

1 AN ACT concerning State government.

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

4 Section 5. The Governor's Office of Management and Budget  
5 Act is amended by adding Sections 2.11 and 2.12 as follows:

6 (20 ILCS 3005/2.11 new)

7 Sec. 2.11. Stop payment orders. Upon a request for a stop  
8 payment order from a State grant-making agency for a recipient  
9 or subrecipient, the Office of the Comptroller shall notify the  
10 Grant Accountability and Transparency Unit within 30 days of  
11 the request.

12 (20 ILCS 3005/2.12 new)

13 Sec. 2.12. Improper payment elimination recommendations.  
14 Pursuant to Section 15.5 of the Grant Funds Recovery Act, the  
15 Governor's Office of Management and Budget, in conjunction with  
16 the Illinois Single Audit Commission, shall research and  
17 provide recommendations to the General Assembly regarding the  
18 adoption of legislation, in accordance with the federal  
19 Improper Payments Elimination and Recovery Improvement Act of  
20 2012. The recommendations shall be included in the Annual  
21 Report of the Commission to be submitted to the General  
22 Assembly on January 1, 2020. The report to the General Assembly

1 shall be filed with the Clerk of the House of Representatives  
2 and the Secretary of the Senate in electronic form only, in the  
3 manner that the Clerk and the Secretary shall direct. This  
4 Section is repealed January 1, 2021.

5 Section 10. The State Finance Act is amended by changing  
6 Section 35 as follows:

7 (30 ILCS 105/35) (from Ch. 127, par. 167.03)

8 Sec. 35. As used in this Section, "state agency" is defined  
9 as provided in the Illinois State Auditing Act, except that  
10 this Section does not apply to state colleges and universities,  
11 the Illinois Mathematics and Science Academy, and their  
12 respective governing boards.

13 When any State agency receives a grant or contract from  
14 itself or another State agency from appropriated funds the  
15 recipient agency shall be restricted in the expenditure of  
16 these funds to the period during which the grantor agency was  
17 so restricted and to the terms and conditions under which such  
18 other agency received the appropriation.7 The restrictions  
19 shall include: any applicable restrictions in Section 25 of  
20 this Act, applicable federal regulations, and ~~to~~ the terms,  
21 conditions and limitations of the appropriations to the other  
22 agency, even if the funds are deposited or interfund  
23 transferred for use in a non-appropriated fund. No State agency  
24 may accept or expend funds under a grant or contract for any

1 purpose, program or activity not within the scope of the  
2 agency's powers and duties under Illinois law.

3 (Source: P.A. 88-9.)

4 Section 15. The Illinois Grant Funds Recovery Act is  
5 amended by adding Section 15.5 as follows:

6 (30 ILCS 705/15.5 new)

7 Sec. 15.5. Recommendations of the Illinois Single Audit  
8 Commission regarding the elimination and recovery of improper  
9 payments. The Illinois Single Audit Commission, in conjunction  
10 with the Governor's Office of Management and Budget, shall  
11 research and provide recommendations to the General Assembly  
12 regarding the adoption of legislation in accordance with the  
13 federal Improper Payments Elimination and Recovery Improvement  
14 Act of 2012. The recommendations shall be included in the  
15 Annual Report of the Commission to be submitted to the General  
16 Assembly on January 1, 2020. The report to the General Assembly  
17 shall be filed with the Clerk of the House of Representatives  
18 and the Secretary of the Senate in electronic form only, in the  
19 manner that the Clerk and the Secretary shall direct. This  
20 Section is repealed January 1, 2021.

21 Section 20. The Grant Accountability and Transparency Act  
22 is amended by changing Sections 15, 25, 50, 55, and 95 and by  
23 adding Sections 105, 110, 115, 120, 125, 130, and 520 as

1 follows:

2 (30 ILCS 708/15)

3 (Section scheduled to be repealed on July 16, 2020)

4 Sec. 15. Definitions. As used in this Act:

5 "Allowable cost" means a cost allowable to a project if:

6 (1) the costs are reasonable and necessary for the  
7 performance of the award;

8 (2) the costs are allocable to the specific project;

9 (3) the costs are treated consistently in like  
10 circumstances to both federally-financed and other  
11 activities of the non-federal entity;

12 (4) the costs conform to any limitations of the cost  
13 principles or the sponsored agreement;

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

19 (6) the costs are determined to be in accordance with  
20 generally accepted accounting principles;

21 (7) the costs are not included as a cost or used to  
22 meet federal cost-sharing or matching requirements of any  
23 other program in either the current or prior period;

24 (8) the costs of one State or federal grant are not  
25 used to meet the match requirements of another State or

1 federal grant; and

2 (9) the costs are adequately documented.

3 "Auditee" means any non-federal entity that expends State  
4 or federal awards that must be audited.

5 "Auditor" means an auditor who is a public accountant or a  
6 federal, State, or local government audit organization that  
7 meets the general standards specified in generally-accepted  
8 government auditing standards. "Auditor" does not include  
9 internal auditors of nonprofit organizations.

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

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

23 "Budget" means the financial plan for the project or  
24 program that the awarding agency or pass-through entity  
25 approves during the award process or in subsequent amendments  
26 to the award. It may include the State or federal and

1 non-federal share or only the State or federal share, as  
2 determined by the awarding agency or pass-through entity.

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

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

9 "Catalog of State Financial Assistance" means the single,  
10 authoritative, statewide, comprehensive source document of  
11 State financial assistance program information maintained by  
12 the Governor's Office of Management and Budget.

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

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

24 "Cognizant agency for audit" means the federal agency  
25 designated to carry out the responsibilities described in 2 CFR  
26 200.513(a).

1 "Contract" means a legal instrument by which a non-federal  
2 entity purchases property or services needed to carry out the  
3 project or program under an award. "Contract" does not include  
4 a legal instrument, even if the non-federal entity considers it  
5 a contract, when the substance of the transaction meets the  
6 definition of an award or subaward.

7 "Contractor" means an entity that receives a contract.

8 "Cooperative agreement" means a legal instrument of  
9 financial assistance between an awarding agency or  
10 pass-through entity and a non-federal entity that:

11 (1) is used to enter into a relationship with the  
12 principal purpose of transferring anything of value from  
13 the awarding agency or pass-through entity to the  
14 non-federal entity to carry out a public purpose authorized  
15 by law, but is not used to acquire property or services for  
16 the awarding agency's or pass-through entity's direct  
17 benefit or use; and

18 (2) is distinguished from a grant in that it provides  
19 for substantial involvement between the awarding agency or  
20 pass-through entity and the non-federal entity in carrying  
21 out the activity contemplated by the award.

22 "Cooperative agreement" does not include a cooperative  
23 research and development agreement, nor an agreement that  
24 provides only direct cash assistance to an individual, a  
25 subsidy, a loan, a loan guarantee, or insurance.

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

1 (i) corrects identified deficiencies, (ii) produces  
2 recommended improvements, or (iii) demonstrates that audit  
3 findings are either invalid or do not warrant auditee action.

4 "Cost objective" means a program, function, activity,  
5 award, organizational subdivision, contract, or work unit for  
6 which cost data is desired and for which provision is made to  
7 accumulate and measure the cost of processes, products, jobs,  
8 and capital projects. A "cost objective" may be a major  
9 function of the non-federal entity, a particular service or  
10 project, an award, or an indirect cost activity.

11 "Cost sharing" means the portion of project costs not paid  
12 by State or federal funds, unless otherwise authorized by  
13 statute.

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

18 "Data Universal Numbering System number" means the 9-digit  
19 number established and assigned by Dun and Bradstreet, Inc. to  
20 uniquely identify entities and, under federal law, is required  
21 for non-federal entities to apply for, receive, and report on a  
22 federal award.

23 "Direct costs" means costs that can be identified  
24 specifically with a particular final cost objective, such as a  
25 State or federal or federal pass-through award or a particular  
26 sponsored project, an instructional activity, or any other



1 institutional activity, or that can be directly assigned to  
2 such activities relatively easily with a high degree of  
3 accuracy.

4 "Equipment" means tangible personal property (including  
5 information technology systems) having a useful life of more  
6 than one year and a per-unit acquisition cost that equals or  
7 exceeds the lesser of the capitalization level established by  
8 the non-federal entity for financial statement purposes, or  
9 \$5,000.

10 "Executive branch" means that branch of State government  
11 that is under the jurisdiction of the Governor.

12 "Federal agency" has the meaning provided for "agency"  
13 under 5 U.S.C. 551(1) together with the meaning provided for  
14 "agency" by 5 U.S.C. 552(f).

15 "Federal award" means:

16 (1) the federal financial assistance that a  
17 non-federal entity receives directly from a federal  
18 awarding agency or indirectly from a pass-through entity;

19 (2) the cost-reimbursement contract under the Federal  
20 Acquisition Regulations that a non-federal entity receives  
21 directly from a federal awarding agency or indirectly from  
22 a pass-through entity; or

23 (3) the instrument setting forth the terms and  
24 conditions when the instrument is the grant agreement,  
25 cooperative agreement, other agreement for assistance  
26 covered in paragraph (b) of 20 CFR 200.40, or the

1 cost-reimbursement contract awarded under the Federal  
2 Acquisition Regulations.

3 "Federal award" does not include other contracts that a  
4 federal agency uses to buy goods or services from a contractor  
5 or a contract to operate federal government owned,  
6 contractor-operated facilities.

7 "Federal awarding agency" means the federal agency that  
8 provides a federal award directly to a non-federal entity.

9 "Federal interest" means, for purposes of 2 CFR 200.329 or  
10 when used in connection with the acquisition or improvement of  
11 real property, equipment, or supplies under a federal award,  
12 the dollar amount that is the product of the federal share of  
13 total project costs and current fair market value of the  
14 property, improvements, or both, to the extent the costs of  
15 acquiring or improving the property were included as project  
16 costs.

17 "Federal program" means any of the following:

18 (1) All federal awards which are assigned a single  
19 number in the CFDA.

20 (2) When no CFDA number is assigned, all federal awards  
21 to non-federal entities from the same agency made for the  
22 same purpose should be combined and considered one program.

23 (3) Notwithstanding paragraphs (1) and (2) of this  
24 definition, a cluster of programs. The types of clusters of  
25 programs are:

26 (A) research and development;

1 (B) student financial aid; and

2 (C) "other clusters", as described in the  
3 definition of "cluster of programs".

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

6 "Final cost objective" means a cost objective which has  
7 allocated to it both direct and indirect costs and, in the  
8 non-federal entity's accumulation system, is one of the final  
9 accumulation points, such as a particular award, internal  
10 project, or other direct activity of a non-federal entity.

11 "Financial assistance" means the following:

12 (1) For grants and cooperative agreements, "financial  
13 assistance" means assistance that non-federal entities  
14 receive or administer in the form of:

15 (A) grants;

16 (B) cooperative agreements;

17 (C) non-cash contributions or donations of  
18 property, including donated surplus property;

19 (D) direct appropriations;

20 (E) food commodities; and

21 (F) other financial assistance, except assistance  
22 listed in paragraph (2) of this definition.

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

26 (3) "Financial assistance" does not include amounts

1 received as reimbursement for services rendered to  
2 individuals.

3 "Fixed amount awards" means a type of grant agreement under  
4 which the awarding agency or pass-through entity provides a  
5 specific level of support without regard to actual costs  
6 incurred under the award. "Fixed amount awards" reduce some of  
7 the administrative burden and record-keeping requirements for  
8 both the non-federal entity and awarding agency or pass-through  
9 entity. Accountability is based primarily on performance and  
10 results.

11 "Foreign public entity" means:

12 (1) a foreign government or foreign governmental  
13 entity;

14 (2) a public international organization that is  
15 entitled to enjoy privileges, exemptions, and immunities  
16 as an international organization under the International  
17 Organizations Immunities Act (22 U.S.C. 288-288f);

18 (3) an entity owned, in whole or in part, or controlled  
19 by a foreign government; or

20 (4) any other entity consisting wholly or partially of  
21 one or more foreign governments or foreign governmental  
22 entities.

23 "Foreign organization" means an entity that is:

24 (1) a public or private organization located in a  
25 country other than the United States and its territories  
26 that are subject to the laws of the country in which it is

1 located, irrespective of the citizenship of project staff  
2 or place of performance;

3 (2) a private nongovernmental organization located in  
4 a country other than the United States that solicits and  
5 receives cash contributions from the general public;

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

15 (4) an organization located in a country other than the  
16 United States not recognized as a Foreign Public Entity.

17 "Generally Accepted Accounting Principles" has the meaning  
18 provided in accounting standards issued by the Government  
19 Accounting Standards Board and the Financial Accounting  
20 Standards Board.

21 "Generally Accepted Government Auditing Standards" means  
22 generally accepted government auditing standards issued by the  
23 Comptroller General of the United States that are applicable to  
24 financial audits.

25 "Grant agreement" means a legal instrument of financial  
26 assistance between an awarding agency or pass-through entity

1 and a non-federal entity that:

2 (1) is used to enter into a relationship, the principal  
3 purpose of which is to transfer anything of value from the  
4 awarding agency or pass-through entity to the non-federal  
5 entity to carry out a public purpose authorized by law and  
6 not to acquire property or services for the awarding agency  
7 or pass-through entity's direct benefit or use; and

8 (2) is distinguished from a cooperative agreement in  
9 that it does not provide for substantial involvement  
10 between the awarding agency or pass-through entity and the  
11 non-federal entity in carrying out the activity  
12 contemplated by the award.

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

16 "Grant application" means a specified form that is  
17 completed by a non-federal entity in connection with a request  
18 for a specific funding opportunity or a request for financial  
19 support of a project or activity.

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

23 "Illinois Debarred and Suspended List" means the list  
24 maintained by the Governor's Office of Management and Budget  
25 that contains the names of those individuals and entities that  
26 are ineligible, either temporarily or permanently, from

1 receiving an award of grant funds from the State.

2 ~~"Indian tribe" (or "federally recognized Indian tribe")~~  
3 ~~means any Indian tribe, band, nation, or other organized group~~  
4 ~~or community, including any Alaska Native village or regional~~  
5 ~~or village corporation as defined in or established pursuant to~~  
6 ~~the federal Alaska Native Claims Settlement Act (43 U.S.C.~~  
7 ~~1601, et seq.) that is recognized as eligible for the special~~  
8 ~~programs and services provided by the United States to Indians~~  
9 ~~because of their status as Indians under 25 U.S.C. 450b(e), as~~  
10 ~~set forth in the annually published Bureau of Indian Affairs~~  
11 ~~list of Indian Entities Recognized and Eligible to Receive~~  
12 ~~Services.~~

13 "Indirect cost" means those costs incurred for a common or  
14 joint purpose benefitting more than one cost objective and not  
15 readily assignable to the cost objectives specifically  
16 benefitted without effort disproportionate to the results  
17 achieved.

18 "Inspector General" means the Office of the Executive  
19 Inspector General for Executive branch agencies.

20 "Loan" means a State or federal loan or loan guarantee  
21 received or administered by a non-federal entity. "Loan" does  
22 not include a "program income" as defined in 2 CFR 200.80.

23 "Loan guarantee" means any State or federal government  
24 guarantee, insurance, or other pledge with respect to the  
25 payment of all or a part of the principal or interest on any  
26 debt obligation of a non-federal borrower to a non-federal

1 lender, but does not include the insurance of deposits, shares,  
2 or other withdrawable accounts in financial institutions.

3 "Local government" has the meaning provided for the term  
4 "units of local government" under Section 1 of Article VII of  
5 the Illinois Constitution and includes school districts.

6 "Major program" means a federal program determined by the  
7 auditor to be a major program in accordance with 2 CFR 200.518  
8 or a program identified as a major program by a federal  
9 awarding agency or pass-through entity in accordance with 2 CFR  
10 200.503(e).

11 "Non-federal entity" means a state, local government,  
12 Indian tribe, institution of higher education, or  
13 organization, whether nonprofit or for-profit, that carries  
14 out a State or federal award as a recipient or subrecipient.

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

18 (1) is operated primarily for scientific, educational,  
19 service, charitable, or similar purposes in the public  
20 interest;

21 (2) is not organized primarily for profit; and

22 (3) uses net proceeds to maintain, improve, or expand  
23 the operations of the organization.

24 "Obligations", when used in connection with a non-federal  
25 entity's utilization of funds under an award, means orders  
26 placed for property and services, contracts and subawards made,



1 and similar transactions during a given period that require  
2 payment by the non-federal entity during the same or a future  
3 period.

4 "Office of Management and Budget" means the Office of  
5 Management and Budget of the Executive Office of the President.

6 "Other clusters" has the meaning provided by the federal  
7 Office of Management and Budget in the compliance supplement or  
8 has the meaning as it is designated by a state for federal  
9 awards the state provides to its subrecipients that meet the  
10 definition of a cluster of programs. When designating an "other  
11 cluster", a state must identify the federal awards included in  
12 the cluster and advise the subrecipients of compliance  
13 requirements applicable to the cluster.

14 "Oversight agency for audit" means the federal awarding  
15 agency that provides the predominant amount of funding directly  
16 to a non-federal entity not assigned a cognizant agency for  
17 audit. When there is no direct funding, the awarding agency  
18 that is the predominant source of pass-through funding must  
19 assume the oversight responsibilities. The duties of the  
20 oversight agency for audit and the process for any  
21 reassignments are described in 2 CFR 200.513(b).

22 "Pass-through entity" means a non-federal entity that  
23 provides a subaward to a subrecipient to carry out part of a  
24 program.

25 "Private award" means an award from a person or entity  
26 other than a State or federal entity. Private awards are not

1 subject to the provisions of this Act.

2 "Property" means real property or personal property.

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

6 "Public institutions of higher education" has the meaning  
7 provided in Section 1 of the Board of Higher Education Act.

8 "Recipient" means a non-federal entity that receives an  
9 award directly from an awarding agency to carry out an activity  
10 under a program. "Recipient" does not include subrecipients.

11 "Research and Development" means all research activities,  
12 both basic and applied, and all development activities that are  
13 performed by non-federal entities.

14 "Single Audit Act" means the federal Single Audit Act  
15 Amendments of 1996 (31 U.S.C. 7501-7507).

16 "State agency" means an Executive branch agency. For  
17 purposes of this Act, "State agency" does not include public  
18 institutions of higher education.

19 "State award" means the financial assistance that a  
20 non-federal entity receives from the State and that is funded  
21 with either State funds or federal funds; in the latter case,  
22 the State is acting as a pass-through entity.

23 "State awarding agency" means a State agency that provides  
24 an award to a non-federal entity.

25 "State grant-making agency" has the same meaning as "State  
26 awarding agency".

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

8 "State program" means any of the following:

9 (1) All State awards which are assigned a single number  
10 in the Catalog of State Financial Assistance.

11 (2) When no Catalog of State Financial Assistance  
12 number is assigned, all State awards to non-federal  
13 entities from the same agency made for the same purpose are  
14 considered one program.

15 (3) A cluster of programs as defined in this Section.

16 "State share" means the portion of the total project costs  
17 that are paid by State funds.

18 "Stop payment order" means a communication from a State  
19 grant-making agency to the Office of the Comptroller, following  
20 procedures set out by the Office of the Comptroller, causing  
21 the cessation of payments to a recipient or subrecipient as a  
22 result of the recipient's or subrecipient's failure to comply  
23 with one or more terms of the grant or subaward.

24 "Stop payment procedure" means the procedure created by the  
25 Office of the Comptroller which effects a stop payment order  
26 and the lifting of a stop payment order upon the request of the

1 State grant-making agency.

2 "Student Financial Aid" means federal awards under those  
3 programs of general student assistance, such as those  
4 authorized by Title IV of the Higher Education Act of 1965, as  
5 amended (20 U.S.C. 1070-1099d), that are administered by the  
6 United States Department of Education and similar programs  
7 provided by other federal agencies. "Student Financial Aid"  
8 does not include federal awards under programs that provide  
9 fellowships or similar federal awards to students on a  
10 competitive basis or for specified studies or research.

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

19 "Subrecipient" means a non-federal entity that receives a  
20 State or federal subaward from a pass-through entity to carry  
21 out part of a federal program. "Subrecipient" does not include  
22 an individual that is a beneficiary of such program. A  
23 "subrecipient" may also be a recipient of other State or  
24 federal awards directly from a State or federal awarding  
25 agency.

26 "Suspension" means a post-award action by the State or

1 federal agency or pass-through entity that temporarily  
2 withdraws the State or federal agency's or pass-through  
3 entity's financial assistance sponsorship under an award,  
4 pending corrective action by the recipient or subrecipient or  
5 pending a decision to terminate the award.

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

9 "Voluntary committed cost sharing" means cost sharing  
10 specifically pledged on a voluntary basis in the proposal's  
11 budget or the award on the part of the non-federal entity and  
12 that becomes a binding requirement of the award.

13 (Source: P.A. 98-706, eff. 7-16-14.)

14 (30 ILCS 708/25)

15 (Section scheduled to be repealed on July 16, 2020)

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

20 (1) Criteria to define mandatory formula-based grants  
21 and discretionary grants.

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

23 (3) The award of competitive grants in 3-year terms  
24 (one-year initial terms with the option to renew for up to  
25 2 additional years) to coincide with the federal award.

- 1           (4) The issuance of grants, including:
- 2                 (A) public notice of announcements of funding
- 3 opportunities;
- 4                 (B) the development of uniform grant applications;
- 5                 (C) State agency review of merit of proposals and
- 6 risk posed by applicants;
- 7                 (D) specific conditions for individual recipients
- 8 (requiring the use of a fiscal agent and additional
- 9 corrective conditions);
- 10                (E) certifications and representations;
- 11                (F) pre-award costs;
- 12                (G) performance measures and statewide prioritized
- 13 goals under Section 50-25 of the State Budget Law of
- 14 the Civil Administrative Code of Illinois, commonly
- 15 referred to as "Budgeting for Results"; and
- 16                (H) for mandatory formula grants, the merit of the
- 17 proposal and the risk posed should result in additional
- 18 reporting, monitoring, or measures such as
- 19 reimbursement-basis only.
- 20           (5) The development of uniform budget requirements,
- 21 which shall include:
- 22                 (A) mandatory submission of budgets as part of the
- 23 grant application process;
- 24                 (B) mandatory requirements regarding contents of
- 25 the budget including, at a minimum, common detail line
- 26 items specified under guidelines issued by the

1 Governor's Office of Management and Budget;

2 (C) a requirement that the budget allow  
3 flexibility to add lines describing costs that are  
4 common for the services provided as outlined in the  
5 grant application;

6 (D) a requirement that the budget include  
7 information necessary for analyzing cost and  
8 performance for use in Budgeting for Results; and

9 (E) caps on the amount of salaries that may be  
10 charged to grants based on the limitations imposed by  
11 federal agencies.

12 (6) The development of pre-qualification requirements  
13 for applicants, including the fiscal condition of the  
14 organization and the provision of the following  
15 information:

16 (A) organization name;

17 (B) Federal Employee Identification Number;

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

19 (D) fiscal condition;

20 (E) whether the applicant is in good standing with  
21 the Secretary of State;

22 (F) past performance in administering grants;

23 (G) whether the applicant is ~~or has ever been~~ on  
24 the Debarred and Suspended List maintained by the  
25 Governor's Office of Management and Budget;

26 (H) whether the applicant is ~~or has ever been~~ on

1 the federal Excluded Parties List; and

2 (I) whether the applicant is ~~or has ever been~~ on  
3 the Sanctioned Party List maintained by the Illinois  
4 Department of Healthcare and Family Services.

5 Nothing in this Act affects the provisions of the Fiscal  
6 Control and Internal Auditing Act nor the requirement that the  
7 management of each State agency is responsible for maintaining  
8 effective internal controls under that Act.

9 For public institutions of higher education, the  
10 provisions of this Section apply only to awards funded by State  
11 appropriations and federal pass-through awards from a State  
12 agency to public institutions of higher education.

13 (Source: P.A. 98-706, eff. 7-16-14; 99-523, eff. 6-30-16.)

14 (30 ILCS 708/50)

15 (Section scheduled to be repealed on July 16, 2020)

16 Sec. 50. State grant-making agency responsibilities.

17 (a) The specific requirements and responsibilities of  
18 State grant-making agencies and non-federal entities are set  
19 forth in this Act. State agencies making State awards to  
20 non-federal entities must adopt by rule the language in 2 CFR  
21 200, Subpart C through Subpart F unless different provisions  
22 are required by law.

23 (b) Each State grant-making agency shall appoint a Chief  
24 Accountability Officer who shall serve as a liaison to the  
25 Grant Accountability and Transparency Unit and who shall be



1 responsible for the State agency's implementation of and  
2 compliance with the rules.

3 (c) In order to effectively measure the performance of its  
4 recipients and subrecipients, each State grant-making agency  
5 shall:

6 (1) require its recipients and subrecipients to relate  
7 financial data to performance accomplishments of the award  
8 and, when applicable, must require recipients and  
9 subrecipients to provide cost information to demonstrate  
10 cost-effective practices. The recipient's and  
11 subrecipient's performance should be measured in a way that  
12 will help the State agency to improve program outcomes,  
13 share lessons learned, and spread the adoption of promising  
14 practices; and

15 (2) provide recipients and subrecipients with clear  
16 performance goals, indicators, and milestones and must  
17 establish performance reporting frequency and content to  
18 not only allow the State agency to understand the  
19 recipient's progress, but also to facilitate  
20 identification of promising practices among recipients and  
21 subrecipients and build the evidence upon which the State  
22 agency's program and performance decisions are made.

23 (c-5) Each State grant-making agency shall, when it is in  
24 the best interests of the State, request that the Office of the  
25 Comptroller issue a stop payment order in accordance with  
26 Section 105 of this Act.

1       (c-6) Upon notification by the Grant Transparency and  
2 Accountability Unit that a stop payment order has been  
3 requested by a State grant-making agency, each State  
4 grant-making agency who has issued a grant to that recipient or  
5 subrecipient shall determine if it remains in the best  
6 interests of the State to continue to issue payments to the  
7 recipient or subrecipient.

8       (d) The Governor's Office of Management and Budget shall  
9 provide such advice and technical assistance to the State  
10 grant-making agencies as is necessary or indicated in order to  
11 ensure compliance with this Act.

12       (e) In accordance with this Act and the Illinois State  
13 Collection Act of 1986, refunds required under the Grant Funds  
14 Recovery Act may be referred to the Comptroller's offset  
15 system.

16       (Source: P.A. 98-706, eff. 7-16-14.)

17       (30 ILCS 708/55)

18       (Section scheduled to be repealed on July 16, 2020)

19       Sec. 55. The Governor's Office of Management and Budget  
20 responsibilities.

21       (a) The Governor's Office of Management and Budget shall:

22               (1) provide technical assistance and interpretations  
23 of policy requirements in order to ensure effective and  
24 efficient implementation of this Act by State grant-making  
25 agencies; and

1           (2) have authority to approve any exceptions to the  
2 requirements of this Act and shall adopt rules governing  
3 the criteria to be considered when an exception is  
4 requested; exceptions shall only be made in particular  
5 cases where adequate justification is presented.

6           (b) The Governor's Office of Management and Budget shall,  
7 on or before July 1, 2016, establish a centralized unit within  
8 the Governor's Office of Management and Budget. The centralized  
9 unit shall be known as the Grant Accountability and  
10 Transparency Unit and shall be funded with a portion of the  
11 administrative funds provided under existing and future State  
12 and federal pass-through grants. The amounts charged will be  
13 allocated based on the actual cost of the services provided to  
14 State grant-making agencies and public institutions of higher  
15 education in accordance with the applicable federal cost  
16 principles contained in 2 CFR 200 and this Act will not cause  
17 the reduction in the amount of any State or federal grant  
18 awards that have been or will be directed towards State  
19 agencies or public institutions of higher education.

20           (c) The Governor's Office of Management and Budget, in  
21 conjunction with the Illinois Single Audit Commission, shall  
22 research and provide recommendations to the General Assembly  
23 regarding the adoption of legislation in accordance with the  
24 federal Improper Payments Elimination and Recovery Improvement  
25 Act of 2012. The recommendations shall be included in the  
26 Annual Report of the Commission to be submitted to the General

1 Assembly on January 1, 2020. The report to the General Assembly  
2 shall be filed with the Clerk of the House of Representatives  
3 and the Secretary of the Senate in electronic form only, in the  
4 manner that the Clerk and the Secretary shall direct. This  
5 subsection (c) is inoperative on and after January 1, 2021.

6 (Source: P.A. 98-706, eff. 7-16-14; 99-523, eff. 6-30-16.)

7 (30 ILCS 708/95)

8 (Section scheduled to be repealed on July 16, 2020)

9 Sec. 95. Annual report. Effective January 1, 2016 and each  
10 January 1 thereafter, the Governor's Office of Management and  
11 Budget, in conjunction with the Illinois Single Audit  
12 Commission, shall submit to the Governor and the General  
13 Assembly a report that demonstrates the efficiencies, cost  
14 savings, and reductions in fraud, waste, and abuse as a result  
15 of the implementation of this Act and the rules adopted by the  
16 Governor's Office of Management and Budget in accordance with  
17 the provisions of this Act. The report shall include, but not  
18 be limited to:

19 (1) the number of entities placed on the Illinois  
20 Debarred and Suspended List;

21 (2) any savings realized as a result of the  
22 implementation of this Act;

23 (3) any reduction in the number of duplicative audit  
24 report reviews ~~audits~~;

25 (4) the number of persons trained to assist grantees

1 and subrecipients; and

2 (5) the number of grantees and subrecipients to whom a  
3 fiscal agent was assigned.

4 (Source: P.A. 98-706, eff. 7-16-14.)

5 (30 ILCS 708/105 new)

6 Sec. 105. Stop payment procedures.

7 (a) On or before July 1, 2019, the Governor's Office of  
8 Management and Budget shall adopt rules pertaining to the  
9 following:

10 (1) factors to be considered in determining whether to  
11 issue a stop payment order shall include whether or not a  
12 stop payment order is in the best interests of the State;

13 (2) factors to be considered in determining whether a  
14 stop payment order should be lifted; and

15 (3) procedures for notification to the recipient or  
16 subrecipient of the issuance of a stop payment order, the  
17 lifting of a stop payment order, and any other related  
18 information.

19 (b) On or before December 31, 2019, the Governor's Office  
20 of Management and Budget shall, in conjunction with State  
21 grant-making agencies, adopt rules pertaining to the  
22 following:

23 (1) policies regarding the issuance of stop payment  
24 orders;

25 (2) policies regarding the lifting of stop payment

1 orders;

2 (3) policies regarding corrective actions required of  
3 recipients and subrecipients in the event a stop payment  
4 order is issued; and

5 (4) policies regarding the coordination of  
6 communications between the Office of the Comptroller and  
7 State grant-making agencies regarding the issuance of stop  
8 payment orders and the lifting of such orders.

9 (c) On or before July 1, 2020, the Office of the  
10 Comptroller shall establish stop payment procedures that shall  
11 cause the cessation of payments to a recipient or subrecipient.  
12 Such a temporary or permanent cessation of payments will occur  
13 pursuant to a stop payment order requested by a State  
14 grant-making agency and implemented by the Office of the  
15 Comptroller.

16 (d) The State grant-making agency shall maintain a file  
17 pertaining to all stop payment orders which shall include, at a  
18 minimum:

19 (1) The notice to the recipient or subrecipient that a  
20 stop payment order has been issued. The notice shall  
21 include:

22 (A) The name of the grant.

23 (B) The grant number.

24 (C) The name of the State agency that issued the  
25 grant.

26 (D) The reasons for the stop payment order.

1 (E) Any other relevant information.

2 (2) The order lifting the stop payment order, if  
3 applicable.

4 (e) The Grant Accountability and Transparency Unit shall  
5 determine and disseminate factors that State agencies shall  
6 consider when determining whether it is in the best interests  
7 of the State to permanently or temporarily cease payments to a  
8 recipient or subrecipient who has had a stop payment order  
9 requested by another State agency.

10 (f) The Office of the Comptroller and the Governor's Office  
11 of Management and Budget grant systems shall determine if the  
12 recipient or subrecipient has received grants from other State  
13 grant-making agencies.

14 (g) Upon notice from the Office of the Comptroller, the  
15 Grant Accountability and Transparency Unit shall notify all  
16 State grant-making agencies who have issued grants to a  
17 recipient or subrecipient whose payments have been subject to a  
18 stop payment order that a stop payment order has been requested  
19 by another State grant-making agency.

20 (h) Upon notice from the Grant Accountability and  
21 Transparency Unit, each State grant-making agency who has  
22 issued a grant to a recipient or subrecipient whose payments  
23 have been subject to a stop payment order shall review and  
24 assess all grants issued to that recipient or subrecipient.  
25 State agencies shall use factors provided by the Governor's  
26 Office of Management and Budget or the Grant Accountability and

1 Transparency Unit to determine whether it is the best interests  
2 of the State to request a stop payment order.

3 (30 ILCS 708/110 new)

4 Sec. 110. Documentation of award decisions. Each award that  
5 is granted pursuant to an application process must include  
6 documentation to support the award.

7 (a) For each State or federal pass-through award that is  
8 granted following an application process, the State  
9 grant-making agency shall create a grant award file. The grant  
10 award file shall contain, at a minimum:

11 (1) A description of the grant.

12 (2) The Notice of Opportunity, if applicable.

13 (3) All applications received in response to the Notice  
14 of Opportunity, if applicable.

15 (4) Copies of any written communications between an  
16 applicant and the State grant-making agency, if  
17 applicable.

18 (5) The criteria used to evaluate the applications, if  
19 applicable.

20 (6) The scores assigned to each applicant according to  
21 the criteria, if applicable.

22 (7) A written determination, signed by an authorized  
23 representative of the State grant-making agency, setting  
24 forth the reason for the grant award decision, if  
25 applicable.



1           (8) The Notice of Award.

2           (9) Any other pre-award documents.

3           (10) The grant agreement and any renewals, if  
4           applicable;

5           (11) All post-award, administration, and close-out  
6           documents relating to the grant.

7           (12) Any other information relevant to the grant award.

8           (b) The grant file shall not include trade secrets or other  
9           competitively sensitive, confidential, or proprietary  
10           information.

11           (c) Each grant file shall be maintained by the State  
12           grant-making agency and, subject to the provisions of the  
13           Freedom of Information Act, shall be available for public  
14           inspection and copying within 7 calendar days following award  
15           of the grant.

16           (30 ILCS 708/115 new)

17           Sec. 115. Certifications and representations. Unless  
18           prohibited by State or federal statute, regulation, or  
19           administrative rule, each State awarding agency or  
20           pass-through entity is authorized to require the recipient or  
21           subrecipient to submit certifications and representations  
22           required by State or federal statute, regulation, or  
23           administrative rule.

24           (30 ILCS 708/120 new)

1       Sec. 120. Required certifications. To assure that  
2 expenditures are proper and in accordance with the terms and  
3 conditions of the grant award and approved project budgets, all  
4 periodic and final financial reports, and all payment requests  
5 under the grant agreement, must include a certification, signed  
6 by an official who is authorized to legally bind the grantee or  
7 subrecipient, that reads as follows:

8           "By signing this report and/or payment request, I  
9 certify to the best of my knowledge and belief that this  
10 report is true, complete, and accurate; that the  
11 expenditures, disbursements, and cash receipts are for the  
12 purposes and objectives set forth in the terms and  
13 conditions of the State or federal pass-through award; and  
14 that supporting documentation has been submitted as  
15 required by the grant agreement. I acknowledge that  
16 approval for any item or expenditure described herein shall  
17 be considered conditional subject to further review and  
18 verification in accordance with the monitoring and records  
19 retention provisions of the grant agreement. I am aware  
20 that any false, fictitious, or fraudulent information, or  
21 the omission of any material fact, may subject me to  
22 criminal, civil or administrative penalties for fraud,  
23 false statements, false claims or otherwise. (18 U.S.C.  
24 §1001; 31 U.S.C. §§3729-3730 and §§3801-3812; 30 ILCS 708/  
25 120.)"

1 (30 ILCS 708/125 new)

2 Sec. 125. Expenditures prior to grant execution; reporting  
3 requirements.

4 (a) In the event that a recipient or subrecipient incurs  
5 expenses related to the grant award prior to the execution of  
6 the grant agreement but within the term of the grant, and the  
7 grant agreement is executed more than 30 days after the  
8 effective date of the grant, the recipient or subrecipient must  
9 submit to the State grant-making agency a report that accounts  
10 for eligible grant expenditures and project activities from the  
11 effective date of the grant up to and including the date of  
12 execution of the grant agreement.

13 (b) The recipient or subrecipient must submit the report to  
14 the State grant-making agency within 30 days of execution of  
15 the grant agreement.

16 (c) Only those expenses that are reasonable, allowable, and  
17 in furtherance of the purpose of the grant award shall be  
18 reimbursed.

19 (d) The State grant-making agency must approve the report  
20 prior to issuing any payment to the recipient or subrecipient.

21 (30 ILCS 708/130 new)

22 Sec. 130. Travel costs.

23 (a) General. Travel costs are the expenses for  
24 transportation, lodging, subsistence, and related items  
25 incurred by the employees of the recipient or subrecipient who

1 are in travel status on official business of the recipient or  
2 subrecipient. Such costs may only be charged to a State or  
3 federal pass-through grant based on an adopted policy by the  
4 recipient's or subrecipient's governing board. Absent a  
5 policy, the recipient or subrecipient must follow the rules of  
6 the Governor's Travel Control Board or the Higher Education  
7 Travel Control Board, whichever the granting agency follows. No  
8 policy can exceed federal travel regulations.

9 (b) Lodging and subsistence. Costs incurred for travel,  
10 including costs of lodging, other subsistence, and incidental  
11 expenses, must be considered reasonable and otherwise  
12 allowable only to the extent such costs do not exceed charges  
13 normally allowed by the Governor's Travel Control Board or the  
14 Higher Education Travel Control Board, whichever is the  
15 appropriate travel board. If the recipient or subrecipient does  
16 not have an adopted travel policy, the recipient or  
17 subrecipient must follow the rules of the Governor's Travel  
18 Control Board or the Higher Education Travel Control Board,  
19 whichever the granting agency follows. No policy can exceed  
20 federal travel regulations.

21 (30 ILCS 708/520 new)

22 Sec. 520. Separate accounts for State grant funds.  
23 Notwithstanding any provision of law to the contrary, all  
24 grants made and any grant agreement entered into, renewed, or  
25 extended on or after the effective date of this amendatory Act

1 of the 100th General Assembly, between a State grant-making  
2 agency and a nonprofit organization, shall require the  
3 nonprofit organization receiving grant funds to maintain those  
4 funds in an account which is separate and distinct from any  
5 account holding non-grant funds. Except as otherwise provided  
6 in an agreement between a State grant-making agency and a  
7 nonprofit organization, the grant funds held in a separate  
8 account by a nonprofit organization shall not be used for  
9 non-grant-related activities, and any unused grant funds shall  
10 be returned to the State grant-making agency.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.