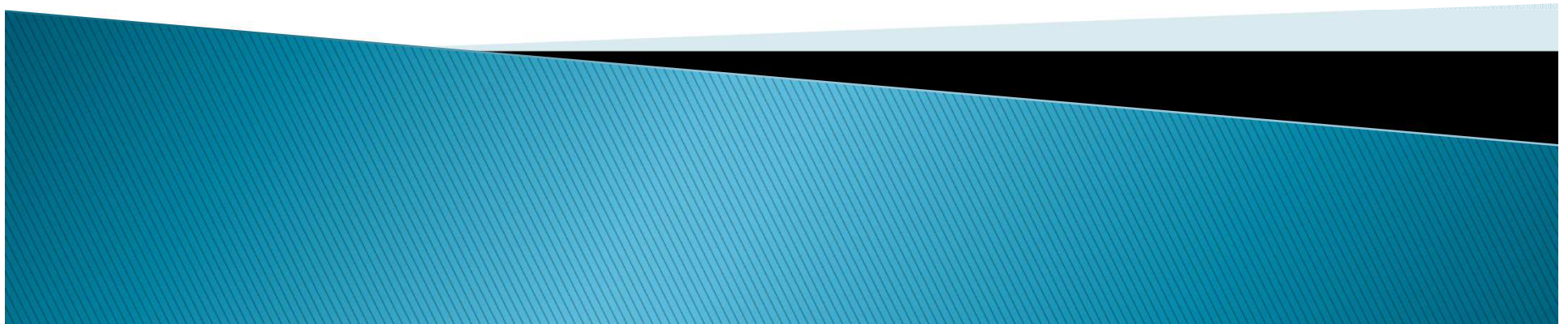


# GATA – Internal Audit Impact SIAAB Annual Conference

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# Topics of Discussion

- ▶ Brief GATA Overview and Framework
- ▶ Uniform Policies and Templates
- ▶ Exception Process
- ▶ Grantee Compliance Enforcement System
- ▶ GATA Implementation Schedule
- ▶ GATA Efficiencies
- ▶ JCAR Rules
- ▶ GATA Website
- ▶ Catalog of State Financial Assistance
- ▶ GATA Roles and Responsibilities
- ▶ Agency Compliance Issues
- ▶ Audit Tools

# Leveraging the Federal Model

- ▶ Federal government is serious about compliance and is increasing enforcement of grant rules and regulations
- ▶ Federal grant revenue = largest single State revenue source
  - Direct Federal and Federal Pass-Through Funding – \$29 Billion
  - State and Federal Pass-through Funding – \$12 Billion (CSFA)
- ▶ GATA adopts Federal regulations for all grants
  - All new grants after December 19, 2014 are required to follow federal grant rules (2 CFR 200)
  - State agencies and grantees face penalties, additional compliance requirements and potential loss of federal funding for noncompliance

# Goals of Uniform Requirements

- ▶ Assist State agencies and grantees in implementing the new Federal guidance (2 CFR 200)
- ▶ Increase accountability and transparency while reducing redundant administrative burdens
- ▶ Establish and maintain uniform, statewide processes throughout the grant life cycle
- ▶ Optimize resources – coordinate grant monitoring activities for efficient use of scarce resources
- ▶ Focus on program outcomes
- ▶ Provide training and technical assistance for State agency staff and grantees – build capacity

***Successful State agency oversight and successful grantees will result in successful Illinois Grant Management***



# National Recognition

- ▶ Illinois is the first state in the nation implementing comprehensive standards throughout the entire grant life cycle
  - Federal Office of Management and Budget has showcased GATA as a promising practice in the implementation of the new Uniform Guidance
  - National Council of Nonprofits believes GATA should be the national model
  - 15 states, LA County and New York City have contacted Illinois for guidance in passing and implementing similar legislation and/or business processes

# GATA Framework

- ▶ Centralized unit in GOMB, Grant ATU
- ▶ 7 Subcommittees with over 200 volunteers – 60% from State agencies and 40% from grantee community; co-chaired by state agency and grantee
- ▶ GATA Steering Committee: review and approve subcommittee recommendations to meet GATA goals
- ▶ Illinois Single Audit Commission: advise and consent for GATA Steering Committee final recommendations
- ▶ Each grant making agency appointed a Chief Accountability Officer, subject matter expert(s) for indirect cost rates and audit report review





# Applicability

## GATA Exception Process

- ▶ All programs assumed subject to federal Uniform Guidance and GATA unless a written exception is given
- ▶ State agencies must review state and federal requirements and submit a program-specific request for exception to GATU
- ▶ GATA Goal = all inclusive list of exceptions to state and federal pass-through programs
- ▶ Once GATU provides written approval of an exception, state agency must record exception in the CSFA
- ▶ CSFA data populates the NOFO and NOSA and must be included in the Uniform Grant Agreement (UGA)



# Uniform Policies and Templates

- Registration and pre-qualification
- Fiscal and administrative risk assessment and specific conditions
- Programmatic risk assessment and specific conditions
- Notice of Funding Opportunity
- Grant application
- Budget
- Conflict of interest
- Illinois Stop Pay List
- Merit based review
- Notice of State Award
- Grant agreement
- Periodic financial and performance reporting
- Consolidated year-end financial reporting
- Audit requirements for grantees that do not meet the single audit threshold
- Audit requirements for “For Profit” entities

# Grantee Compliance Enforcement System (GCES)

- ▶ GATA goal: ensure quality grant programs by limiting fraud, waste and abuse
- ▶ GOMB must maintain a “list of individuals and entities that are ineligible, either temporarily or permanently, to receive an award of grant funds from the State”
- ▶ GCES based on federal Debarred and Suspended List and the Federal “Do Not Pay” System

# GCES Uniform Framework

- ▶ Policy establishes statewide parameters for all grantmaking state agencies to respond to grantee non-compliance
- ▶ Standard notification procedures and consequences for informing grantees of non-compliance issues including failure to:
  - Provide required financial and performance reports,
  - Return unexpended funds, or
  - Submit audit reports, and monitoring reviews of corrective action responses
- Grantees can respond to applicable state agency and resolve non-compliance issues immediately

# GCES Uniform Framework: Illinois Stop Payment List

- ▶ Uniform administration of the Illinois Stop Payment List
  - Statewide protocols for grant awards and payments to entities on the Illinois Stop Payment List
  - State agencies cannot execute or modify grant agreements and must withhold payment to grantees on the Stop Payment List (exceptions may be allowed)
- ▶ GCES available in GATA Resource Library,  
<https://www.illinois.gov/sites/GATA/Pages/ResourceLibrary.aspx>

# GATA FY17

- ▶ Centralized grantee registration and pre-qualification
- ▶ Uniform policies and templates for pre-award grant phase
- ▶ Centralized negotiation of indirect costs
- ▶ Centralized and automated fiscal and administrative risk assessment
- ▶ Programmatic risk assessment framework
- ▶ Designing uniform audit requirements
- ▶ Automated NOFO from the CSFA
- ▶ GATA training through webinars, one-on-one sessions, and stakeholder engagements

# FY18 Implementation

- ▶ Grantee Portal established
- ▶ Centralized audit report reviews and Cooperative Audit Resolution Team Process
- ▶ Automate programmatic risk assessment framework
- ▶ Indirect Cost Rate framework enhancements
  - Simplified easy three elections– federally negotiated, de minimis and no rate elections
  - Linking to the Grantee Portal in FY19
- ▶ Uniform on-site review protocol and coordination
- ▶ Training, training, and more training

# GATA Efficiencies – FY18 CSFA Statistics

- ▶ Approximately 760 different grant programs administering in Illinois
- ▶ Approximately 35,000 grants issued by state grantmaking agencies
- ▶ Approximately 5,000 unduplicated grantees
- ▶ 83% of grantees have awards from more than one state agency

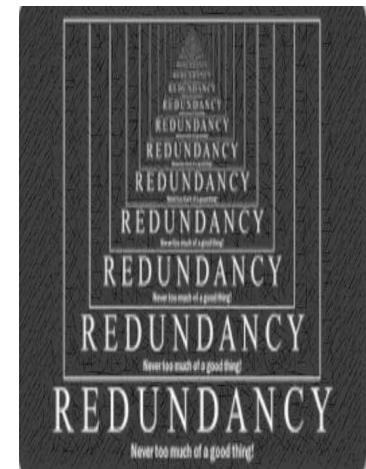




# Optimize Resources, Remove Redundancies & Duplication

An analysis of grantees who received grants from two or more state grant making agencies:

- ✓ Grantees receive awards from 1 to 15 state agencies
- ✓ Nearly 8,575 duplications in common requirements including:
  - Registration and prequalification
  - Fiscal and administrative risk assessment
  - Indirect cost rate negotiation
  - Audit report review
  - Grantee training
  - Fiscal and administrative on-site reviews
  - Statewide Stop Pay System



# JCAR – GATA Administrative Rules

- ▶ New GATA Administrative Rules published 10/6/17 in the Illinois Register
  - Public Hearing scheduled 11/9/17
- ▶ Evolution of GATA Administrative Rules
  - Initial Rules communicated Illinois' incorporation by reference to Federal Uniform Guidance (2 CFR 200) and other cited federal and state statutes – starting point for GATA policy
    - Secretary of State Indexing Division recommended we repeal and replace GATA Admin Rules
  - FY16: grant pre-award phase frameworks were designed

# Evolution of JCAR Rules (Continued)

- ▶ Frameworks tested and modified based on stakeholder suggestions – wanted to be sure frameworks were sound before rules became policy
- ▶ Pre-award frameworks implemented FY17 applicable to FY18 are now being codified into rules
- ▶ During FY18, remaining grant post-award phase frameworks will be designed and piloted including:
  - Centralized audit report reviews,
  - Onsite fiscal and administrative reviews and monitoring,
  - Periodic and year-end reporting
- ▶ Post-award phase rules will be added to GATA Admin Rules after frameworks have been tested and updated as needed

# Highlights of New Rules

- ▶ Rules support successfully implemented pre-award phase frameworks including federally mandated registration and pre-qualification, risk assessment and merit based review of applications
- ▶ Rules also address centralized indirect cost rate negotiations, and uniform audit requirements, and standard templates and practices for public notices (NOFO), budgets, funding notices (NOSA), uniform grant agreement and periodic reporting
- ▶ State agencies must incorporate GATA administrative code into agency and program specific administrative rules

# GATA Website:

[www.grants.illinois.gov](http://www.grants.illinois.gov)

- ▶ GATA website is a resource for all stakeholders that administer and receive grants in Illinois
- ▶ GATA website provides access to:
  - Grantee Portal
  - Public view of the CSFA
  - Resource Library
    - Federal and state rules, regulations and FAQs
    - Training presentations and materials
    - Uniform templates, documents and forms
  - Indirect cost rate negotiation information
  - Links to recorded training webinars

# CSFA Public View Highlights

- ▶ Complete listing of state and federal grant programs administered in Illinois
- ▶ Program specific information including:
  - Program title with popular name, if applicable
  - State agency responsible for program administration
  - Eligibility requirements
  - State and federal regulations, citations to Code of Federal Regulations, state statute and Illinois Administrative Code
  - Program goals and objectives
  - Public notice (NOFO) and application information
  - List of grants awarded, grantees and amounts by program

# Roles and Responsibilities Grid

- ▶ GATU compiled a Roles and Responsibilities Grid segmented by GATU/subcommittees, state grantmaking agencies, state cognizant agencies, and grantees
- ▶ Includes all components of the pre-award phase and key components of post-award including centralized audit report reviews and periodic reporting
- ▶ Available in the GATA Resource Library under FY18 Fall Training, Part 2



# Agency Compliance Issues



# Agency Compliance Issues

- ▶ Many state agencies are not in full compliance with federal Uniform Guidance (2 CFR 200) or GATA
  - Non-compliance most prevalent in State funded grants or federal grant programs and/or state agencies not subject to Statewide Single Audit
- ▶ Only 11% of federally funded grant programs were tested in FY16 Single Audit
- ▶ Tone at the top is critical – agency leadership must ensure compliance with state and federal regulations

# Top Compliance Issues – CSFA

- ▶ CSFA grant program universe is incomplete
  - The federal programs were pre-loaded from SEFA data in August 2015
  - State agencies were to add state-funded programs and federal and federal pass-through programs received after August 2015
- ▶ GATU cannot determine if all programs are entered for every CFDA; state programs are more challenging
- ▶ There is no simple methodology for determining the universe other than tying out each CSFA number to appropriations

# CSFA Issues

## 2 CFR 200.101 Exceptions

- ▶ State agencies must review specific program requirements, even if program received an exception under 2 CFR 200.101
  - Many federal agencies have adopted UG in part or whole even through program exception was given in 101(d)
- ▶ Misinterpretation of 2 CFR 200.101(e) – programs paying benefits directly to a beneficiary, or on behalf of a beneficiary are exempt
  - If a subaward is issued to carry out the award, the grant is subject to UG
- ▶ Exceptions not recorded in CSFA correctly result in inaccurate information in the automated NOFO and NOSA – out of compliance with federal and GATA requirements

ALL awards are subject to Audit requirements

# Common Issues – Registration and Prequalification

- ▶ Agencies must require grantees to complete centralized registration and pre-qualification; federal requirement
- ▶ Not registering prevents state agency from automatically verifying the following through SAMS.gov:
  - Federal Debarred and Suspended status
  - DUNS number
  - Federal debt information
  - Illinois Stop Payment status
  - Good standing with the Illinois Secretary of State
  - HFS sanctioned list status
- ▶ Automated financial and administrative risk assessment and assignment of specific conditions cannot be performed if grantee is not registered

# Common Issues – Lack of Segregation of Duties

- ▶ Lack of a centralized compliance unit
- ▶ Same individual responsible for the entire life cycle of a grant including:
  - Federal grant application
  - Subaward: competitive, formula or legislative mandate
  - Monitoring
  - Close out
  - Audit and final decisions on audit findings, questioned cost and acceptance of the corrective action plan



# Common Issues – Agency Grant Staff Not Attending GATA Training

- ▶ #1 complaint from grantees: state agency grant staff are unaware of requirements or aren't familiar with UG and GATA
- ▶ Most agencies don't track grant management staff to who attends the trainings
  - GATU requires webinar registration so we're able to track participants to a degree
- ▶ Trainings are provided live; recordings and presentation hand outs are available on-demand from GATA website



# Common Issues – Indirect Cost Rate Selection and Negotiation

- ▶ Each agency must assign subject matter experts for indirect cost
  - Based on agency size, some SMEs are division level
- ▶ GATU has provided extensive training over the last two years; also available on demand
- ▶ Year 1 – weekly calls; Year 2 – bi-weekly calls
- ▶ Many SMEs did not have the skill set necessary to perform indirect cost-related responsibilities



# Common Issues – Indirect Cost Rate Selection and Negotiation

- ▶ Not requiring grantees and subrecipients to use the centralized system to make an election for easy 3:
  - Federally negotiated rate – required to accept under the following conditions:
    - Obtain a copy of the rate letter
    - Ensure rate is current or contains the appropriate notification of one-time, 4 year extension
    - Ensure it's not a special rate for a specific program or Federal Agency (limited application)
    - Contains a base

# Common Issues – Indirect Cost Rate Selection and Negotiation

- 10% De Minimis Rate – requires certification that entity has never negotiated a rate with federal government
  - No Rate – not allowed to charge any indirect costs, including unrecovered indirect costs as matching or cost sharing
- ▶ For De Minimis Rate and No Rate, additional budget review steps should be implemented to ensure indirect costs are not included as direct
- Require a Cost Policy Statement be prepared and available to ensure no indirect cost are imbedded in direct costs



# Audit Tools Available



# Audit Tools

- ▶ Catalog of State Financial Assistance (CSFA)
- ▶ CSFA State Staff Inquiry
- ▶ NOSA Management
- ▶ Illinois Stop Payment List
- ▶ Reports and Exports
  - Export Programs by Agency
  - Export Active Awards
  - Export Individual Awards by Fiscal Year
  - Export Grantees grouped by Agency by Fiscal Year
  - Illinois Stop Pay Listing – export to excel

# Reports and Exports (Continued)

- ▶ State Staff Inquiry Screen Reports
  - Grantee List Export
  - Grantee Contacts Export
  - ICQ Status
  - Approved ICQ and related Specific Conditions
  - Grantee F&A Risk Profile
  - Indirect Cost Rates



# Audit Tools – State Staff Inquiry Screen

- ▶ State staff inquiry screen provides dashboard capability on grantees including:
  - Summary listing of state agency programs, awards, NOFOs and NOSAs
  - Drill down capability for each agency, including list of all programs administered
  - Program information includes:
    - CSFA and CFDA,
    - Agency number and division,
    - Program title and short description,
    - Program-specific terms,
    - GATA exemptions and exceptions,
    - Funding information; funding by fiscal year,
    - Top 10 active awards with drill down to view all awards



# Audit Tools – State Staff Inquiry Screen

- ▶ Grantee dashboard information
  - Grantee demographics
    - Name, contact info, fiscal year–end, organization type, FEIN, DUNS, GATA ID, SOS File ID, State Cognizant Agency,
  - Pre–qualification status
    - SAM.gov account, Federal Excluded Parties List, federal delinquent debt, Secretary of State Good Standing, Illinois Stop Payment List and Illinois DHFS Sanction List
  - Fiscal and administrative risk assessment (ICQ) summary
  - Indirect Cost Rate information
  - Audit information
  - Notice of State Awards
  - Prior and current year state agency funding information

# Demonstration and Access

- ▶ Willing to provide a live demonstration of the CSFA, Audit Tools for Internal Auditors
- ▶ Access can be obtained upon request to the State Staff Inquiry and Reporting Functionality
- ▶ Training presentations and Webinars are available on the GATA Website  
[www.grants.illinois.gov](http://www.grants.illinois.gov)
- ▶ Questions and access requests can be emailed to [OMB.GATA@Illinois.gov](mailto:OMB.GATA@Illinois.gov)

# Questions?

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