 2023; amended at 49 Ill. Reg. \_\_\_\_\_, effective

72 \_\_\_\_\_.

73

74 SUBPART A: GENERAL

75

76 **Section 7000.30 Definitions**

77

78 The following definitions shall apply to this Part. Unless otherwise noted, statutory text is from

79 [30 ILCS 708/15].

80

81 "Acquisition Cost" means the cost of the asset, including the cost to ready the

82 asset for its intended use. Acquisition cost for equipment, for example, means the

83 net invoice price of the equipment, including the cost of any modifications,

84 attachments, accessories, or auxiliary apparatus necessary to make it usable for

85 the purpose for which it is acquired. Acquisition costs for software includes those

86 development costs capitalized in accordance with generally accepted accounting

87 principles (GAAP). Ancillary charges, such as taxes, duties, protective in-transit  
88 insurance, freight, and installation may be included in or excluded from the  
89 acquisition cost in accordance with the awardee's regular accounting practices.  
90

91 "Act" or "GATA" means the Grant Accountability and Transparency Act [30  
92 ILCS 708].  
93

94 "Administrative Rules" means the administrative rules codified in the Illinois  
95 Administrative Code.  
96

97 "Advance Payment" means a payment that a State awarding agency or federal  
98 awarding agency makes by any appropriate payment mechanism, including a  
99 predetermined payment schedule, before the awardee disburses the funds for  
100 program purposes.  
101

102 "Allocation" means the process of assigning a cost, or a group of costs, to one or  
103 more cost objectives, in reasonable proportion to the benefit provided or other  
104 equitable relationship. The process may entail assigning a cost directly to a final  
105 cost objective or through one or more intermediate cost objectives.  
106

107 "*Allowable Cost*" means a cost allowable to a project (i.e., that can be paid for  
108 using award funds). Costs will be considered to be allowable if they:  
109

110 *are reasonable and necessary for the performance of the award;*

111 *are allocable to the specific project;*

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

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

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

120 *are determined to be in accordance with generally accepted accounting*  
121 *principles;*  
122  
123  
124  
125  
126  
127

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

131  
132 *are not used to meet the match requirements of another State or federal*  
133 *grant; and*

134  
135 *are adequately documented.*

136  
137 "Assistance Listings" (formerly "Catalog of Federal Domestic Assistance" or  
138 "CFDA") means the publicly available listing of federal assistance programs  
139 managed and administered by the U.S. General Services Administration.

140  
141 "Assistance Listing Number" (formerly "CFDA Number") means a unique  
142 number assigned to identify a federal Assistance Listing.

143  
144 "Assistance Listing Program Title" (formerly "CFDA Program Title") means the  
145 title of the program that corresponds to the federal assistance listings number.

146  
147 "Audit Finding" means deficiencies the auditor is required, by UR section  
148 200.516(a), to report in the schedule of findings and questioned costs.

149  
150 "*Auditee*" means any awardee that expends State, federal, or federal pass-through  
151 awards that must be audited as provided in UR Subpart F (Audit Requirements).

152  
153 "*Auditor*" means an auditor who is an Illinois licensed public accountant or a  
154 federal, State, or local government audit organization that meets the general  
155 standards specified for external auditors in generally accepted government  
156 auditing standards (GAGAS). "*Auditor*" does not include internal auditors of  
157 nonprofit organizations.

158  
159 "*Auditor General*" means the Auditor General of the State of Illinois.

160  
161 "*Award*" or "*Grant*" means financial assistance that provides support or  
162 stimulation to accomplish a public purpose. "*Awards*" include grants and other  
163 agreements in the form of money, or property in lieu of money, by the State  
164 agency or federal government to an eligible recipient. "*Award*" does not include:  
165 technical assistance that provides services instead of money; other assistance in  
166 the form of loans, loan guarantees, interest subsidies or insurance; direct  
167 payments of any kind to individuals; or contracts that must be entered into and  
168 administered under State or federal procurement laws and regulations.

169

170 "Awardee" means a State, local government, institution of higher education, or  
171 organization, whether nonprofit or for-profit, that receives State, federal or federal  
172 pass-through financial assistance from a State or federal agency. In this Part,  
173 "awardee", "grantee", and "non-federal entity" are used interchangeably.

174  
175 "Billing Rate" means a temporary indirect cost rate applicable to a specified  
176 period that is used for funding, interim reimbursement, and reporting indirect  
177 costs on federal or federal pass-through awards pending the establishment of a  
178 final rate for the period. (See also the definition of provisional rate.)

179  
180 "*Budget*" means the financial plan for the award that the State awarding agency  
181 approves during the award process or in subsequent amendments to the award. It  
182 may include the awardee's matching funds or other in-kind contributions.

183  
184 "Budget Period" means the time interval from the start date of a funded portion of  
185 an award to the end date of that funded portion during which recipients are  
186 authorized to expend the funds awarded, including any funds carried forward or  
187 other revisions pursuant to UR Section 200.308.

188  
189 "Call to Action" means a communication that includes any one or more of the  
190 following:

191  
192 The communication states that the recipient should contact a member or  
193 employee of a legislative body, or any other government official or  
194 employee who may participate in the formulation of legislation, when the  
195 principal purpose of the contact is lobbying.

196  
197 The communication states the address, telephone number, or similar  
198 information of a legislator or an employee of a legislative body.

199  
200 The communication provides a petition, a tear-off postcard, or similar  
201 material for the recipient to communicate with any such individual.

202  
203 The communication specifically identifies one or more legislators who  
204 will vote on the legislation, indicating that the legislator will:

205  
206 oppose the organization's view with respect to the legislation;

207  
208 be undecided with respect to the legislation;

209  
210 be the recipient's representative in the legislature; or

211

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

214  
215 Naming the main sponsors of the legislation for purposes of identifying the  
216 legislation does not independently constitute a call to action.

217  
218 "Capital Assets" means tangible or intangible assets used in operations having a  
219 useful life of more than one year that are capitalized in accordance with GAAP.  
220 Capital assets include:

221  
222 Land, buildings (facilities), equipment and intellectual property (including  
223 software); and whether acquired by purchase, construction, manufacture,  
224 lease-purchase or exchange, or through capital leases; and

225  
226 Additions, improvements, modifications, replacements, rearrangements,  
227 reinstallations, renovations or alterations to capital assets that materially  
228 increase their value or useful life (not ordinary repairs and maintenance).

229  
230 For purposes of this Part, capital assets do not include intangible right-to-  
231 use assets (per GASB) and right-to-use operating lease assets (per FASB)  
232 (for example, assets capitalized that recognize a lessee's right to control  
233 the use of property or equipment for a period of time under a lease  
234 contract).

235  
236 "Capital Expenditures" means expenditures to acquire capital assets or  
237 expenditures to make additions, improvements, modifications, replacements,  
238 rearrangements, reinstallations, renovations or alterations to capital assets that  
239 materially increase their value or useful life.

240  
241 "CAS" means the Cost Accounting Standards established by the Federal Cost  
242 Accounting Standards Board.

243  
244 "*Catalog of State Financial Assistance*" or "*CSFA*" means the single,  
245 authoritative, statewide, comprehensive source document of State financial  
246 assistance program information maintained by the Governor's Office of  
247 Management and Budget (available at <http://grants.illinois.gov>).

248  
249 "*Catalog of State Financial Assistance Number*" or "*CSFA Number*" means the  
250 number assigned to a State program in the CSFA. The first 3 digits represent the  
251 State agency number and the last 4 digits represent the program.

252  
253 "Central Service Cost Allocation Plan" means the documentation identifying,  
254 accumulating and allocating or developing billing rates based on the allowable

255 costs of services provided by the State or local government on a centralized basis  
256 to its departments and agencies. The costs of these services may be allocated or  
257 billed to users.

258  
259 "CFO Council" means the federal Chief Financial Officer Council (see  
260 <https://www.cfo.gov/about-the-council/>).

261  
262 "Chief Accountability Officer" or "CAO" means the individual appointed by the  
263 State awarding agency to serve as its liaison to GATU. The CAO is responsible  
264 for the State agency's implementation of and compliance with grant management  
265 rules. All State awarding agencies are required to appoint a CAO in accordance  
266 with Section 50(b) of the Act.

267  
268 "Claim" means, depending on the context, either:

269  
270 A written demand or written assertion by one of the parties to a State  
271 award or federal or federal pass-through award seeking, as a matter of  
272 right:

- 273  
274 The payment of money in a sum certain;  
275  
276 The adjustment or interpretation of the terms and conditions of the  
277 award/grant; or  
278  
279 Other relief arising under or relating to a State, federal or federal  
280 pass-through award/grant; or

281  
282 A request for payment that is not in dispute when submitted.

283  
284 "Class (of Awards)" means a group of State-issued awards either awarded under a  
285 specific program or group of programs or to a specific type of awardee or group  
286 of awardees to which specific provisions or exceptions may apply.

287  
288 "Closeout" means the process by which the State awarding agency determines  
289 that all applicable administrative actions and all required work of the federal  
290 award or State-issued award have been completed and takes the actions described  
291 in UR section 200.344 or Section 7000.440 of this Part.

292  
293 "*Cluster of Programs*" means a grouping of closely related programs that share  
294 common compliance requirements. The types of clusters of programs are research  
295 and development, student financial aid, and other clusters. A "cluster of  
296 programs" shall be considered as one program for determining major programs

297 *and, with the exception of research and development, whether a program-specific*  
298 *audit may be elected.*

299  
300 "CMIA" means the federal Cash Management Improvement Act (31 U.S.C. 6501  
301 note) and the Department of the Treasury's Rules and Procedures for Efficient  
302 Federal-State Funds Transfers (31 CFR 205).

303  
304 "CMS" means the Illinois Department of Central Management Services.

305  
306 "Compliance Supplement" means UR appendix XI.

307  
308 "Comprehensive Annual Financial Report" or "CAFR" means the financial report  
309 of a governmental entity. The report contains basic financial statements, notes to  
310 the basic financial statements, and required supplementary information (RSI),  
311 plus voluntarily provided supplementary information (SI) such as an introductory  
312 section, supporting schedules with more detailed financial information than is  
313 found in the financial statements, and a statistical section.

314  
315 "Computing Devices" means machines used to acquire, store, analyze, process  
316 and publish data and other information electronically, including accessories (or  
317 peripherals) for printing, transmitting and receiving, or storing electronic  
318 information. (See also the definitions of "Information technology systems" and  
319 "Supplies".)

320  
321 "Conflict of Interest" means a situation that arises when a person in a position of  
322 authority over an organization, such as an officer, director or manager, may  
323 benefit financially from a decision made in that capacity, including indirect  
324 benefits such as to family members or businesses with which the person is closely  
325 associated.

326  
327 "Conflict of Interest Policy" means a policy that defines conflict of interest,  
328 identifies the classes of individuals within an organization covered by the policy,  
329 facilitates disclosure of information that may help identify conflicts of interest,  
330 and specifies procedures to be followed in managing conflicts of interest.

331  
332 "*Contract*" means a legal instrument by which an awardee purchases property or  
333 services needed to carry out the project or program under an award/grant.  
334 "*Contract*" does not include a legal instrument, even if the awardee considers it a  
335 contract, when the substance of the transaction meets the definition of an award  
336 or subaward.

337



338 *"Contractor" means a person or entity that receives a contract funded through*  
339 *grant funds awarded by a State awarding agency or institution of higher*  
340 *education.*

341  
342 *"Cooperative Agreement" means a legal instrument of financial assistance*  
343 *between a State awarding agency, federal awarding agency or pass-through entity*  
344 *and an awardee consistent with 31 U.S.C. 6302 through 6305 that:*

345  
346 *is used to enter into a relationship with the principal purpose of*  
347 *transferring anything of value from the State awarding agency or pass-*  
348 *through entity to the awardee to carry out a public purpose authorized by*  
349 *law, but is not used to acquire property or services for the State awarding*  
350 *agency's or pass-through entity's direct benefit or use; and*

351  
352 *is distinguished from a grant in that it provides for substantial*  
353 *involvement between the State awarding agency or pass-through entity*  
354 *and the awardee in carrying out the activity contemplated by the award.*

355  
356 *"Cooperative Audit Resolution" means the use of audit follow-up techniques that*  
357 *promote prompt corrective action by improving communication, fostering*  
358 *collaboration, promoting trust, and developing an understanding between the*  
359 *State or federal agency and the awardee. This approach is based upon:*

360  
361 *a strong commitment, by State, federal and federal pass-through entity and*  
362 *awardee leadership, to program integrity;*

363  
364 *State, federal and federal pass-through entities strengthening partnerships*  
365 *and working cooperatively with awardees and their auditors, and awardees*  
366 *and their auditors working cooperatively with State, federal and pass-*  
367 *through entities;*

368  
369 *a focus on current conditions and corrective action going forward;*

370  
371 *State, federal and federal pass-through entities offering appropriate relief*  
372 *for past noncompliance when audits show prompt corrective action has*  
373 *occurred; and*

374  
375 *State, federal and federal pass-through agency leadership sending a clear*  
376 *message that continued failure to correct conditions identified by audits*  
377 *that are likely to cause improper payments, fraud, waste or abuse is*  
378 *unacceptable and will result in sanctions.*

379  
380 *"Corrective Action" means action taken by the auditee that:*

381  
382                   corrects identified deficiencies;  
383  
384                   produces recommended improvements; or  
385  
386                   demonstrates that audit findings are either invalid or do not warrant  
387                   auditee action.

388  
389                   "COSO" means the Committee of Sponsoring Organizations of the Treadway  
390                   Commission, a joint initiative of the Institute of Management Accountants (IMA),  
391                   the American Accounting Association (AAA), the American Institute of Certified  
392                   Public Accountants (AICPA), the Institute of Internal Auditors (IIA) and  
393                   Financial Executives International (FEI). COSO has established an internal  
394                   control model that companies and organizations use to assess their control  
395                   systems.

396  
397                   "Cost Allocation Plan" means a central service cost allocation plan or public  
398                   assistance cost allocation plan.

399  
400                   "*Cost Objective*" means a program, function, activity, award, organizational  
401                   subdivision, contract or work unit for which cost data is desired and for which  
402                   provision is made to accumulate and measure the cost of processes, products,  
403                   jobs and capital projects. A "cost objective" may be a major function of the  
404                   awardee, a particular service or project, an award, or an indirect cost activity.

405  
406                   "*Cost Sharing*" means the portion of project costs, including third-party in-kind  
407                   contributions, not paid by State, federal or federal pass-through funds, unless  
408                   otherwise authorized by statute. (See also the definition of matching.)

409  
410                   "Data Universal Numbering System Number" or "DUNS number" means a  
411                   unique nine-digit identification number provided by Dun & Bradstreet for each  
412                   physical location of the grantee's organization.

413  
414                   "*Development*" is the systematic use of knowledge and understanding gained from  
415                   research directed toward the production of useful materials, devices, systems or  
416                   methods, including design and development of prototypes and processes.

417  
418                   "*Direct Costs*" means costs that can be identified specifically with a particular  
419                   final cost objective, such as a State, federal or federal pass-through award or a  
420                   particular sponsored project, an instructional activity, or any other institutional  
421                   activity, or that can be directly assigned to such activities relatively easily with a  
422                   high degree of accuracy.

423

424 "Direct Lobbying" means any attempt to influence legislation or executive action  
425 through communications with:

426  
427 any member or staff of a legislative or executive body;  
428  
429 any governmental official or employee (other than a member or employee  
430 of a legislative or executive body) who may participate in formulating  
431 legislation, but only if the principal purpose of the communication is to  
432 influence legislation or executive action; or

433  
434 the general public.

435  
436 The communications must refer to specific legislation or executive action and  
437 must reflect a view on the legislation or executive action. (See 26 CFR  
438 56.4911-2(b).)

439  
440 "Disallowed Costs" means charges to a State, federal or federal pass-through  
441 award determined by the State awarding agency or the federal awarding agency to  
442 be unallowable, in accordance with the applicable State or federal statutes or  
443 regulations, or the terms and conditions of the State, federal or federal pass-  
444 through award.

445  
446 "Discretionary Grant" means an award for which the State or federal agency or  
447 pass-through entity may exercise judgment (discretion) in determining the  
448 recipient and the amount of the award and may be issued under a competitive  
449 application process.

450  
451 "Eligible Applicant" means any organization that meets the eligibility  
452 requirements listed in the Notice of Funding Opportunity.

453  
454 *"Equipment" means tangible personal property (including information technology*  
455 *systems) having a useful life of more than one year and a per-unit acquisition cost*  
456 *that equals or exceeds the lesser of the capitalization level established by the*  
457 *awardee for financial statement purposes or ~~\$10,000~~\$5,000.*

458  
459 "Exception" means a statute- or regulation-driven deviation from the grant  
460 requirements specified in the UR. The State awarding agency's requirements may  
461 be more restrictive but cannot be less restrictive than the UR. Exceptions are  
462 program-specific and authorized on a case-by-case basis in accordance with  
463 Section 7000.60.

464

465 "Executive" means, with respect to an organization, the officers, managing  
466 partners, or any other employees in management positions. "Executive" means,  
467 with respect to the federal government, the executive branch.  
468

469 *"Executive Branch" means that branch of State or federal government that is*  
470 *under the jurisdiction of the Governor or the President, respectively.*  
471

472 "Expenditures" means charges made by an awardee to a project or program for  
473 which a State, federal or federal pass-through award was received.  
474

475 The charges may be reported on a cash or accrual basis, as long as the  
476 methodology is disclosed and is consistently applied.  
477

478 For reports prepared on a cash basis, expenditures are the sum of:  
479

480 Cash disbursements for direct charges for property and services;  
481

482 The amount of indirect expense charged;  
483

484 The value of third-party in-kind contributions applied; and  
485

486 The amount of cash advance payments and payments made to  
487 awardees.  
488

489 For reports prepared on an accrual basis, expenditures are the sum of:  
490

491 Cash disbursements for direct charges for property and services;  
492

493 The amount of indirect expense incurred;  
494

495 The value of third-party in-kind contributions applied; and  
496

497 The net increase or decrease in the amounts owed by the awardee  
498 for:  
499

500 Goods and other property received;  
501

502 Services performed by employees, contractors,  
503 subrecipients and other payees; and  
504

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

508  
509 "FAIN" means the unique federal award identification number assigned to each  
510 federal award issued to a particular awardee.  
511  
512 "FAR" means the Federal Acquisition Regulation (48 CFR 1).  
513  
514 "F&A Costs" means facilities and administrative costs (see also the definition of  
515 indirect costs).  
516  
517 "Federal Agency" means an "agency" as defined at 5 U.S.C. 551(1) and further  
518 clarified by 5 U.S.C. 552(f).  
519  
520 "*Federal Award*" means:  
521  
522 *the federal financial assistance that an awardee receives directly from a*  
523 *federal awarding agency or indirectly from a pass-through entity;*  
524  
525 *the cost-reimbursement contract under the Federal Acquisition*  
526 *Regulations that an awardee receives directly from a federal awarding*  
527 *agency or indirectly from a pass-through entity; or*  
528  
529 *the instrument setting forth the terms and conditions when the instrument*  
530 *is the Grant Agreement, Cooperative Agreement, other agreement for*  
531 *assistance, or cost-reimbursement contract awarded under FAR.*  
532  
533 "*Federal Award*" does not include other contracts that a federal agency uses  
534 to buy goods or services from a contractor or a contract to operate federal  
535 government owned, contractor-operated facilities. (See also definitions of  
536 financial assistance, Grant Agreement and Cooperative Agreement.)  
537  
538 "*Federal Awarding Agency*" means the federal agency that provides a federal  
539 award directly to an awardee.  
540  
541 "Federal Award Date" means the date the federal award is signed by the  
542 authorized official of the federal awarding agency.  
543  
544 "Federal Excluded Parties List" or "SAM Exclusions" means the parties listed on  
545 the governmentwide exclusions in the System for Award Management  
546 (<https://www.sam.gov>), as described in UR appendix II, paragraph (H).  
547  
548 "Federal Financial Assistance" means financial assistance, as defined in this  
549 Section, offered to an awardee by a federal agency.  
550

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

553  
554 *"Federal Interest" means, when used in connection with the acquisition or*  
555 *improvement of real property, equipment or supplies under a federal or federal*  
556 *pass-through award, the dollar amount that is the product of the federal share of*  
557 *total project costs and current fair market value of the property, improvements, or*  
558 *both to the extent the costs of acquiring or improving the property were included*  
559 *as project costs.*

560  
561 *"Federal Program" means all federal awards that are assigned a single number*  
562 *in the publicly available listing for federal assistance programs managed and*  
563 *administered by the General Services Administration, formerly known as the*  
564 *Catalog of Federal Domestic Assistance (CFDA). When no Assistance Listing*  
565 *number is assigned, all federal awards made for the same purpose from the same*  
566 *agency to awardees should be combined and considered one program. "Federal*  
567 *program" can also mean a cluster of programs, as defined in this Section.*

568  
569 *"Federal Share" means the portion of the total project costs that are paid by*  
570 *federal funds.*

571  
572 "Fee-for-Service" means payments for Medicaid services that are made on the  
573 basis of a rate, unit cost or allowable cost incurred and are based on a statement or  
574 bill as required by the administering State or federal agency.

575  
576 "FFATA" means the Federal Funding Accountability and Transparency Act.

577  
578 *"Final Cost Objective" means a cost objective that has allocated to it both direct*  
579 *and indirect costs and, in the awardee's accumulation system, is one of the final*  
580 *accumulation points, such as a particular award, internal project or other direct*  
581 *activity of an awardee.*

582  
583 "Final Rate" means an indirect cost rate applicable to a specified past period that  
584 is based on the actual costs of the period. A final rate is not subject to adjustment.

585  
586 *"Financial Assistance" means the following:*

587  
588 *For grants and Cooperative Agreements, "Financial Assistance" means*  
589 *assistance that non-federal entities receive or administer in the form of:*

590  
591 *grants;*

592  
593 *Cooperative Agreements;*

594  
595 *non-cash contributions or donations of property, including*  
596 *donated surplus property;*  
597  
598 *direct appropriations;*  
599  
600 *food commodities; and*  
601  
602 *other financial assistance, except assistance non-federal entities*  
603 *receive or administer in the form of loans, loan guarantees,*  
604 *interest subsidies, and insurance.*  
605

606 For purposes of UR subpart F, "Financial Assistance" also includes  
607 federal assistance that non-federal entities receive or administer in the  
608 form of loans, loan guarantees, interest subsidies and insurance.  
609

610 "Financial Assistance" does not include amounts received as  
611 reimbursement for services rendered to individuals.  
612

613 "Fixed Amount Award" means a type of Grant Agreement under which the federal  
614 or State awarding agency or pass-through entity provides a specific level of  
615 support without regard to actual costs incurred under the award. "Fixed Amount  
616 Awards" reduce some of the administrative burden and recordkeeping  
617 requirements for both the awardee and the State awarding agency or pass-  
618 through entity. Accountability is based primarily on performance and results.  
619

620 "Fixed Rate" means an indirect cost rate that has the same characteristics as a  
621 predetermined rate, except that the difference between the estimated costs and the  
622 actual costs of the period covered by the rate is carried forward as an adjustment  
623 to the rate computation of a subsequent period. (See UR appendix VII, subsection  
624 B.)  
625

626 "Fixed-Rate Grant" means a type of Grant Agreement for non-Medicaid services  
627 in which reimbursement is made on the basis of a rate, unit cost or allowable cost  
628 incurred and is supported by a bill or statement.  
629

630 "FOIA" means the Illinois Freedom of Information Act or the federal Freedom of  
631 Information Act, as applicable.  
632

633 "Foreign Organization" means an entity that is:  
634

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

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

639  
640 *a private nongovernmental organization, located in a country other than*  
641 *the United States, that solicits and receives cash contributions from the*  
642 *general public;*

643  
644 *a charitable organization, located in a country other than the United*  
645 *States, that is nonprofit and tax exempt under the laws of its country of*  
646 *domicile and operation, but is not a university, college, accredited*  
647 *degree-granting institution of education, private foundation, hospital,*  
648 *organization engaged exclusively in research or scientific activities,*  
649 *church, synagogue, mosque, or other similar entity organized primarily*  
650 *for religious purposes; or*

651  
652 *an organization, located in a country other than the United States, not*  
653 *recognized as a foreign public entity.*

654  
655 *"Foreign Public Entity" means:*

656  
657 *a foreign government or foreign governmental entity;*

658  
659 *a public international organization that is entitled to enjoy privileges,*  
660 *exemptions, and immunities as an international organization under the*  
661 *International Organizations Immunities Act;*

662  
663 *an entity owned, in whole or in part, or controlled by a foreign*  
664 *government; or*

665  
666 *any other entity consisting wholly or partially of one or more foreign*  
667 *governments or foreign governmental entities.*

668  
669 *"Formula-Based Grant" means a grant or award that is determined by a formula*  
670 *established in federal or State statute or rule.*

671  
672 *"FR" means the Federal Register (<http://www.federalregister.gov>).*

673  
674 *"GASB" means the Governmental Accounting Standards Board.*

675  
676 *"GATA" means the Grant Accountability and Transparency Act [30 ILCS 708].*

677  
678 *"GATA Fund" means the revolving fund administered by GOMB to allocate*  
679 *expenses to State agencies for costs incurred to comply with the UR and GATA*



680 and Budgeting for Results (BFR). The GATA Fund allocation to State agencies is  
681 based on a proportionate share of GATU expenses incurred, as determined by the  
682 CSFA program and award/grant data and the proportionate share of BFR  
683 expenses incurred, as determined by the Illinois Performance Reporting System  
684 (IPRS). The GATA Fund is established pursuant to Section 55(b) of the Act.

685  
686 "GATU" means the Grant Accountability and Transparency Unit within the  
687 Illinois Governor's Office of Management and Budget.

688  
689 "General Purpose Equipment" means equipment that is not limited to research,  
690 medical, scientific or other technical activities. Examples include office  
691 equipment and furnishings, modular offices, telephone networks, information  
692 technology equipment and systems, air conditioning equipment, reproduction and  
693 printing equipment, and motor vehicles. (See also the definitions of equipment  
694 and special purpose equipment.)

695  
696 *"Generally Accepted Accounting Principles" or "GAAP" means accounting*  
697 *standards issued by the Government Accounting Standards Board and the*  
698 *Financial Accounting Standards Board.*

699  
700 "Generally Accepted Auditing Standards" or "GAAS" means the accounting  
701 standards issued by the Public Company Accounting Oversight Board.

702  
703 *"Generally Accepted Government Auditing Standards" or "GAGAS", also known*  
704 *as the Yellow Book, means generally accepted government auditing standards*  
705 *issued by the Comptroller General of the United States that are applicable to*  
706 *financial audits.*

707  
708 "GFRA" means the Illinois Grant Funds Recovery Act.

709  
710 "GOCO" means a State or federal government-owned, contractor-operated  
711 facility.

712  
713 "GOMB" means the Illinois Governor's Office of Management and Budget.

714  
715 "GMS" means the statewide grant management system which contains the  
716 functionality of templates as applicable and per GATU instruction.

717  
718 *"Grant Agreement" means a legal instrument of financial assistance between a*  
719 *State awarding agency or a federal awarding agency and an awardee that:*

720  
721 *is used to enter into a relationship, the principal purpose of which is to*  
722 *transfer anything of value from the State awarding agency or a federal*

723                   awarding agency *to the awardee to carry out a public purpose authorized*  
724                   *by law and not to acquire property or services for the State or federal*  
725                   *awarding agency's direct benefit or use; and*

726  
727                   *is distinguished from a Cooperative Agreement in that it does not provide*  
728                   *for substantial involvement between the State awarding agency or the*  
729                   *federal awarding agency and the awardee in carrying out the activity*  
730                   *contemplated by the award.*

731  
732                   *"Grant Agreement" does not include an agreement that provides only direct*  
733                   *cash assistance to an individual, a subsidy, a loan, a loan guarantee or*  
734                   *insurance.*

735  
736                   *"Grant Application" means a specified form that is completed by a potential*  
737                   *grantee in connection with a request for a specific funding opportunity or a*  
738                   *request for financial support of a project or activity.*

739  
740                   "Grantee" means a State, local government, institution of higher education, or  
741                   organization, whether nonprofit or for-profit, that receives State, federal or federal  
742                   pass-through financial assistance from a State or federal agency. In this Part,  
743                   "awardee", "grantee", and "non-federal entity" are used interchangeably.

744  
745                   "Grantee Compliance Enforcement System" or "GCES" means the statewide,  
746                   uniform framework for State awarding agencies to manage occurrences of non-  
747                   compliance with grant requirements by using the Illinois Stop Payment List. The  
748                   GCES is available in the Resource Library at [www.grants.illinois.gov](http://www.grants.illinois.gov).

749  
750                   "Grantee Portal" means the internet-based platform used by the State to conduct  
751                   registration, pre-qualification and fiscal and administrative risk assessments of  
752                   entities that seek to receive an award from a State awarding agency. Awardees use  
753                   the Grantee Portal to monitor and maintain qualified status. The Grantee Portal is  
754                   accessed at <https://grants.illinois.gov/portal/>.

755  
756                   "HFS Suspended List" or "Illinois Medicaid Sanctions List" means the list,  
757                   maintained by the Illinois Department of Healthcare and Family Services, of  
758                   persons and entities who are debarred, suspended or otherwise excluded from the  
759                   receipt of federally financed Medicaid. The list may be viewed on the HFS  
760                   website at <http://www.state.il.us/agency/oig/sanctionlist.asp>.

761  
762                   *"Hospital" means a facility licensed as a hospital under the law of any state or a*  
763                   *facility operated as a hospital by the United States, a state, or a subdivision of a*  
764                   *state.*

765

766 "Illinois Stop Payment List" or the "*Illinois Debarred and Suspended List*" means  
 767 *the list maintained by the Governor's Office of Management and Budget that*  
 768 *contains the names of those individuals and entities that are ineligible, either*  
 769 *temporarily or permanently, to receive grant funds, regardless of source, from a*  
 770 *State awarding agency. The Illinois Stop Payment List is internally available to*  
 771 *authorized State of Illinois personnel. It is a centralized repository for cross-*  
 772 *agency information sharing to improve the grantee risk assessment process and*  
 773 *enhance fiscal management transparency. The Illinois Stop Payment List is a*  
 774 *component of the GCES.*

775  
 776 "Improper Payment" means any payment that should not have been made or that  
 777 was made in an incorrect amount (including overpayments and underpayments)  
 778 under statutory, contractual, administrative, or other legally applicable  
 779 requirements. "Improper payment" includes any payment to an ineligible party,  
 780 any payment for an ineligible good or service, any duplicate payment, any  
 781 payment for a good or service not received (except when these payments are  
 782 authorized by federal statute), any payment that does not account for credit for  
 783 applicable discounts, and any payment in which insufficient or lack of  
 784 documentation prevents a reviewer from discerning whether a payment was  
 785 proper.

786  
 787 "In Relation to Opinion" means required auditing standards for Supplementary  
 788 Information in Relation to the Financial Statements as a Whole. Statements on  
 789 Auditing Standards set forth the auditor's responsibilities when the auditor of  
 790 financial statements is engaged to perform audit procedures and report on whether  
 791 the supplemental information accompanying the financial statement is fairly  
 792 stated, in all material respects, in relation to the financial statements as a whole.  
 793 For a copy of the Statements of Auditing Standards, see Clarified Statements on  
 794 Auditing Standards at [www.aicpa.org](http://www.aicpa.org).

795  
 796 "*Indirect (Facilities & Administrative (F&A)) Costs*" or "*Indirect Facilities and*  
 797 *Administrative Costs*" means *those costs incurred for a common or joint purpose*  
 798 *benefitting more than one cost objective, and not readily assignable to the cost*  
 799 *objectives specifically benefitted without effort disproportionate to the results*  
 800 *achieved. To facilitate equitable distribution of indirect expenses to the cost*  
 801 *objectives served, it may be necessary to establish a number of pools of indirect*  
 802 *costs. Indirect cost pools must be distributed to benefitted cost objectives on bases*  
 803 *that will produce an equitable result in consideration of relative benefits derived.*  
 804 *(See also the definition of F&A costs.)*

805  
 806 "Indirect Cost Rate Negotiator" means the vendor contracted with the Governor's  
 807 Office of Management and Budget to review indirect cost rate proposals and

808 collaborate with State agency subject matter experts and the Grant Accountability  
809 and Transparency Unit to establish awardee indirect cost rates and elections.

810  
811 "Indirect Cost Rate Proposal" means the documentation prepared by an awardee  
812 to substantiate its request for the establishment of an indirect cost rate for the  
813 reimbursement of indirect costs. This proposal provides the basis for the review  
814 and negotiation leading to the establishment of an organization's indirect cost rate.

815  
816 "Indirect Cost Rate System" means the internet-based, centralized, statewide  
817 framework for awardees to negotiate an indirect cost rate or make an indirect cost  
818 rate election.

819  
820 "Information Technology Systems" means computing devices, ancillary  
821 equipment, software, firmware, and similar procedures, services (including  
822 support services), and related resources.

823  
824 "*Inspector General*" means the *Office of Executive Inspector General* for  
825 Agencies of the Illinois Governor.

826  
827 "Institution of Higher Education" means an educational institution of the State  
828 that:

829  
830 admits as regular students only persons who have a certificate of  
831 graduation from a school providing secondary education, or the  
832 recognized equivalent;

833  
834 is legally authorized within the State to provide a program of education  
835 beyond secondary education;

836  
837 provides an education program for which the institution awards a  
838 bachelor's degree or provides not less than a 2-year program that is  
839 acceptable for full credit toward such a degree, or awards a degree  
840 acceptable for admission to a graduate or professional degree program;

841  
842 is a public or other nonprofit institution; and

843  
844 is accredited by a nationally recognized accrediting agency or associate, or  
845 is an institution that has been granted pre-accreditation status by such an  
846 agency or association. (See 20 U.S.C. 1001.)

847  
848 "Intangible Property" means property having no physical existence, such as  
849 trademarks, copyrights, patents and patent applications and property, such as  
850 loans, notes and other debt instruments, lease agreements, stock and other

851 instruments of property ownership (whether the property is tangible or  
852 intangible).

853  
854 "Intermediate Cost Objective" means a cost objective that is used to accumulate  
855 indirect costs or service center costs that are subsequently allocated to one or  
856 more indirect cost pools or final cost objectives. (Also see the definitions of cost  
857 objective and final cost objective.)

858  
859 "Internal Controls for Non-Federal Entities" means a process, implemented by an  
860 awardee, designed to provide reasonable assurance regarding the achievement of  
861 objectives in the following categories:

862  
863 Effectiveness and efficiency of operations;

864  
865 Reliability of reporting for internal and external use; and

866  
867 Compliance with applicable laws and regulations.

868  
869 "Internal Control Questionnaire" or "ICQ" means the financial and administrative  
870 risk assessment tool centrally used to assess an organization's fiscal and  
871 administrative risk profile. The automated ICQ is available through the Grantee  
872 Portal.

873  
874 "IRC" means the Internal Revenue Code.

875  
876 "Legislation" means action by Congress, any state legislature, any local council,  
877 or similar legislative body, or by the public in a referendum, ballot initiative,  
878 constitutional amendment, or similar procedure. "Legislation" includes a  
879 proposed treaty required to be submitted by the President to the U.S. Senate for its  
880 advice and consent from the time the President's representative begins to negotiate  
881 its position with the prospective parties to the proposed treaty. (See 26 CFR  
882 56.4911-2(d)(1)(i).)

883  
884 "Lobbying" means communication that is intended to influence legislation or  
885 executive action. (See the definitions of legislation, specific legislation, direct  
886 lobbying and grassroots lobbying and 26 CFR 56.4911-2)

887  
888 "*Local Government*" means any entity defined as a unit of local government by  
889 *Article VII, Section 1 of the Illinois Constitution and includes school districts.*

890  
891 "Maintenance of Effort" means a requirement contained in a program's  
892 authorizing legislation or program regulations stating that, to receive federal grant

893 funds, a recipient must agree to maintain a specified level of financial effort for  
894 the grant from its own resources and other non-federal sources.

895  
896 *"Major Program" means a State or federal program determined by the auditor to*  
897 *be a major program in accordance with UR section 200.518 or a program*  
898 *identified as a major program by a State awarding agency in accordance with UR*  
899 *section 200.503.*

900  
901 "Management Decision" means the evaluation by the State awarding agency or  
902 the federal awarding agency of the audit findings and corrective action plan and  
903 the issuance of a written decision to the auditee as to what corrective action is  
904 necessary.

905  
906 "Mandatory Formula-Based Grant" or "Mandatory Grant" means noncompetitive  
907 grant funding that is allocated to recipients based upon a set of pre-existing  
908 criteria, such as population or other census criteria; all applicants who meet the  
909 minimum requirements of the application process are entitled to receive money.

910  
911 "Matching" means third-party in-kind contributions and the portion of project  
912 costs not paid by federal funds, unless otherwise authorized by statute. (See the  
913 definition of cost sharing.)

914  
915 "Merit Review Policy" means the federally required application review process  
916 mandated for all discretionary State and federal pass-through awards (UR section  
917 200.205).

918  
919 "Micro-Purchase" means a purchase of supplies or services using simplified  
920 acquisition procedures (see Section 7000.30), the aggregate amount of which does  
921 not exceed the micro-purchase threshold. Micro-purchase procedures comprise a  
922 subset of an awardee's small purchase procedures. The awardee uses these  
923 procedures to expedite the completion of its lowest-dollar small purchase  
924 transactions and minimize the associated administrative burden and cost. The  
925 micro-purchase threshold for federally-funded grants is set under FAR in 48 CFR  
926 2 subpart 2.1. It is \$10,000 except as otherwise discussed in subpart 2.1, but this  
927 threshold is periodically adjusted for inflation. The Illinois small purchase  
928 threshold is set by the appropriate Chief Procurement Officer (CPO) under  
929 Section 20-20(c) of the Illinois Procurement Code and published in this Title 44  
930 by each CPO. Micro-purchase rules apply to local government and non-profit  
931 awardees. State agencies are subject to the Illinois Procurement Code.

932  
933 "Modified Total Direct Cost" or "MTDC" means all direct salaries and wages,  
934 applicable fringe benefits, materials and supplies, services, travel, and subawards  
935 up to the first ~~\$25,000~~ \$50,000 of each subaward (regardless of the period of

936 performance of the subawards under the award). MTDC excludes equipment,  
937 capital expenditures, charges for patient care, rental costs, tuition remission,  
938 scholarships and fellowships, participant support costs, and the portion of each  
939 subaward that exceeds ~~\$50,000~~~~\$25,000~~. Other items may only be excluded when  
940 necessary to avoid a serious inequity in the distribution of indirect costs, and with  
941 the approval of the cognizant agency for indirect costs.

942  
943 "Negotiated Rate" means the indirect (F&A) cost rate negotiated with and  
944 accepted by the federal or State awarding agency. Under the rate agreement,  
945 negotiated rates include final, fixed and predetermined rates and exclude  
946 provisional rates.

947  
948 "NDFI" means the Non-Discretionary Funding Information generated from the  
949 CSFA.

950  
951 "No-Cost Extension" means an extension of an active award that does not  
952 increase the total amount of the award.

953  
954 *"Non-Federal Entity" means a state, local government, institution of higher*  
955 *education, or organization, whether nonprofit or for-profit, that receives State,*  
956 *federal or federal pass-through financial assistance from a State or federal agency.*  
957 *In this Part, the term "awardee", "grantee", and "non-federal entity" are used*  
958 *interchangeably.*

959  
960 *"Nonprofit Organization" means any corporation, trust, association, cooperative*  
961 *or other organization, not including institutions of higher education, that:*

962  
963 *is operated primarily for scientific, educational, service, charitable or*  
964 *similar purposes in the public interest;*

965  
966 *is not organized primarily for profit; and*

967  
968 *uses net proceeds to maintain, improve or expand the operations of the*  
969 *organization.*

970  
971 "NOSA" means the Notice of State-Issued Award issued by a State awarding  
972 agency. The NOSA may be contained in one or more system-generated  
973 notifications through the statewide grant management system.

974  
975 "Notice of Funding Opportunity" or "NOFO" means an agency's formally issued  
976 announcement of the availability of State, federal or federal pass-through funding  
977 through one of its financial assistance programs. The announcement provides  
978 eligibility and evaluation criteria, funding preferences/priorities, the submission

979 deadline, and information on how to obtain an application for the funding  
980 opportunity.

981  
982 *"Obligations", when used in connection with an awardee's utilization of funds*  
983 *under an award, means:*

984  
985 *orders placed for property and services;*

986  
987 *contracts and subawards; and*

988  
989 *similar transactions, during a given period that require payment by the*  
990 *awardee during the same or future period.*

991  
992 *"Office of Management and Budget" or "OMB" means the federal Office of*  
993 *Management and Budget of the Executive Office of the President.*

994  
995 *"Oversight Agency for Audit", for federally-funded awards, means the federal*  
996 *awarding agency that provides the predominant amount of funding directly to an*  
997 *awardee not assigned a cognizant agency for audit. When there is no direct*  
998 *funding, the awarding agency that is the predominant source of pass-through*  
999 *funding must assume the oversight responsibilities. The duties of the oversight*  
1000 *agency for audit and the process for any reassignments are described in UR*  
1001 *section 200.513(b). For State-issued awards, "oversight agency for audit" is the*  
1002 *State Cognizant Agency.*

1003  
1004 *"Participant Support Costs" means direct costs for items such as stipends or*  
1005 *subsistence allowances, travel allowances, and registration fees paid to or on*  
1006 *behalf of participants or trainees (but not employees) in connection with*  
1007 *conferences or training projects.*

1008  
1009 *"Pass-Through Entity" means a non-federal entity that provides a subaward to a*  
1010 *subrecipient to carry out part of a program.*

1011  
1012 *"Performance Goal" means a target level of performance expressed as a tangible,*  
1013 *measurable objective or as a qualitative standard, value or rate. A performance*  
1014 *goal includes a performance indicator, a target, and a time period, and must be*  
1015 *expressed in an objective, quantifiable or measurable form when possible. When*  
1016 *necessary, a State awarding agency and an awardee shall use an alternative*  
1017 *performance goal (such as a set of milestones) described in a way that makes it*  
1018 *possible to discern whether progress is being made toward that goal.*

1019  
1020 *"Period of Performance" means the total estimated time interval between the start*  
1021 *of an Initial State or federal pass-through award and the planned end date, which*



1022 may include one or more funded portions or budget periods. Identification of the  
1023 Period of Performance in the award per UR 200.332 for federal pass-through  
1024 awards and Section 7000.370 of this Part does not commit the State awarding  
1025 agency to fund the award beyond the currently approved budget period.  
1026

1027 "Personal Property" means property other than real property. It may be tangible,  
1028 having physical existence, or intangible.  
1029

1030 "Personally Identifiable Information" or "PII" means information that can be used  
1031 to distinguish or trace an individual's identity, either alone or when combined with  
1032 other personal or identifying information that is linked or linkable to a specific  
1033 individual. Some information that is considered to be PII is available in public  
1034 sources such as telephone books, public websites, and university listings. This  
1035 type of information is considered to be public PII and includes, for example, first  
1036 and last name, address, work telephone number, email address, home telephone  
1037 number, and general educational credentials. The definition of PII is not anchored  
1038 to any single category of information or technology. Rather, it requires a  
1039 case-by-case assessment of the specific risk that an individual can be identified.  
1040 Non-PII can become PII whenever additional information is made publicly  
1041 available, in any medium and from any source that, when combined with other  
1042 available information, could be used to identify an individual.  
1043

1044 "Predetermined Rate" means an indirect cost rate, applicable to a specified current  
1045 or future period, usually the organization's fiscal year. The rate is based on an  
1046 estimate of the costs to be incurred during the period. A predetermined rate is not  
1047 subject to adjustment.  
1048

1049 "Prior Approval" or "Prior Written Approval" means an authorization by one  
1050 party, provided in writing to another party, to proceed in a specified manner.  
1051

1052 "*Private Award*" means an award from a person or entity other than a State or  
1053 federal entity or federal pass-through entity. *Private awards are not subject to*  
1054 *GATA.*  
1055

1056 "Program Income" means gross income received by the awardee directly  
1057 generated by a supported activity, or earned only as a result of the federal award  
1058 during the period of performance, except as provided in UR section 200.307(f) or  
1059 Section 7000.120(c)(4) of this Part, as applicable (also see the definition of period  
1060 of performance). "Program income" includes, but is not limited to, income from:

1061  
1062 fees for services performed;  
1063

1064 the use or rental of real or personal property acquired under State, federal  
1065 or federal pass-through entity awards;

1066  
1067 the sale of commodities or items fabricated under a State, federal or  
1068 federal pass-through entity award;

1069  
1070 license fees and royalties on patents and copyrights; and

1071  
1072 principal and interest on loans made with State, federal or federal pass-  
1073 through entity award funds.

1074  
1075 Interest earned on advances of State, federal or federal pass-through entity  
1076 award funds is not program income. Except as otherwise provided in State or  
1077 federal statutes, regulations, or the terms and conditions of the federal award,  
1078 program income does not include rebates, credits, discounts or interest earned  
1079 on any rebates, credits or discounts.

1080  
1081 *"Project Cost" means total allowable costs incurred under an award and all*  
1082 *required cost sharing and voluntary committed cost sharing, including third-party*  
1083 *contributions.*

1084  
1085 *"Property" means real property or personal property.*

1086  
1087 "Protected Personally Identifiable Information" or "Protected PII" means an  
1088 individual's first name or first initial and last name in combination with any one or  
1089 more types of information, including, but not limited to, the following:

1090  
1091 social security number;

1092  
1093 passport number;

1094  
1095 credit card numbers;

1096  
1097 security clearances;

1098  
1099 bank numbers;

1100  
1101 biometrics;

1102  
1103 date and place of birth;

1104  
1105 mother's maiden name;

1106

1107 criminal, medical and financial records; and

1108

1109 educational transcripts.

1110

1111 "Protected PII" does not include PII that is required by law to be disclosed.

1112

(See also the definition of Personally Identifiable Information.)

1113

1114 "Provisional Rate" means a temporary indirect cost rate applicable to a specified

1115

period that is used for funding, interim reimbursement, and reporting indirect

1116

costs on State, federal or federal pass-through entity awards pending the

1117

establishment of a final rate for the period.

1118

1119 "Public Institutions of Higher Education" means *the University of Illinois:*

1120

*Southern Illinois University; Chicago State University; Eastern Illinois*

1121

*University; Governors State University; Illinois State University; Northeastern*

1122

*Illinois University; Northern Illinois University; Western Illinois University; the*

1123

*public community colleges of the State and any other public universities, colleges*

1124

*and community colleges now or hereafter established or authorized by the*

1125

*General Assembly. [110 ILCS 205/1]*

1126

1127 "Questioned Cost" means a cost that is questioned by the auditor because of an

1128

audit finding:

1129

1130 That resulted from a violation or possible violation of a statute, regulation,

1131

or the terms and conditions of a State or federal award, including for funds

1132

used to match State or federal funds;

1133

1134 When the costs, at the time of the audit, are not supported by adequate

1135

documentation; or

1136

1137 When the costs incurred appear unreasonable and do not reflect the actions

1138

a prudent person would take in the circumstances.

1139

1140 "Real Property" means land, including land improvements, structures and

1141

appurtenances on the land, but excludes moveable machinery and equipment.

1142

1143 "*Recipient*" means an entity that receives a State or federal award *directly from a*

1144

*State or federal agency to carry out an activity under an award program.*

1145

*"Recipient" does not include subrecipients. (See the definition of non-federal*

1146

*entity.)*

1147

1148 "*Research and Development* " or "*R&D*" means *all research activities, both basic*

1149

*and applied, and all development activities that are performed by awardees. The*

1150 term "research" also includes activities involving the training of individuals in  
1151 research techniques when these activities use the same facilities as other research  
1152 and development activities and when these activities are not included in the  
1153 instruction function. "Research" is defined as a systematic study directed toward  
1154 fuller scientific knowledge or understanding of the subject studied.  
1155 "Development" is the systematic use of knowledge and understanding gained  
1156 from research directed toward the production of useful materials, devices, systems  
1157 or methods, including design and development of prototypes and processes.

1158  
1159 "SAM" means the federal System for Award Management  
1160 (<https://www.sam.gov>). Illinois uses SAM.gov as the federal clearinghouse for  
1161 qualification verification of potential awardees.

1162  
1163 "SAIN" means the unique State-issued award identification number assigned to  
1164 each State-issued award. The SAIN is system-generated through the CSFA.

1165  
1166 "Simplified Acquisition Threshold" means the dollar amount below which an  
1167 awardee may purchase property or services using small purchase methods.  
1168 Awardees adopt small purchase procedures to expedite the purchase of items  
1169 costing less than the simplified acquisition threshold. The simplified acquisition  
1170 threshold is set by 48 CFR subpart 2.1 (Definitions) and adjusted for inflation in  
1171 accordance with 41 U.S.C. 1908. The current simplified acquisition threshold for  
1172 federal and federal pass-through entity awardees is at or below \$250,000. The  
1173 simplified acquisition threshold applies to local government and non-profit  
1174 awardees receiving direct federal funding or federal pass-through funding. State  
1175 agencies and awardees receiving State funding are subject to the Illinois  
1176 Procurement Code. (See the definition of micro-purchase.)

1177  
1178 *"Single Audit Act" means the federal Single Audit Act Amendments of 1996.*

1179  
1180 "Special-Purpose Equipment" means equipment that is used only for research,  
1181 medical, scientific or other technical activities. Examples of special-purpose  
1182 equipment include microscopes, x-ray machines, surgical instruments, and  
1183 spectrometers.

1184  
1185 "Specific Legislation" means both legislation that has already been introduced in  
1186 a legislative body and a specific legislative proposal that an organization either  
1187 supports or opposes. In the case of a referendum, ballot initiative, constitutional  
1188 amendment, or other measure that is placed on the ballot by petitions signed by a  
1189 required number or percentage of voters, an item becomes "Specific Legislation"  
1190 when the petition is first circulated among voters for signature.

1191

1192 "State Agency" means an Illinois agency under the Governor that is authorized to  
1193 issue awards of State funds or awards of federal funds as a pass-through entity.  
1194 Illinois agencies not under the Governor and not statutorily required to follow  
1195 GATA but choose to do so are also considered State agencies for purposes of this  
1196 Part. For purposes of GATA, "State Agency" does not include public institutions  
1197 of higher education.

1198  
1199 "State Awarding Agency" means a State agency that provides an award to a non-  
1200 federal entity. "State awarding agency" has the same meaning as "State  
1201 grantmaking agency".

1202  
1203 "*State Cognizant Agency*" or "*SCA*" means the State awarding agency designated  
1204 to carry out the responsibilities described in UR sections 200.513  
1205 (Responsibilities), 200.205 (State awarding agency review of risk posed by  
1206 applicants), 200.207 (specific conditions for the fiscal and administrative risk  
1207 assessment) and 200.213 (suspension and debarment), and appendices III through  
1208 VII and IX to part 200, and GATA Section 25(6) (recipient/subrecipient  
1209 prequalification requirements). The State of Illinois uses these State cognizant  
1210 agencies as the State cognizant agencies for audit, indirect cost, prequalification  
1211 and fiscal and administrative risk assessment. Grantees are informed of their SCA  
1212 through the Grantee Portal. SCA assignments are also documented for State  
1213 agency personnel on the GATA implementation website.

1214  
1215 "State Fiscal Year" means the period beginning on July 1 and ending on June 30.

1216  
1217 "State-Issued Award" means:

1218  
1219 the State financial assistance that an awardee receives directly from a State  
1220 awarding agency; or

1221  
1222 the instrument setting forth the terms and conditions when the instrument  
1223 is the Grant Agreement, Cooperative Agreement or other agreement for  
1224 assistance.

1225  
1226 The funding source of the State-issued award can be federal, federal pass-  
1227 through, State, or a combination of those sources.

1228  
1229 "State-Issued Award" does not include the following:

1230  
1231 contracts issued pursuant to the Illinois Procurement Code that a State  
1232 agency uses to buy goods or services from a contractor or a contract to  
1233 operate State government-owned, contractor-operated facilities;

1234

1235 agreements that meet the definition of "contract" under 2 CFR 200.1 and 2  
1236 CFR 200.331, which a State agency uses to procure goods or services but  
1237 are exempt from the Illinois Procurement Code due to an exemption listed  
1238 under 30 ILCS 500/1-10, or pursuant to a disaster proclamation, executive  
1239 order, or any other exemption permitted by law;  
1240  
1241 amounts received for services rendered to an individual;  
1242  
1243 Cooperative Research and Development Agreements;  
1244  
1245 an agreement that provides only direct cash assistance to an individual;  
1246  
1247 a subsidy;  
1248  
1249 a loan;  
1250  
1251 a loan guarantee; or  
1252  
1253 insurance.

1254  
1255 (See also definitions of financial assistance, Grant Agreement, and Cooperative  
1256 Agreement.)  
1257

1258 *"State Interest" means the acquisition or improvement of real property, equipment*  
1259 *or supplies under a State-issued award, the dollar amount that is the product of*  
1260 *the State share of the total project costs and current fair market value of the*  
1261 *property, improvements, or both, to the extent the costs of acquiring or improving*  
1262 *the property were included as project costs.*

1263  
1264 *"State Program" means all State-issued awards that are assigned a single number*  
1265 *in the CSFA or a cluster of programs.*

1266  
1267 "State Share" means the portion of the total project costs that are paid by State  
1268 funds.

1269  
1270 "State Staff Inquiry Screen" means the intranet-based, centralized system used  
1271 internally by the State of Illinois to manage pre- and post-award requirements of  
1272 awardees.

1273  
1274 "Stop Payment Status" means the status of a grantee that is ineligible, either  
1275 temporarily or permanently, to receive grant funds from the State due to non-  
1276 compliance with grant requirements. (See also GCES).  
1277

1278 "Strategic Objective" means a goal that is usually outcome-oriented to reflect core  
1279 mission and service-related functions. Stewardship and related objectives may be  
1280 established to communicate the breadth of agency efforts. Strategic objectives  
1281 may be described in strategic plans and on performance.gov as:

1282  
1283 Mission/Service-Focused. A type of strategic objective that expresses  
1284 more specifically the path an agency plans to follow to achieve or make  
1285 progress on a single strategic goal. Mission-focused strategic objectives  
1286 typically reflect the core functions and activities of the agency based on  
1287 statutory or leadership priorities that drive their efforts in addressing  
1288 pressing relevant national problems, needs, and challenges. For programs  
1289 that deliver direct services to customers, this may also include the  
1290 objective of providing a good experience for customers, and is therefore  
1291 service-focused. Service-focused objectives are activities that reflect the  
1292 interactions between individual citizens or businesses and State or federal  
1293 agencies in providing direct services on behalf of the State or federal  
1294 government and which is core to the mission of the agency.

1295  
1296 Mission/Service-Focused (Crosscutting/Other). A type of strategic  
1297 objective that is not directly tied to a single strategic goal, but may be tied  
1298 to several or none. In some circumstances, agencies perform statutory or  
1299 crosscutting activities that are not closely tied to a single strategic goal.

1300  
1301 Stewardship-Focused. A type of strategic objective that reflects the  
1302 agency's activities and responsibilities to provide appropriate safeguards  
1303 in executing mission- and service-related activities effectively and  
1304 efficiently, including minimizing instances of waste, fraud, and abuse.  
1305 These objectives typically communicate improvement priorities for  
1306 management functions such as strategic human capital management,  
1307 information technology, or financial stewardship. Often management  
1308 objectives support more than one strategic goal.

1309  
1310 *"Student Financial Aid" or "SFA" means federal awards under those programs of*  
1311 *general student assistance, such as those authorized by Title IV of the Higher*  
1312 *Education Act of 1965 (20 U.S.C. 1070 et seq.), as amended, that are*  
1313 *administered by the United States Department of Education and similar programs*  
1314 *provided by other federal agencies. "Student Financial Aid" does not include*  
1315 *federal awards under programs that provide fellowships or similar federal*  
1316 *awards to students on a competitive basis or for specified studies or research.*  
1317 *Individual direct recipients are not subject to the controls required by this Part.*

1318  
1319 "Subgrant" means an award provided by a pass-through entity to a subrecipient  
1320 for the subrecipient to carry out part of an award received by the pass-through

1321 entity. Terms of the Grant Agreement may specify that the primary grantee will  
1322 use another party through a subgrant to carry out part of the State-issued award  
1323 received by the grantee. "Subgrant" does not include payments to a contractor or  
1324 payments to an individual who is a beneficiary of a State or federal program. A  
1325 "subgrant" may be provided through any form of legal agreement, including an  
1326 agreement that the grantee considers a contract.

1327  
1328 *"Subrecipient" means a non-federal entity that receives an award from a pass-*  
1329 *through entity to carry out part of a federal or State program. A subrecipient is*  
1330 *also known as a first-tier subrecipient or awardee. There can be additional tiers of*  
1331 *subrecipients based on pass-through levels. "Subrecipient" does not include an*  
1332 *individual who is a beneficiary of the program. A subrecipient may also be a*  
1333 *recipient of other State or federal awards directly from a State or federal*  
1334 *awarding agency.*

1335  
1336 *"Supply" ~~"Supplies"~~ means all tangible personal property other than those*  
1337 *described in the ~~definition of~~ equipment definition. A computing device is a*  
1338 *supply if the acquisition cost is below ~~less than~~ the lesser of the capitalization level*  
1339 *established by the awardee for financial statement purposes or \$10,000 ~~\$5,000~~,*  
1340 *regardless of the length of its useful life.*

1341  
1342 *"Suspension" means a post-award action by the State or federal agency or pass-*  
1343 *through entity that temporarily withdraws the State or federal agency's or pass-*  
1344 *through entity's financial assistance sponsorship under an award, pending*  
1345 *corrective action by the awardee or subrecipient or pending a decision to*  
1346 *terminate the award.*

1347  
1348 *"Termination" means the ending of a federal or federal pass-through entity award*  
1349 *or State-issued award, in whole or in part, at any time before the planned end of*  
1350 *the period of performance.*

1351  
1352 *"Third-Party In-Kind Contributions" means the value of non-cash contributions*  
1353 *(i.e., property or services) that benefit a State- or federally-assisted project or*  
1354 *program and are contributed by non-federal third parties, without charge, to an*  
1355 *awardee under a State or federal award.*

1356  
1357 *"Total Compensation" means the cash and noncash dollar value earned by the*  
1358 *executive during the grantee's or subrecipient's preceding fiscal year and includes*  
1359 *the following: salary and bonus; awards of stock, stock options and stock*  
1360 *appreciation rights; earnings for services under non-equity incentive plans; and*  
1361 *change in pension value.*

1362



1363 "Treasury-State Cash Management Improvement Act Agreement" means the  
1364 Treasury-State Agreement (TSA) the State must enter into with the U.S.  
1365 Department of the Treasury's Bureau of Fiscal Service to set forth terms and  
1366 conditions for implementing CMIA.

1367  
1368 "Unallowable Cost" means a cost specified by law or regulation, federal cost  
1369 principles, or the terms and conditions of an award that may not be reimbursed  
1370 under a Grant or Cooperative Agreement.

1371  
1372 *"Uniform Administrative Requirements, Costs Principles, and Audit Requirements*  
1373 *for Federal Awards"* or "Uniform Requirements" or "UR" means those rules  
1374 *applicable to grants contained in 2 CFR 200.*

1375  
1376 "Unique Entity Identifier" or "UEI" means the unique identifier assigned to the  
1377 Grantee or to subrecipients by SAM.gov.

1378  
1379 "Unliquidated Obligations" means, for financial reports prepared on a cash basis,  
1380 obligations incurred by the awardee that have not been paid (liquidated). For  
1381 reports prepared on an accrual expenditure basis, these are obligations incurred by  
1382 the awardee for which an expenditure has not been recorded.

1383  
1384 "Unobligated Balance" means the amount of funds under a State or federal award  
1385 that the awardee has not obligated. The amount is computed by subtracting the  
1386 cumulative amount of the awardee's unliquidated obligations and expenditures of  
1387 funds under the State-issued award from the cumulative amount of the funds that  
1388 the State awarding agency authorized the awardee to obligate.

1389  
1390 "U.S.C." means the United States Code.

1391  
1392 *"Voluntary Committed Cost Sharing" means cost sharing specifically pledged on*  
1393 *a voluntary basis in the proposal's budget or the award on the part of the awardee*  
1394 *and that becomes a binding requirement of the award. [30 ILCS 708/15]*

1395  
1396 "Working Capital Advance" means an advance cash payment from the State  
1397 awarding agency to the awardee to cover estimated disbursement needs for an  
1398 initial period, generally geared to the awardee's disbursing cycle. This includes  
1399 initial start-up cost and normal monthly grant expense, not to exceed two months  
1400 of monthly grant expenses.

1401  
1402 (Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

1403  
1404 **Section 7000.40 Incorporations and Referenced Materials**

1405

- 1406 a) References to Federal Statutes  
1407  
1408 1) Cash Management Improvement Act of 1990 (31 U.S.C. 6501)  
1409  
1410 2) Federal Funding Accountability and Transparency Act of 2006 (FFATA)  
1411 (31 U.S.C. 6101 note)  
1412  
1413 3) Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301)  
1414  
1415 4) Freedom of Information Act (FOIA) (5 U.S.C. 552)  
1416  
1417 5) Higher Education Act of 1965, Title IV (20 U.S.C. 1070 through 1099d)  
1418  
1419 6) International Organizations Immunities Act (22 U.S.C. 288)  
1420  
1421 7) Internal Revenue Code (26 U.S.C.)  
1422  
1423 8) Inflation adjustment of acquisition-related dollar thresholds (41 U.S.C.  
1424 1908) (Simplified Acquisition Procedures)  
1425  
1426 9) Single Audit Act of 1984, as amended by the Single Audit Act  
1427 Amendments of 1996 (31 U.S.C. 7501)  
1428  
1429 b) References to Illinois Statutes  
1430  
1431 1) Grant Accountability and Transparency Act [30 ILCS 708] (Act or  
1432 GATA)  
1433  
1434 2) Fiscal Control and Internal Auditing Act [30 ILCS 10]  
1435  
1436 3) Freedom of Information Act (FOIA) [5 ILCS 140]  
1437  
1438 4) Illinois Grant Funds Recovery Act (GFRA) [30 ILCS 705]  
1439  
1440 5) Illinois State Auditing Act [30 ILCS 5]  
1441  
1442 6) Board of Higher Education Act [110 ILCS 205]  
1443  
1444 7) Illinois Procurement Code [30 ILCS 500]  
1445  
1446 8) State Property Control Act [30 ILCS 605]  
1447  
1448 9) Illinois State Collection Act of 1986 [30 ILCS 210]

- 1449
- 1450 10) Civil Administrative Code of Illinois (State Budget Law) [15 ILCS 20];
- 1451 Section 50-25 creates Budgeting for Results
- 1452
- 1453 11) Rights of Crime Victims and Witnesses Act [725 ILCS 120]
- 1454
- 1455 12) Department of Human Services Act [20 ILCS 1305]
- 1456
- 1457 13) Grant Information Collection Act [30 ILCS 707]
- 1458
- 1459 14) Intergovernmental Cooperation Act [5 ILCS 220]
- 1460
- 1461 c) Incorporations by Reference
- 1462
- 1463 1) Federal Regulations
- 1464
- 1465 A) Uniform Administrative Requirements, Cost Principles, and Audit
- 1466 Requirements for Federal Awards (2 CFR 200 ([October 1,](#)
- 1467 [2024](#)~~November 12, 2020~~)):
- 1468
- 1469 i) 2 CFR 200 Subpart B – General Provisions except for:
- 1470
- 1471 • With respect to section 200.204(b), the timeframe
- 1472 shall be 30 calendar days. If the State awarding
- 1473 agency determines extenuating circumstances
- 1474 require a shorter NOFO posting period, prior
- 1475 permission must be obtained from GATU through a
- 1476 written notification;
- 1477
- 1478 • With respect to section 200.205, an appeal must be
- 1479 described and incorporated with the merit review
- 1480 process;
- 1481
- 1482 • Under section 200.206, a risk-based approach as
- 1483 described in subsection (c) shall be used; and
- 1484
- 1485 • Section 200.211 contains State-related references.
- 1486
- 1487 ii) 2 CFR 200 Subpart C – Pre-Federal Award Requirements
- 1488 and Contents of Federal Awards
- 1489
- 1490 iii) 2 CFR 200 Subpart D – Post-Federal Award Requirements
- 1491 except for:

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- In section 200.308(e), add that regardless of the size of the award, if not otherwise restricted by federal or State requirements, the sum total of line-item transfers are capped at \$50,000 ~~and/or~~ limited to 10% of the total award, whichever is less. Line-item transfers larger than this require a budget revision and approval from the State awarding agency.
  
  - In section 200.337, add that 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 the authorized representatives, must have the right of access to any documents, papers or other records of the awardee that are pertinent to the State-issued award to make audits, examinations, excerpts and transcripts. This right also includes timely and reasonable access to the awardee's personnel for the purpose of interview and discussion related to these documents.
- iv) 2 CFR 200 Subpart E – Cost Principles
- v) 2 CFR 200 Subpart F – Audit Requirements
- vi) 2 CFR 200 Appendix I – Full Text of Notice of Funding Opportunity
- vii) 2 CFR 200 Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- viii) 2 CFR 200 Appendix III – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education
- ix) 2 CFR 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations

- 1534 x) 2 CFR 200 Appendix V – State/Local Government and  
1535 Indian Tribe-Wide Central Service Cost Allocation Plans  
1536  
1537 xi) 2 CFR 200 Appendix VI – Public Assistance Cost  
1538 Allocation Plans  
1539  
1540 xii) 2 CFR 200 Appendix VII – States and Local Government  
1541 and Indian Tribe Indirect Cost Proposals  
1542  
1543 xiii) 2 CFR 200 Appendix VIII – Nonprofit Organizations  
1544 Exempted from Subpart E – Cost Principles  
1545  
1546 xiv) 2 CFR 200 Appendix IX – Hospital Cost Principles  
1547  
1548 xv) 2 CFR 200 Appendix X – Data Collection Form (Form SF-  
1549 SAC)  
1550  
1551 xvi) 2 CFR 200 Appendix XI – Compliance Supplement  
1552  
1553 xvii) 2 CFR 200 Appendix XII – Award Term and Condition for  
1554 Recipient Integrity and Performance Matters  
1555  
1556 B) Cost Accounting Standards (48 CFR 9904 (2022))  
1557  
1558 C) Federal Acquisition Regulations System (FAR) (48 CFR 1 (2022))  
1559  
1560 D) Rights to Inventions Made by Nonprofit Organizations and Small  
1561 Business Firms Under Government Awards, Contracts and  
1562 Cooperative Agreements (37 CFR 401 (2022))  
1563  
1564 E) Rules and Procedures for Efficient Federal-State Funds Transfers  
1565 (31 CFR 205) (2022)  
1566  
1567 2) "Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost  
1568 Sharing and Tuition Remission Costs", Office of Management and  
1569 Budget, Memorandum M-01-06 (2001), available at  
1570 <https://www.whitehouse.gov/wp-content/uploads/2017/11/2001-M-01-06-Clarification-of-OMB-A-21-Treatment-of-Voluntary-Uncommitted-Cost-Sharing-and-Tuition-Remission-Costs.pdf>  
1571  
1572  
1573  
1574 3) Government Auditing Standards (also known as "GAGAS" or the "Yellow  
1575 Book"), U.S. Government Accountability Office by the Comptroller

- 1576 General of the United States (2021 Revision)  
1577 (<http://www.gao.gov/yellowbook>)  
1578  
1579 4) "Internal Control Integrated Framework" (2013), Committee of  
1580 Sponsoring Organizations of the Treadway Commission (COSO),  
1581 available at  
1582 [https://www.coso.org/files/ugd/3059fc\\_1df7d5dd38074006bce8fdf621a9](https://www.coso.org/files/ugd/3059fc_1df7d5dd38074006bce8fdf621a942cf.pdf)  
1583 [42cf.pdf](https://www.coso.org/sitepages/internal-control.aspx?web=1) ~~<https://www.coso.org/sitepages/internal-control.aspx?web=1>~~  
1584  
1585 5) "Policies for Federal Credit Programs and Non-Tax Receivables", Office  
1586 of Management and Budget, Circular A-129 (2013), available at  
1587 [https://www.whitehouse.gov/wp-](https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/circulars/A129/a-129.pdf)  
1588 [content/uploads/legacy\\_drupal\\_files/omb/circulars/A129/a-129.pdf](https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/circulars/A129/a-129.pdf)  
1589 ~~<https://fiscal.treasury.gov/files/dms/circ-a129-upd-0113.pdf>~~  
1590  
1591 6) "Preparation, Submission, and Execution of the Budget", Office of  
1592 Management and Budget, Circular A-11 (2022), available at  
1593 <https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf>  
1594  
1595 7) "Standards for Internal Control in the Federal Government" (2014) (also  
1596 known as the "Green Book"), Comptroller General of the United States,  
1597 available at <http://www.gao.gov/products/GAO-14-704G>  
1598  
1599 8) "Management's Responsibility for Enterprise Risk Management and  
1600 Internal Control", Office of Management and Budget, Circular A-123  
1601 (2016), available at [https://www.whitehouse.gov/wp-](https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/memoranda/2016/m-16-17.pdf)  
1602 [content/uploads/legacy\\_drupal\\_files/omb/memoranda/2016/m-16-17.pdf](https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/memoranda/2016/m-16-17.pdf).  
1603  
1604 d) No later editions of the regulations and standards listed in subsection (c) are  
1605 incorporated in this Part.  
1606

1607 (Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)  
1608

1609 **Section 7000.80 Grantee Compliance Enforcement System; Illinois Stop Payment List**  
1610

- 1611 a) GATA established a Grantee Compliance Enforcement System (GCES) that  
1612 outlines a statewide framework for State agencies to manage occurrences of  
1613 noncompliance with grant requirements.  
1614  
1615 b) Grantees and applicants may not participate in State-issued award programs or  
1616 activities if they are debarred, suspended or otherwise deemed ineligible under the  
1617 terms of the GCES.  
1618

- 1619 c) GCES is required for all grants that are subject to UR and GATA. (All grants are  
1620 assumed to be subject to UR and GATA unless an exception or exemption was  
1621 authorized by GATU in accordance with Section 7000.60(f).)  
1622
- 1623 d) GATA requires GOMB to maintain a list *that contains the names of those*  
1624 *individuals and entities that are ineligible, either temporarily or permanently, to*  
1625 *receive grant funds from the State.* [30 ILCS 708/60(a)(8)] The list, termed the  
1626 Illinois Stop Payment List, is a component of GCES.  
1627
- 1628 e) The Illinois Stop Payment List is a dynamic snapshot of awardees out of  
1629 compliance with select grant management requirements. Entities on the Illinois  
1630 Stop Payment List are in Stop Payment Status. Utilizing a centralized list of  
1631 awardees in Stop Payment Status raises awareness of noncompliance to promote  
1632 timely resolution and safeguarding of State resources.  
1633
- 1634 f) Under GCES, the severity of an entity's noncompliance issue determines whether  
1635 the entity is placed on temporary or permanent Stop Payment Status. Permanent  
1636 Stop Payment Status requires a preponderance of the evidence as defined by 2  
1637 CFR 180.990. A temporary Stop Payment Status can be remediated.  
1638
- 1639 1) Delinquent Reporting Based on the Terms Specified in the Grant  
1640 Agreement  
1641
- 1642 A) Agency rules shall specify procedures for managing awardee  
1643 submittal of required financial and performance reports. The  
1644 protocol shall provide a due diligence process for State agency-  
1645 generated reminders to the awardee in advance of reporting due  
1646 dates.  
1647
- 1648 B) Agency rules shall allow the State awarding agency to extend the  
1649 reporting deadline due to extenuating circumstances. Reporting  
1650 extensions must be justified in writing by the State awarding  
1651 agency. A report due date may only be extended one time.  
1652
- 1653 C) The State awarding agency shall withhold payments to the entity if  
1654 a report is more than 15 business days past the original or extended  
1655 due date. Agency rules shall include awardee notification of the  
1656 State agency contact for Stop Payment Status inquiries.  
1657
- 1658 D) If the report is not submitted within 30 business days after the  
1659 original or extended due date, the State awarding agency shall  
1660 place the awardee in temporary Stop Payment Status on the Illinois  
1661 Stop Payment List. (See Section 7000.260.)

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- 2) Immediate Placement on Stop Payment List in Temporary Status. The following occurrences of noncompliance will result in the awardee being immediately placed in temporary Stop Payment Status on the Illinois Stop Payment List:
  - A) Failure to submit a required refund payment or missed payment from the payment plan within 15 business days after the due date (including approved extensions);
  - B) Failure to clear fiscal or administrative monitoring issues;
  - C) Failure to submit an audit report within 15 business days after the due date (including approved extensions);
  - D) Failure to respond to an outstanding audit report or onsite review correction action for deficiencies and material weaknesses, including payment of questioned costs;
  - E) Fact-based discretionary issues documented by the Agency Director, General Counsel, Agency's Office of the Inspector General, Chief Financial Officer, Chief of Staff, or Chief Operating Officer. (See Section 7000.260.)
  
- 3) Grantees will be placed in permanent Stop Payment Status on the Illinois Stop Payment List for the following infractions:
  - A) Facts documented by the applicable State agency, including but not limited to:
    - i) Conviction of, or civil judgment for, commission of fraud or a criminal offense, violation of federal or state antitrust statutes, commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, tax evasion, or commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the grantee's present responsibility.
    - ii) Violation of grant terms or a transaction so serious as to affect the integrity of the program, such as a willful failure to perform in accordance with grant terms, a history of failure to perform or of unsatisfactory performance, or a



willful violation of statutory or regulatory provisions or requirements applicable to a grant.

iii) Any other cause so serious or compelling in nature that it affects present responsibilities.

B) Fraud documented by the Office of the Executive Inspector General or another governmental entity's investigation.

4) In accordance with the Illinois State Collection Act of 1986, all debts that exceed \$250 and are more than 90 days past due shall be placed on the Comptroller's Offset System *unless (i) the State agency shall have entered into a deferred payment plan or demonstrates to the Comptroller's satisfaction that referral for offset is not cost effective; or (ii) the State agency is a university that elects to place in the Comptroller's Offset System only debts that exceed \$1,000 and are more than 90 days past due. All debt, and maintenance of that debt, that is placed in the Comptroller's Offset System must be submitted electronically to the Office of the Comptroller. Any exceptions to this requirement must be approved in writing by the Comptroller. [30 ILCS 210/5].*

g) Procedure

1) The State awarding agency shall notify the grantee in writing of the non-compliance issue. The communication must state that the grantee and its parent organization, if applicable under subsection (h), will be placed on the Illinois Stop Payment List if adequate action by the grantee, including raising any objections, is not taken within 15 calendar days after receipt of the notification.

2) State agencies shall have the discretion to determine the medium of written correspondence, including e-mail distribution, certified mail, or post office delivery. If applicable, the parent of the entity shall be copied on the correspondence. The written correspondence must specify the following:

A) Grantee name of record and FEIN;

B) Applicable grant award name and CSFA number;

C) Non-compliance issues, with detailed facts to support each issue;

D) How the grantee can correct the non-compliance issue, if

- 1747 applicable;
- 1748
- 1749 E) An opportunity for dialogue or written objections regarding the
- 1750 non-compliance issue;
- 1751
- 1752 F) Contact information for questions or coordination of corrective
- 1753 action; and
- 1754
- 1755 G) A statement that State agencies cannot execute or modify grants to
- 1756 entities on the Illinois Stop Payment List and that payments to
- 1757 entities on the Illinois Stop Payment List will be subject to
- 1758 additional authorization.
- 1759
- 1760 3) If the grantee takes no adequate action within 15 calendar days after it
- 1761 receives the notice, the State agency shall place the grantee and the
- 1762 grantee's parent, if applicable, on the Illinois Stop Payment List. A written
- 1763 notice in the form of a final administrative determination shall be provided
- 1764 to the grantee and the grantee's parent, if applicable, stating that the Stop
- 1765 Payment Status has been invoked on that date or upon another date
- 1766 specified in the State agency's grant rules.
- 1767
- 1768 4) If the State agency receives a written notice from the grantee within 15
- 1769 calendar days after the grantee receives the notice, the agency shall
- 1770 endeavor to review the objection within 15 calendar days to determine
- 1771 whether the grantee has complied with the requirements at issue.
- 1772
- 1773 A) If the agency decides in favor of the grantee, it shall notify the
- 1774 grantee that the grantee is in compliance and will not be placed on
- 1775 the Illinois Stop Payment List based on the non-compliance issue
- 1776 under discussion.
- 1777
- 1778 B) If the agency decides against the grantee, it shall notify the grantee
- 1779 that the grantee is not in compliance and will be added to the
- 1780 Illinois Stop Payment List. If the non-compliance issue is a
- 1781 delinquent report, then, following the resolution of the grantee's
- 1782 unsuccessful objection, the grantee shall be added to the Illinois
- 1783 Stop Payment List either 30 calendar days after the original
- 1784 report's due date (or, if more than 30 calendar days have passed
- 1785 since the report's due date, 10 calendar days after the agency's
- 1786 decision) or on a different date specified by the State agency's
- 1787 grant rules.
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- 1789 h) The following protocol shall apply under a parent/child relationship:

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- 1) If the parent or child is placed on temporary or permanent Stop Payment Status, all children will be placed on the same Stop Payment Status.
  - 2) If the child is placed on temporary Stop Payment Status, the parent will be placed on temporary Stop Payment Status as well, because the parent is accountable for compliance oversight of the child.
  - 3) If the child is placed on permanent Stop Payment Status as the result of the actions of an individual, the parent will be notified and will also be placed on permanent Stop Payment Status, because the parent is accountable for compliance oversight of the child. A parent may be pardoned from the non-compliance issue and removed from permanent Stop Payment Status. To do so, the parent must provide evidence to the State agency that imposed the Stop Payment Status that adequate internal controls have been implemented and are functioning to guard against a recurrence of the non-compliance issue. The State agency shall then remove the parent's permanent Stop Payment Status, but may impose additional specific conditions for grant oversight.
  - 4) The State awarding agency may impose oversight requirements to enforce accountability in other parent/child relationships.
- i) State agencies may not execute or modify a grant to increase funding or extend the grant term of an entity on the [temporary Illinois Stop Payment List](#) unless extenuating circumstances (e.g., court order or consent decree) dictate or the grant modification is approved by the agency and would allow the grantee to become compliant. State agencies shall refer to the State Staff Inquiry Screen or the Illinois Stop Payment List to verify Stop Payment Status.
- 1) GOMB will initiate a nightly data inquiry to compare awardee FEIN numbers on the Illinois Stop Payment List to the Illinois Comptroller's Data Warehouse to determine if any transactions have occurred after the Stop Pay Date.
  - 2) If a payment transaction has been initiated to an entity on the Illinois Stop Payment list:
    - A) The State agency that initiated the transaction will be notified via email of the Stop Pay Status and provided a link to the awardee's Illinois Stop Payment record.

1832 B) The State agency shall review the Illinois Stop Payment record and  
1833 determine if the recent payment initiated by the State agency  
1834 should be withheld. It is recommended that the Stop Payment  
1835 Status be enforced; however, extenuating circumstances (e.g.,  
1836 court order, consent decree, or federally-mandated funding or  
1837 matching requirements) may require the payment.  
1838

1839 C) If applicable, the State agency shall explain why the Stop Payment  
1840 Status is being overridden using the Payment Justification field in  
1841 the Illinois Stop Payment List. All decisions to override the Stop  
1842 Payment Status must be justified in the List. The override can be  
1843 valid for one payment or a period of time. Each override cannot  
1844 exceed the duration of the current fiscal year (including the lapse  
1845 period).  
1846

1847 j) Only the State agency that placed an awardee on the Illinois Stop Payment List  
1848 can remove the Stop Pay Status.  
1849

1850 1) The State agency that issued the Stop Pay Status is responsible for follow-  
1851 up to resolve noncompliance.  
1852

1853 2) When the noncompliance issues are resolved, the State agency that issued  
1854 the Stop Pay Status shall remove the awardee from the Illinois Stop  
1855 Payment List.  
1856

1857 3) Refer to Section 7000.260(d) (Maintenance and Use of the Illinois Stop  
1858 Payment List).  
1859

1860 k) The Illinois Stop Payment List will archive all Stop Pay Statuses to document  
1861 historic prior grant compliance issues. State agencies are encouraged to consider  
1862 all Stop Pay Status occurrences as part of the awarding or modifying process.  
1863

1864 (Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)  
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### 1866 **Section 7000.90 Auditing Requirements**

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1868 Following UR section 200.501 (Audit Requirements):  
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1870 a) Awardees, excluding for-profits, that expend ~~\$1,000,000~~\$750,000 or more during  
1871 the non-federal entity's fiscal year in federal awards (federal pass-through and  
1872 direct federal funds) must have a single audit conducted in accordance with UR  
1873 section 200.514. Awardees meeting certain requirements may elect to have a

- 1874 program-specific audit conducted in accordance with UR section 200.507. (See  
1875 Section 7000.90(d) for audit requirements for for-profit subrecipients.)  
1876
- 1877 b) Awardees that expend less than ~~\$1,000,000~~\$750,000 during the non-federal  
1878 entity's fiscal year in federal awards (federal pass-through and direct federal  
1879 funds) from all sources are exempt from federal audit requirements for that year.  
1880 These non-federal entities are not subject to the single audit requirements.  
1881
- 1882 c) Awardees that expend less than ~~\$1,000,000~~\$750,000 in direct federal and federal  
1883 pass-through funds from all sources are subject to the following audit  
1884 requirements:  
1885
- 1886 1) Awardees that expend ~~\$750,000~~\$500,000 or more in State-issued awards,  
1887 singularly or in any combination and are not subject to the single audit:  
1888
- 1889 A) Must have a financial statement audit conducted in accordance  
1890 with GAGAS; and  
1891
- 1892 B) If deemed to be high risk based on the grantee's overall risk profile  
1893 (obtained from the Financial and Administrative Risk Assessment,  
1894 the Merit Review, or the Programmatic Risk Assessment mandated  
1895 by UR section ~~200.332~~200.331 (see Section 7000.340)):  
1896
- 1897 i) Must have an audit conducted in accordance with GAGAS;  
1898 and  
1899
- 1900 ii) Are required to undergo either an on-site review conducted  
1901 by the State Cognizant Agency or an agreed-upon  
1902 procedures engagement, paid for and arranged by the pass-  
1903 through entity or pass-through entities in accordance with  
1904 UR section 200.425.  
1905
- 1906 2) Awardees that do not meet the requirements in subsection (c)(1) but  
1907 expend ~~\$500,000~~\$300,000 or more in State-issued awards, singularly or in  
1908 any combination, from a State awarding agency, during the awardee's  
1909 fiscal year must have a financial statement audit conducted in accordance  
1910 with GAAS.  
1911
- 1912 3) If the grantee is a Local Education Agency (as defined in 34 CFR 77.1), it  
1913 must have a financial statement audit conducted in accordance with  
1914 GAGAS, as required by 23 Ill. Admin. Code 100.110, regardless of the  
1915 dollar amount of expenditures of federal pass-through and State-Issued  
1916 Awards from a State awarding agency.

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- 4) If the grantee does not meet the requirements in subsections (a) and (c)(1) through (c)(3) but ~~has~~is required to have a financial statement audit conducted voluntarily or based on other regulatory requirements, it must submit those audits for review.
  
- 5) Non-federal entities that are not required to have an audit conducted must submit a Consolidated Year-end Financial Report using the Grantee Portal.
  
- d) For-profit Awardees. The pass-through entities are responsible for ensuring awardee compliance with established requirements. Methods to ensure compliance for State-issued awards to for-profit subrecipients may include pre-award audits, monitoring during the agreement period of performance, and post-award audits. See also UR section 200.332~~4~~ (Requirements for Pass-through Entities).
  - 1) For-profit Awardees Audit Requirements. For-profit awardees who expend ~~\$1,000,000~~\$750,000 or more in federal pass-through funds from a State awarding agency during the awardee's fiscal year must have a program-specific audit conducted in accordance with UR section 200.507 (Program-specific Audits).
    - A) State awarding agencies must provide the awardee the program-specific audit guide, when available.
    - B) If a program-specific guide is not available, the auditor and auditee have the same responsibilities for the program as they would have for a major program in a single audit.
  - 2) For-profit awardees who expend less than ~~\$1,000,000~~\$750,000 in federal pass-through funds from a State awarding agency during the awardee's fiscal year must follow the audit requirements in subsections (c)(1) through (c)(4).
  
- e) Awardees who do not meet the requirements in subsection (c) or (d) but have audits conducted based on other regulatory requirements must submit those audits for review.
  
- f) Single Audit and Program Specific Audit Report Submission. Single audits conducted in accordance with this Section, including any program or regulatory audit requirements, must be completed and the reporting package described in subsection (g) must be submitted by the awardee to the Federal Audit

- 1960 Clearinghouse, as required by UR section 200.512 and the Grantee Portal, within  
1961 the earlier of 30 calendar days after receipt of the auditor's reports or 9 months  
1962 after the end of the awardee's audit period. If the due date falls on a Saturday,  
1963 Sunday or State/federal holiday, the reporting package is due the next business  
1964 day.  
1965
- 1966 g) Financial Statement Audits conducted in accordance with this Section must be  
1967 completed and the reporting package described in subsection (h) must be  
1968 submitted by the awardee using the Grantee Portal within the earlier of 30  
1969 calendar days after receipt of the auditor's reports or 6 months after the end of the  
1970 awardee's audit period. If the due date falls on a Saturday, Sunday or  
1971 State/federal holiday, the reporting package is due the next business day.  
1972
- 1973 h) Reporting package submissions must include:  
1974
- 1975 1) For Single Audit and Program Specific Audit submissions:  
1976
- 1977 A) All items identified in UR section 200.512(c);  
1978
- 1979 B) Management letters issued by the auditors, and their respective  
1980 corrective action plans if significant deficiencies or material  
1981 weaknesses are identified; and  
1982
- 1983 C) Consolidated Year-end Financial Report with an "in relation to  
1984 opinion".  
1985
- 1986 D) A copy of the results of the most recent peer review of the audit  
1987 firm.  
1988
- 1989 2) For Financial Statement Audit submissions:  
1990
- 1991 A) Financial Statements;  
1992
- 1993 B) Summary schedule of Prior Audit Findings, when applicable;  
1994
- 1995 C) Auditor's report;  
1996
- 1997 D) Corrective Action Plan (when Audit Report identifies findings);  
1998
- 1999 E) Management letters issued by the auditors, and their respective  
2000 corrective action plans if significant deficiencies or material  
2001 weaknesses are identified; and  
2002

- 2003 F) Consolidated Year-end Financial Report with an "in relation to
- 2004 opinion";
- 2005
- 2006 G) A copy of the results of the most recent peer review of the audit
- 2007 firm.
- 2008

2009 ~~3) Awardees that are not required to have an audit conducted must submit a~~

2010 ~~Consolidated Year-end Financial Report using the Grantee Portal.~~

2011

2012 (Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

2013

2014 SUBPART B: GOVERNOR'S OFFICE OF MANAGEMENT

2015 AND BUDGET (GOMB) RESPONSIBILITIES

2016

2017 **Section 7000.110 GOMB Adoption of Supplemental Rules for Multi-Year Grants**

2018

2019 a) The Issuance of One-Year Grants

2020

2021 1) An awardee must have a minimum of 5 years of experience in

2022 administering grants (federal, State or private sources) to be eligible for a

2023 multi-year award.

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2025 2) All awardees with less than 5 years of experience in administering grants

2026 (federal, State or private sources) are eligible for a multi-year award, if

2027 conditions are met:

2028

2029 A) The State awarding agency must assign specific conditions to the

2030 awardee in response to the risk posed by the applicant through the

2031 ICQ and programmatic risk assessment;

2032

2033 B) Specific condition compliance must be monitored by the State

2034 awarding agency or pass-through entity throughout the grant term;

2035 and

2036

2037 C) Renewal grants are conditioned on a comprehensive evaluation of

2038 the awardee's fiscal, administrative, and programmatic compliance

2039 during the preceding grant term.

2040

2041 b) The issuance of discretionary grants in 3-year terms (one-year initial term with the

2042 option to renew for up to 2 additional years).

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2044 1) A multi-year award is defined as a one-year grant with subsequent renewal

2045 grants. A multi-year award may not exceed 3 years of total funding.



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- 2) All grant programs that have been in existence for 5 years may use a multi-year award.
- 3) Grant programs that have been in existence for less than 5 years may only use a multi-year award if:
  - A) The awardee has specific expertise and experience related to the programmatic use of the fund, and has demonstrated an administrative and programmatic capacity to provide the grant services; or
  - B) The grant program will function as a pilot program and requires a multi-year award to adequately evaluate the program model for feasibility.
- 4) Agencies shall use a rolling multi-year schedule to manage the administrative responsibilities of the grant application process. Under eligibility terms, agencies have discretion to stagger the grant terms and subsequent renewals.
- c) The issuance of no-cost extensions (as defined in Section 7000.30) must not be prohibited~~supported~~ by statute. The grant amount may not be changed under a no-cost extension. No-cost extensions are subject to appropriation under the terms of the executed grant agreement.

(Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

#### SUBPART E: STATE POST-AWARD REQUIREMENTS

##### **Section 7000.420 Centralized Indirect Cost Rate Negotiation**

This Subpart applies to State awarding agencies and awardees receiving awards from State and federal pass-through funds. With permission from the federal government, Illinois has centralized the negotiation and election of indirect cost rates with State and federal pass-through awardees.

- a) The State of Illinois' Indirect Cost Rate Negotiator will support the negotiation of indirect cost rates and cost rate elections. A User Guide for the Indirect Cost Rate Negotiation System is provided in the GATA Resource Library to support State agency and awardee use of the system.
- b) Requirements for State Awarding Agencies

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- 1) Illinois will use the centralized Indirect Cost Rate Election System (ICRES). This system will be used by awardees, from the Grantee Portal, to make an indirect cost rate election. Options for indirect cost rate election include:
  - A) If eligible, election of the de minimis rate of up to 15%~~10%~~ of modified total direct costs (MTDC) allowed by UR section 200.414(f);
  - B) If applicable, submit a copy of the current federal Negotiated Indirect Cost Rate Agreement (NICRA);
  - C) Election of "waive" or "no rate", meaning the awardee will not request or receive reimbursement for any indirect costs;
  - D) Negotiate a rate with the State of Illinois (State Rate); or
  - E) Federal Rate Maintained Internally (FRMI) (local governments only).
- 2) All approved elections and negotiated rates shall be recorded in the State Staff Inquiry Screen for State agency reference.
- 3) Once a rate is negotiated or an election is recorded, all State awarding agencies are required to accept the approved rate, unless an exception has been granted by GATU requiring a lower rate or limitation on the amount charged.
  - A) The effective period of the de minimis rate election will remain in effect in perpetuity, or until a different election is made by the grantee, and therefore does not require an annual election;
  - B) The effective period of the Federal Negotiated Indirect Cost Rate Agreement (NICRA) is determined by the federal cognizant agency;
  - C) The effective period of the "waive" or "no rate" election will remain in effect in perpetuity, or until a different election is made by the grantee, and therefore does not require an annual election;
  - D) The effective period of a Negotiated Indirect Cost Rate with the State of Illinois will be based on the grantee's fiscal year. A State

- 2132 Rate requires an annual election, submission and negotiation  
2133 process; and  
2134  
2135 E) The effective period of the Federal Rate Maintained Internally  
2136 (FRMI) (local governments only), will be based on the grantee's  
2137 fiscal year. An FRMI requires an annual election, submission and  
2138 review process.  
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2140 4) The awardee may volunteer to accept a lower indirect cost rate on an  
2141 award. State agencies shall not force or coerce an awardee to take a lower  
2142 rate.  
2143  
2144 c) Requirements for the Grant Accountability and Transparency Unit  
2145  
2146 1) Provide and maintain the ICRES;  
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2148 2) Review, accept and record elections of Federal NICRA; and  
2149  
2150 3) Provide technical assistance as required by Section 60(a)(9) of GATA.  
2151  
2152 d) Requirements for State Cognizant Agencies (SCA)  
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2154 1) The assigned SCA is required to review and accept or reject the State Rate  
2155 and FRMIs of its awardees. Acceptance must be recorded in the Indirect  
2156 Cost Rate Negotiation System maintained by the State of Illinois Indirect  
2157 Cost Rate Negotiator.  
2158  
2159 2) If the State Rate or FRMI is rejected, the SCA shall provide technical  
2160 support to its assigned awardees during the indirect cost rate election and  
2161 negotiation/election process.  
2162  
2163 e) Requirements for an Organization Receiving a State or Federal Pass-through  
2164 Funded Award  
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2166 1) Each organization receiving an award from a State awarding agency is  
2167 required to make one of the following indirect cost rate elections through  
2168 ICRES in the Grantee Portal:  
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2170 A) Election of the de minimis rate of up to 15%~~10%~~ of MTDC;  
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2172 B) Federal Negotiated Indirect Cost Rate Agreement (NICRA);  
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2174 C) Election to waive or not to charge indirect costs;

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- D) Negotiate a State rate; or
  - E) Federal Rate Maintained Internally (FRMI) (local governments only).
- 2) The awardee shall make one election or negotiate one rate that all State agencies must accept unless there are federal or State program limitations, caps or supplanting issues.
  - 3) The accepted election or negotiated rate shall be recorded in the Grantee Portal and the State Staff Inquiry Screen.
  - 4) The awardee may volunteer to accept a lower indirect cost rate on an award. State agencies are not allowed to force or coerce an awardee to take a lower rate.
  - 5) Awardees that fail to make an election in ICRES or negotiate a rate in the Indirect Cost Rate Negotiation System will not be allowed to charge indirect costs to awards. Any indirect costs previously reimbursed during the corresponding grant period without making an election may be credited against future payments.
- f) Requirements for Local Education Agencies (LEAs)
- 1) Based upon the U.S. Department of Education delegation agreement with the State of Illinois, the Illinois State Board of Education (ISBE) has the authority to develop indirect cost rates for LEAs. The indirect cost rates developed by ISBE for the LEAs shall apply to all State and federal pass-through awards issued by State agencies to the LEAs.
  - 2) LEA indirect cost rates will be posted centrally by GOMB on the State Staff Inquiry Screen. LEAs are not required to enter information into ICRES (see subsection (b)(1)).
- g) Requirements for Local Governments
- 1) Based on how the local government registers (in accordance with Section 7000.320), the local governmental department or agency unit shall make an indirect cost rate election through ICRES. If the governmental department or agency unit registers separately, for example, each governmental department or agency unit would make a separate indirect cost rate election.

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- A) Local governments can make one election that will cover all governmental departments or agency units; or
  - B) Local governments can make an election per individual governmental department or agency unit.
- 2) If a governmental department or agency unit receives more than \$35 million in direct federal funding, it must submit an indirect cost rate proposal to its federal cognizant agency. The State of Illinois cannot negotiate an indirect cost rate for local governmental departments or agency units receiving more than \$35 million in direct federal funding.
- A) If the governmental department or agency unit chooses not to negotiate a rate with its federal cognizant agency, no indirect costs can be reimbursed.
  - B) If the federal cognizant agency will only negotiate a rate for its administered programs, the local government shall provide the federal refusal to negotiate to GATU. The local government will then be eligible to elect to negotiate a State Rate.
- 3) If the local governmental department or agency unit receives less than \$35 million in direct federal funding, it must make an indirect cost rate election through ICRES and submit the proposal in the Indirect Cost Rate Negotiation System.
- A) Per UR appendix VII, these governmental departments or agency units must develop an indirect cost proposal in accordance with this subsection (g) and maintain the proposal and related supporting documentation for audit and monitoring. The local government must make the election of a Federal Rate Maintained Internally (FRMI) in ICRES.
  - B) These indirect cost rate proposals shall be submitted to the Indirect Cost Rate Negotiation System for review and monitoring.
  - C) The State of Illinois is required to monitor the rate. Monitoring includes reviewing the allocation methodology for reasonableness and to ensure no unallowable costs are included in the rate methodology.

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- 4) If a local governmental department or agency unit does not receive direct federal funding, it must make an election through ICRES and if applicable, submit an indirect cost rate proposal through the centralized Indirect Cost Rate Negotiation System.
  - 5) All local governments that use a central service cost allocation plan must submit this plan in conjunction with an indirect cost rate proposal.
- h) Requirements for Nonprofits
- 1) Except as otherwise provided in 2 CFR 200.414(f), nonprofits that receive direct federal funding must negotiate an indirect cost rate with their federal cognizant agency. They may elect the de minimis rate through the federal cognizant agency.
    - A) If the nonprofit chooses not to negotiate a rate with its federal cognizant agency, no indirect costs can be reimbursed.
    - B) If the federal cognizant agency will only negotiate a rate for its administered programs, the nonprofit shall inform GATU of the federal agency's refusal to negotiate. The nonprofit is then eligible to make an election in ICRES.
  - 2) The State of Illinois cannot negotiate an indirect cost rate for nonprofits that receive direct federal funding.
- i) Retention of Indirect Cost Rate Proposals and Central Service Cost Allocation Plans
- This subsection applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, central service cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).
- 1) If Submitted for Negotiation  
If the proposal, plan or other computation is required to form the basis for negotiation of the rate, the 3-year retention period for the supporting record starts from the date of that submission.
  - 2) If Not Submitted for Negotiation  
If the proposal, plan or other computation is not required for negotiation purposes, the 3-year retention period for the proposal, plan or computation

2302 and its supporting records starts from the end of the fiscal year (or other  
2303 accounting period) covered by the proposal, plan or other computation.

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(Source: Amended at 49 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)