



GATA TOWN HALL Meetings

LEARN ABOUT GATA, NEW FEDERAL RULES
AND HOW IT IMPACTS YOU!



Welcome & Housekeeping

- Introductions
- Sign in, please
- GATA Staff / volunteers who can help
- Locations for the necessities

GATA Town Hall Overview

- **Today's Purpose**
- **GATA Phases of Implementation**
- **Timeline Overview**
- **Next Steps**
- **Your assistance**
- **Questions**

Successful Grantees = Illinois Success

Stay on Topic
and on Time!



Today's Purpose

GATA –Who, What, When, Where, Why, and How

- Who is affected?
- What does it affect?
- When does it take effect?
- Where does it come from?
- Why is it taking place?
- How do I get some help?

What is GATA?

GATA is the Grant Accountability and Transparency Act, 30 ILCS 708

- GATA increases accountability and transparency in the use of grant funds from whatever source and reduces administrative burdens on both State agencies and grantees by adopting federal guidance and regulations, specifically 2 CFR 200 Uniform Requirements.
 - 2 CFR 200 uniform requirements are already in effect (December 24, 2014)
 - GATA re-affirms Illinois commitment to apply the federal rules for federally funded and pass-through grants
 - GATA adopts these federal rules for state grants (effective July 1, 2015)
 - Illinois is the first state in the nation to take this approach

GATA Recognition – Illinois is a leader

GATA – or 30 ILCS 708 -- is the nation's first state legislation to require a comprehensive set of standards that mandate accountability and transparency throughout the entire life cycle of a grant.

- The National Council of Nonprofits believes this should go nation-wide.
- The Federal Council on Financial Assistance Reform (COFAR) and the President's Office of Management and Budget are encouraging other states to follow Illinois' lead.
- Florida, New York, North Carolina, and South Carolina have already reached out to Illinois for guidance in passing and implementing similar legislation.
- Canada has requested to discuss Illinois' grant reform model and accountability as a model of best practices.
- The Illinois Central Repository Vault (CRV) has received national recognition and served as a model for the State of New York.

Why GATA? – The Legislative Intent

1. To develop a coordinated, non-redundant process for the provision of effective and efficient oversight of the selection and monitoring of grant recipients, thereby ensuring quality programs and limiting fraud, waste and abuse;
2. To define the purpose, scope, applicability and responsibilities in the life cycle of a grant;
3. To increase accountability and transparency in the use of grant funds from whatever source
4. To reduce administrative burdens on both State agencies and grantees by adopting federal guidance and regulations applicable to such grant funds; specifically, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”), codified at 2 CFR 200.
5. To be consistent with the State’s focus on improving performance and outcomes and ensure transparency and the financial integrity of taxpayer dollars

Some Background:

Management Improvement Initiative Committee (MIIC)

P.A. 96-1141 required the Illinois Departments of Human Services, Healthcare and Family Services, Children and Family Services, and Public Health to provide recommendations to the legislature to remove redundancies of administrative burden on community providers. Department on Aging was later added.

P.A. 97-0558 created the Management Improvement Initiative Committee (MIIC) to implement the 35 recommendations in 7 different areas.

Subcommittees pursuing the 7 areas included:

- Small, medium and large sized providers;
- Representatives from 5 Human Service Agencies;
- Representatives from Advocacy Groups.

Goals of MIIC

The MIIC Fiscal and Streamlining Subcommittee was charged with developing uniform requirements while complying with state and federal requirements.

They also sought to reduce redundancies and the administrative burdens for Providers (Grantees). Examples include:

- Uniform Reporting Requirements;
- Uniform Auditing Requirements;
- Reduce the number of on-site reviews;
- Reduce the number of requests for the same information and documentation;

To have ONE uniform set of rules, the committee determined that federal rules should be followed.

MIIC Results

Uniform Budget and Financial Reporting Template;

Uniform Fiscal and Administrative On-site review protocol;

Uniform grant agreement templates;

Uniform high risk indicators;

Central Repository Vault;

Uniform Financial Statement Audit threshold;

Required Financial Statement Audits to be conducted in accordance with Generally Accepted Government Auditing Standards;

Required submission of an indirect cost rate proposal.

Background continued

--The next step: ILSAC

The Illinois General Assembly created the Illinois Single Audit Commission (ILSAC) to provide legislators with recommendations for grant reform in Illinois.

Federal funds make up large amounts of Illinois' grant funds. State funding is used to meet the "matching" and "maintenance-of-effort" requirements as a condition of the federal grant.

ILSAC reviewed grant funding as a percent of the State's Fy14 budget and found issues such as:

- 52 agencies have appropriations to make grants;
- 762 individual grant appropriations range from \$400 to \$4.5 Billion;
- 10 agencies account for 95% of the grant appropriations (\$44.6 Billion);
- Illinois did not have uniform grant rules;
- One grantee complained they had 8 different reporting templates

More Background : GATA, the act

Thanks to the work of ILSAC and the strong beliefs of the four sponsors of the bipartisan legislation,

- Senators Dan Kotowski
- Senator Pamela Althoff,
- Representative Patricia Bellock and
- Representative Fred Crespo

the Grant Accountability and Transparency Act passed in both houses, the Governor signed it, and GATA became Law.

GATA key points

Key point: All the grants in the state will follow the federal rules.

1. Establish a State Catalog of Financial Assistance;
2. Establish qualifications and testing of fiscal agents.
3. Establish Audit requirements for
 - sub-recipients who do not meet the new \$750, 000 threshold,
 - for-profit entities and
 - state grants;

Key points continued...

4. Establish a Grant Accountability Officer for each grant making agency;
5. Create a web portal for posting relevant information;
6. Set administrative requirements through supplemental rules, in accordance with 2 CFR 200;
7. Set Cost principle requirements including implementation of negotiation of indirect cost plans;
8. Establish a “State Debarred and Suspended” List (Excluded parties list);
9. Establish a Pre-qualification of grantees and contractors;

More Key Points

10. Establish Mandatory disclosures including conflict of interest;
11. Establish training requirements for staff of grant applicants;
12. Establish policies and procedures for an exemption process, that allows exemption in whole or part to these rules in unique situations.
13. Establish a Grant Accountability and Transparency Unit (GATU) in the Governor's Office of Management and Budget

Sounds great -- But what will GATA do?

- Assist State agencies and grantees in implementing the new Federal guidance at 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Requirements)
- Increase accountability and transparency while reducing redundant administrative burdens
- Promote cross-sector cooperative efforts – Joint State Agency and Grantee input for rulemaking and implementation recommendations
- Strive to maintain a uniform process throughout the entire grant life cycle by leveraging the Uniform Requirements; **exceptions** will be handled in a separate process
- Optimize resources – coordination of grant-monitoring activities to promote efficient use of scarce resources
- Provide training and technical assistance for State agency staff and grantees

Successful State agency oversight and successful grantees will result in a successful Illinois.

what does GATA mean to me?

What should I look forward to as a

- State employee
- Grantee
- Potential Grantee

Besides adopting the federal rules, GATA legislation is intended to develop a coordinated, non-redundant process to provide effective and efficient oversight of the selection and monitoring of grant recipients, thereby ensuring quality programs and limiting fraud, waste, and abuse.

- Unify and Streamline processes
- Improve efficiencies for state agencies and grantees
- Create more open and effective grant recipient selection
- Unify record keeping and reporting requirements
- Monitor grants more effectively
- Improve grantee capacity

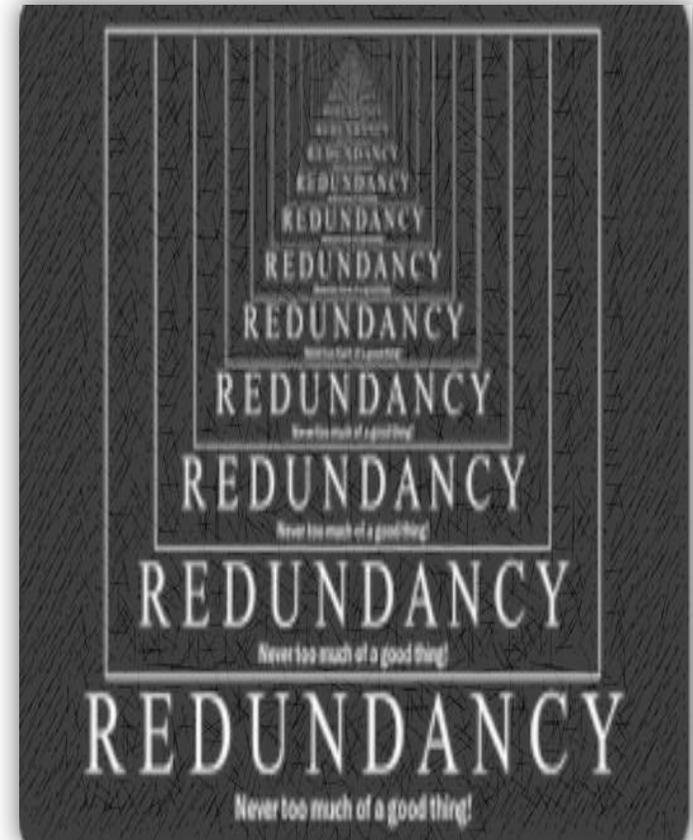
The overarching goals of GATA are to ***eliminate duplicative grant requirements*** and ***reduce administrative burdens*** while ***increasing accountability and transparency.***

Example – How GATA Will Optimize Resources & Remove Redundancies & Duplication

Labor Hours Are Important – GATA standardization will eliminate the duplication of effort for audit report reviews, indirect cost rate negotiation, on-site reviews and training

Considering only 2 required compliance activities in an analysis of grantees who received grants from two or more of the five social service agencies revealed:

- ✓ Over 350,000 duplicated labor hours (230 FTEs) for State employees at a cost equal to or greater than \$33.7 million, and
- ✓ estimated 250,000 labor hours (167 FTEs) at an estimated cost of \$15 million to State of Illinois grantees responding to the duplicate efforts, as none of the information is catalogued or shared among State agencies



I'm still not sure --does GATA apply to me?

- Effective on and after July 1, 2015, All State, Federal and Federal pass-through awards are subject to GATA.
- State Agencies and Grantees are required to follow the 2 CFR 200 Uniform Requirements and GATA Legislation 30 ILCS 708
- **If you participate in giving or receiving grants from these funding sources, then GATA applies to you!**
- The Governors' Office of Management and Budget has established the Grant Accountability and Transparency Unit (GATU) to implement GATA.

GATU is here to help you!

So what do I need to know?

- Know how to find the applicable rules and requirements for your grant process, from pre-application to close out
- Understand the rules that apply to your organization and your grants
- Know where to find resources
- Know who to contact for assistance
- Take training and make sure staff take training
- Learn the supporting technical processes

What's first?

Understand where we are now and what is to come

- **Phase 1 – Rulemaking - is ongoing and near closure**
 - ✓ Review the Uniform Requirements;
 - ✓ *Federal rules are already set for Federal and pass-through awards*
 - ✓ *Rules not allowing flexibility were effective July 24, 2015 through JCAR*
 - ✓ *Notice of Adoption was published in August 7, 2015 issue of the Illinois Register*
 - ✓ *Draft rules for changes effecting state grants are now in process*

Draft Recommended Changes to Proposed Rules

- Examples of the 9 proposed changes include:
 - ✓ The addition of an Appeal Process must be described and incorporated into the Merit Based Review process
 - ✓ Change of a word..... Appendix 1 to Part 200, Section E. Recommended changing “**may**” to shall in Application Review Information, If there is a multi-phase review process the announcement “**shall**” describe the phases
 - ✓ Awarding agency must generally make all competitive funding opportunities available for application for at least ~~60~~ **45** calendar days.

Draft Rules



Office of Governor Bruce Rauner
 Governor's Office of Management and Budget
 Grant Accountability and Transparency Unit

<http://www2.illinois.gov/gov/budget/Pages/GrantAccountability.aspx>

- The Draft GATA Proposed Rules Document is available on the website for the Office of Management and Budget at the above link.
- The PDF document provides links to all the rules that were recommended to be approved “As is” and links to the recommended rule changes.
- There were only nine (9) rule changes recommended by the GATA ILSAC Subcommittees

**DRAFT * GATA Proposed Rule
 Recommendations *DRAFT**

| Site | Title | Decision |
|-----------------------------|---|----------------------------|
| Subpart A 200.0 – 200.99 | Acronyms | Approve as is - No changes |
| \$200.0 | Acronyms. | |
| \$200.1 | Definitions. | |
| \$200.2 | Acquisition cost. | |
| \$200.3 | Advance payment. | |
| \$200.4 | Allocation. | |
| \$200.5 | Audit finding. | |
| \$200.6 | Auditee. | |
| \$200.7 | Auditor. | |
| \$200.8 | Budget. | |
| \$200.9 | Central service cost allocation plan. | |
| \$200.10 | Catalog of Federal Domestic Assistance (CFDA) number. | |
| \$200.11 | CFDA program title. | |
| \$200.12 | Capital assets. | |
| \$200.13 | Capital expenditures. | |

About those Draft Rule Recommendations – We welcome your Input!

The Rulemaking Phase includes three key guiding principles:

- 1) Review the Uniform Requirements; the rules can be more explicit, but not less stringent
- 2) Determine if we need to add additional requirements for awards
- 3) Need to be flexible so that we can modify in the future, whenever necessary.

Keep these principles in mind when you review the rules

- Our goal is to ensure that both grantee and state staff share their input, concerns and suggestions before the rules are finalized through JCAR
- We are working to involve as many grantees in this process as possible. About 50% of the subcommittees are grantees
- GATU and State Agencies are instrumental in a coordinated outreach to reach stakeholders and allow time for review and comments of recommended rule adoptions

Next steps beyond rulemaking -- Phase 2

- **Phase 2 – Implementation - is fast approaching**
 - ✓ Based on the rules, set uniform framework for Statewide policies and procedures
 - ✓ Ensure that policies and procedures are flexible enough to add specific conditions for individual grant programs
 - ✓ Ensure that the rules meet the objectives of GATA to lessen the administrative burden and remove duplication
 - ✓ Ensure that the rules recognize the limitations of small providers and grant awards while helping to build capacity through training and technical assistance

Ongoing Phase 3 - Monitoring

- **Monitoring will be constant**
 - ✓ There will be an ongoing process of review and continuous improvement after the initial implementation

Plans along the way...

There is much to be done and your assistance is valuable.

Here is just a part of the areas you may help:

- Sharing your comments to the proposed rule changes
- Communicate within your own agencies and organizations
- Serving on an IMPLEMENTATION subcommittee
- Learn IT systems as they develop
- Training
- Helping sponsor training locations

Reminder

Draft rule recommendations are available on the GATA website:

<http://www2.illinois.gov/gov/budget/Pages/GrantAccountability.aspx>

Please submit all comments and questions by October 7, 2015 to:

OMB.GATA@illinois.gov

Thank you!

- The Grant Accountability and Transparency Unit (GATU) is here to help
- GATU is working closely with the Donors Forum and many grantee organizations.
- Together we can achieve the goals of increased accountability and transparency while reducing administrative burdens!