**STATE OF ILLINOIS**

# GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

8th ANNUAL REPORT TO THE

GOVERNOR AND GENERAL ASSEMBLY

**January 1, 2023**

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GATA committees and workgroups are made up of front-line and leadership staff from state agencies and the grantee community. This allows Illinois' grant management frameworks and the statewide grant management system to be designed, tested and implemented with direct input from stakeholder users. This level of engagement fosters ownership and support for improving grant management.

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[1] Current staff unless otherwise noted.

Collaboration between GATU and the state agency Chief Accountability Officers (CAOs) supports the incremental implementation of the new grants management system.  By statute, each state grant-making agency appoints a CAO responsible for that state agency's implementation of and compliance with GATA rules.  CAO meetings twice a month provide information sharing on best practices, highlight federal and state updates and provide a forum to discuss barriers to grant administration.  A complete list of current CAOs can be found in Appendix I to this report.

# Executive Summary

Illinois state government officials have a duty to ensure taxpayer dollars are spent wisely, efficiently and with transparency. Because grants are a significant funding mechanism for Illinois, the Grant Accountability and Transparency Act (GATA) (30 ILCS 708), is a means to provide effective, efficient administration of the grant making process in an open, public manner.

On average, the state spends approximately $26.6 billion in annual Federal Financial Assistance.[2] Illinois distributes approximately $15.8 billion through grant agreements between state agencies and grantees[3]. In addition, Illinois also continues to administer unprecedented amounts of federal COVID response funds in the form of grants. Because the state relies extensively on grants to operate programs and deliver services to Illinois citizens, these programs are successful when the grantees are successful.

GATU is proud to deliver this annual report for state fiscal year 2022 as required by statute. The following narrative highlights the detail provided in subsequent sections of this report.

- GATA Enhancements. Stakeholders from the grantee community and state agencies have provided specific feedback to make grant administration more straight forward and user focused. Extensive enhancements have been made to GATA frameworks to enable grant funds to be more accessible to new entities as well as existing grantees while supporting federal grant requirements. Illinois implemented the following enhancements in state fiscal year 2022 in response to GATA system user feedback:
  - Expanded equitable access to grant funds through training sessions and relationship building;
  - Promoted funding opportunity awareness through Illinois NOFO[4] Notifications, an email subscription service;
  - Improved technical assistance with the online Grantee Portal User Guide; and
  - Simplified organizational assessments following federal risk assessment guidelines.

- Statewide Best Practices and Systems. Illinois, and all jurisdictions, must meet federal grant requirements. GATA implementation is based on best practices built out and replicated statewide. GOMB and GATU are committed to supporting and improving the user experience. Illinois remains committed to a smooth transition for state agency grant administrators and the grantees who deliver our programs and services. This report highlights best practices in the following areas:
  - Success-oriented change management – Illinois Department of Public Health (IDPH)
  - Centralized Grant Services Unit – Illinois Department of Transportation (IDOT)

- Statewide Grant Management System. Illinois continues to implement a statewide grant management system (GMS) using AmpliFund software. GMS is based on existing GATA frameworks and templates and includes integrations to GATA systems including the Grantee

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[2] Roughly $22.5 billion of this funding is for Medicaid and internal use.
[3] Approximately $12 billion is state funded with a significant portion used for match or maintenance of effort toward federal funding.
[4] NOFO is the acronym for Notice of Funding Opportunity.

Portal for registration and prequalification and the Catalog of State Financial Assistance (CSFA). GMS is the system of record for statewide grant administration.[5]

As documented in the chart on pages 12 and 13, 15 state agencies are currently using AmpliFund. Four agencies are configuring their initial funding opportunities in the system, while staff from 11 additional agencies are participating in system training in preparation for implementation.

- Centralized Audit Report Reviews. Because 41 percent of grantees receive grants from more than one state agency, the centralized Audit Report Review Management System (ARRMS) annually eliminates approximately 4,500 duplicate audit report reviews. State agencies collectively agree to the grantee's corrective action plans, reducing the administrative burden of the grantees.

  Expenditures reported in the Consolidated Year End Financial Report (CYEFR) provide an audit trail of completed, mandatory state agency reconciliations of grantee expenditures. Audit liaisons, audit report review subject matter experts, and GATU are finalizing ARRMS enhancements, including simplifying the audit certification form, streamlining the CYEFR completion process and removing the requirement that CYEFR total expenditures tie to audited financial statements.

  Because Illinois relies on grantee audit reports to reduce state agency monitoring, it is important that GATA frameworks identify grantee audits that do not meet generally accepted auditing standards. During state fiscal year 2022, GATU continued development of this framework to analyze grantee audit submissions.

- Schedule of Expenditures of Federal Awards (SEFA). As a result of enhanced oversight procedures, Illinois remains clear of a prior audit finding repeated from 2002 through 2019 regarding inadequate process for compiling the SEFA.

- Indirect Cost Rates. State fiscal year 2022 was the first full year grantees used the Illinois Centralized Indirect Cost Rate Election System. Accessed through the Grantee Portal, the system generates written indirect cost rate agreements and serves as Illinois' system of record for all grantee indirect cost rate elections and approvals used for reimbursement of state-issued awards. During state fiscal year 2022, 10,171 elections were recorded in the system.

- GATA Training. During state fiscal year 2022, GOMB entered into a contract with University of Illinois-Springfield, Continuing and Professional Education (UIS-CAPE), making life cycle grant training and the learning management system (LMS) available for statewide use. Through this initiative, Illinois can improve equitable access to grant funds so organizations with limited grant experience are better positioned to obtain grant awards. This technical assistance also supports existing grantees as they strive to meet grant terms and conditions and post-award

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[5] All state grant making agencies under the Governor will administer grants through GMS. Grantees will use GMS for grant functions from submitting grant applications to receiving executed grant agreements, submitting periodic financial and performance reports and requesting grant payments.

requirements. The statewide LMS is a foundational piece of GATU's grant administration support.

- Demonstrating GATA Performance. Statute requires this report to address five GATA performance measures which are addressed in the respective section of this report. The outcomes of GATA implementation have a much more significant impact than these data points indicate. Illinois' grant legislation establishes centralized systems to support compliance, minimize administrative burden and reduce duplication of effort. More effective and efficient grants management can reduce the cost of administration, allowing those funds to be directed to the delivery of programs and services, helping to maximize their impact.

# GATA Fiscal Year 2022 Report

## GATA ENHANCEMENTS

In response to specific grantee and state agency feedback, extensive enhancements have been made to GATA frameworks to improve grant administration statewide. These improvements enable grant funds to be more accessible to new entities as well as existing grantees, while supporting state grant making agencies that are required to meet federal and state mandates. Working closely with the agency managers, system users and grantees, Illinois is implementing better approaches to carry out the mandates more efficient and effectively.

## Expanding Equitable Access to Grant Funds

Throughout state fiscal year 2022, GATU has been working with state agencies to expand awareness and understanding of grant requirements. Working with organizations new to Illinois grant funds, these sessions promote equitable access to public funds by helping organizations navigate the steps required to be eligible for and apply for suitable grant funds. These well-attended remote sessions provided a forum for state grant making agencies, GATU staff and external stakeholders to share information, demonstrate GATA systems, and engage in peer-to-peer support. During 2022, GATU participated in such sessions with the Department of Human Services (DHS), the Department of Healthcare and Family Services (DHFS) and the Illinois Emergency Management Agency (IEMA).

## Illinois NOFO Notifications

In response to legislative feedback, GATU implemented a subscription-based email service, Illinois NOFO Notifications, that provides weekly notices of new NOFOs posted in the Catalog of State Financial Assistance (CSFA). As of the report date, more than 700 subscribers receive these weekly alerts.

## Grantee Portal User Guide

Each year, the State partners with organizations throughout Illinois to provide billions of dollars for services and programs to its residents. To make financial assistance more accessible to organizations new to Illinois grants, GATU developed a Grantee Portal User Guide. This new, user-friendly guide is internet accessible and includes step-by-step instructions, screen prints and links to help organizations and individuals use the Grantee Portal to register and become qualified to receive grant funds. The Grantee Portal User Guide is available at https://gata.illinois.gov/content/dam/soi/en/web/gata/documents/resource-library/gata-new-user-guide.pdf.

## Risk Assessments

Federal Uniform Guidance, 2 CFR 200.206 Review of Risk Posed by Applicants, requires state awarding agencies to consider the operating structure of each applicant. When a state agency knows the technical needs of an organization, it can prepare and deliver appropriate support to help the organization be successful with program and service delivery. GATA frameworks help awarding agencies identify applicant-specific internal control risk. Building on best practices, such as the

Department of Commerce and Economic Opportunity (DCEO) communication-based approach to proactive risk management - early identification and mitigation, GATU has streamlined the federally required risk assessment tools by simplifying its grantee questionnaire and guiding state agencies to utilize the application to evaluate applicant support needs.

*Updated Internal Control Questionnaire and Application-Based Program Assessment*

Risk assessment of grantees is an important requirement in the Uniform Guidance section 2 CFR 200.206 - *Federal Awarding Agency Review of Risk Posed by Applicants*. Under this provision, a framework for evaluating the risks posed by applicants must be in place prior to receiving federal awards. The state awarding agency evaluates an applicant's financial stability, management systems and standards, history of performance, audit reports and findings and its ability to effectively implement requirements.

To standardize the assessment process, a uniform grantee risk profile was developed and has been incorporated into an internal control questionnaire (ICQ).  The ICQ is the primary tool used to assess the applicant's financial and administrative risk profile.  Each applicant is required to complete an ICQ in the Grantee Portal annually. Only one ICQ is completed per applicant regardless of the number of grant applications submitted or grant awards received.

During state fiscal year 2022, a revision of the ICQ was developed and implemented with the purpose of providing clear and concise questions which result in a more accurate applicant risk assessment. The revised ICQ still follows the guidance in 2 CFR 200.206 but is presented in a format that can be easily completed by all applicants.

Programmatic risk considers an applicant's likelihood to carry out the program or services as designed and achieve the goals and objectives of the grant. A programmatic assessment is specific to how an organization intends to carry out the program it is applying for and the over-all controls an organization has in place to oversee and meet performance expectations. In previous years, a programmatic questionnaire was included in the application package and completed by an applicant. In state fiscal year 2022, a new Programmatic Risk Assessment tool was implemented eliminating the programmatic questionnaire, a further streamlining of the process.  The tool assists agencies in consistently assessing applications for areas that may need support or technical assistance as organizations strive to meet grant performance expectations.   The new tool integrates the programmatic assessment organically into the existing merit review or pre-award evaluation (for non-discretionary awards).

## STATEWIDE BEST PRACTICES IN GRANT ADMINISTRATION

Illinois grant efforts are driven by CAOs, the GATA Agency Advisory Group, technical subject matter experts within state agencies and the grantee community.  These groups are represented in GATA committees and workgroups to share subject matter expertise and highlight best practices and procedures for implementing requirements and replicating what works statewide. These efforts support and improve the user experience for state agency grant administrators and the grantees who deliver programs and services. This section of the report focuses on state agency best practices to emphasize how grant administration is evolving in response to stakeholder feedback.

## Success-oriented Change Management

For years, state agencies recognized the need to simplify grant administration. Stakeholders asked for automation to streamline the grant making process and add visibility to the programs and services delivered by Illinois' grantee organizations. The statewide grant management system will meet these needs and provide even greater benefits. It will accomplish existing requirements in new and better ways, improve process efficiency and bring in new grantees to expand programs and services to meet the growing needs of Illinoisans. Agency and grant recipient participation in the process as the system has evolved has been a key component of its success.

State agencies began the Grant Management System implementation by dissecting their current grant practices and grant-making cycle – what worked and what didn't – as the new system was being created. Careful consideration was given of internal and external system users. IDOT, for example, made lists of what was used internally in the grant making process and reviewed each item from the applicant perspective. As items were developed in the new system, IDOT concurrently built internal and external manuals for technical assistance. These manuals elaborated on procedural steps to convey the importance of what must be completed and why. This user perspective helped create continuity within the process. The deliberate, sequential steps taken in this process enabled IDOT to address questions as they emerged.
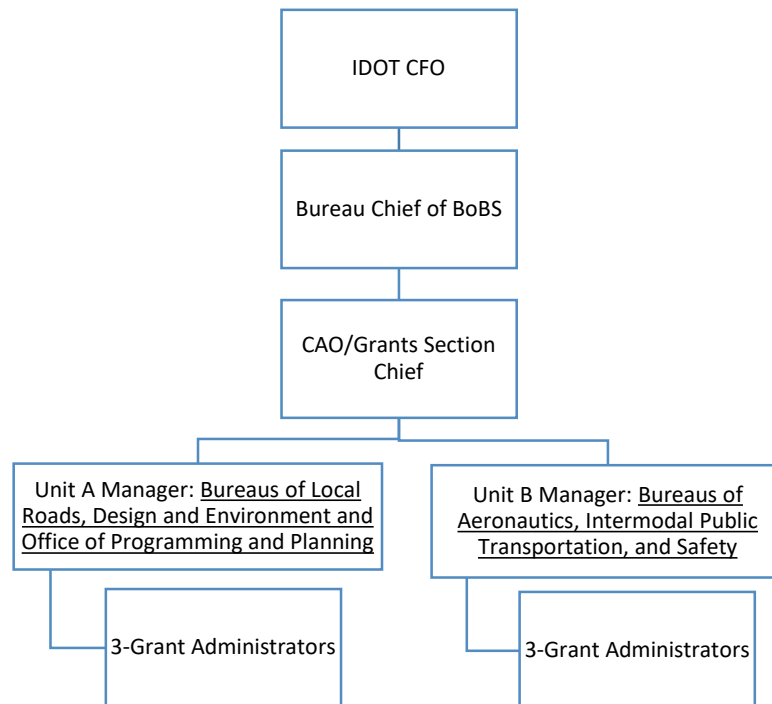
Other agencies, such as IDPH, have used Web-based meetings to involve grantees and state agency grant personnel to proactively address the implementation of the GMS. Since August 2020, IDPH's Office of Performance Management (OPM) hosts two monthly meetings for grantees and IDPH grant staff to help create consistency in the state agency's grant management processes. The meeting includes up to 250 grantees and 80 IDPH grants staff, including individuals who have created or used an account in the new grant management system.

Each month, OPM staff plan the meetings for the grantees and grant managers with a focus on proactively responding to common and recuring grant issues. OPM considers the grant fiscal year timeline, funding cycles and due dates, feedback from grantees, follow-up surveys administered by OPM and common issues based on feedback from the IDPH helpdesks. In addition, IDPH carefully reviews the issues/findings from its annual/biannual audits and the weekly GATA Dashboard which was created using data from the ARRMS. Through the Dashboard, the OPM Deputy Director, CAO, and the Grant Management Auditor can see every stage of the desk review process for all IDPH grantees. This gives visibility to organizations that are not in compliance so that technical assistance can be provided.

IDPH applied the Central Management Services (CMS) Operational Excellence Rapid Results concept to the Grant Management Improvement Project and tracking of key performance indicators (KPIs). This approach helps to improve current workflows, performance and outcome which has ultimately benefited IDPH in its transition to the new grant management system. Grant managers and a selected grantee recently presented together on their grant's progress, performance metrics, health equity goals, and successes. In addition, grant managers and program data liaisons meet monthly to showcase how to use grant data to improve results. Through these standing meetings, IDPH promotes best practices sharing among grant managers.

## Centralized Grant Services Unit

IDOT established a centralized grant section, the Grant Services Administration Section (GSAS) in 2017 under the Bureau of Business Services. GSAS is responsible for processing and awarding state-issued grants, including non-construction grants, inter-governmental agreements, memorandums of understanding and inter-agency agreements. The mission of the GSAS is to provide oversight, review for compliance, develop policies and procedures and provide training and technical assistance to both the grantee community and IDOT program staff. The chart below illustrates the reporting relationship of GSAS within IDOT. Unit A and B perform similar functions for IDOT bureaus stated. The two units back-up each other.

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                          ┌─────────────────┐
                          │    IDOT CFO     │
                          └────────┬────────┘
                          ┌────────┴────────┐
                          │ Bureau Chief of │
                          │      BoBS       │
                          └────────┬────────┘
                          ┌────────┴────────┐
                          │ CAO/Grants      │
                          │ Section Chief   │
                          └────────┬────────┘
              ┌────────────────────┴────────────────────┐
   ┌──────────────────────┐              ┌──────────────────────┐
   │ Unit A Manager:      │              │ Unit B Manager:      │
   │ Bureaus of Local     │              │ Bureaus of           │
   │ Roads, Design and    │              │ Aeronautics,         │
   │ Environment and      │              │ Intermodal Public    │
   │ Office of Programming│              │ Transportation, and  │
   │ and Planning         │              │ Safety               │
   └──────────┬───────────┘              └──────────┬───────────┘
        ┌─────────────────┐                   ┌─────────────────┐
        │ 3-Grant         │                   │ 3-Grant         │
        │ Administrators  │                   │ Administrators  │
        └─────────────────┘                   └─────────────────┘
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Grant Administrators are assigned CSFA programs within the bureaus they support. Grant Administrators work with program managers on all aspects of awarding grants including updating CSFAs, posting NOFOs and providing assistance to apply frameworks and rules appropriately. Grant Administrators are assigned to IDOT geographic regions and responsible for supporting the grantees within that region.

GSAS staff are IDOT subject matter experts for indirect costs, the audit process (technical assistance for grantees) and grant compliance. The department authors all grant polices and training materials for both internal and external IDOT partners and provides grant technical assistance. To promote quality control, GSAS created user templates that mimic the CSFA and NOFO. IDOT program staff complete and submit the program-specific templates for GSAS for review and sign-off before information is posted. A GSAS SharePoint site houses all uniform documents, trainings and guidance including: applications, budgets, grant agreements, risk assessments and corrective action plans for high-risk grantees. GSAS

centrally maintains a CSFA folder for every active grant program. Program staff upload budgets and graded risk assessments. A GSAS quality check promotes accuracy of information in the Notice of State Award (NOSA) and grant agreement and verifies that indirect costs were applied correctly. GSAS is tasked to draft and/or review drafted agreements before they are sent to the grantee for signature. This helps to provide consistency in the terms and conditions of the legally binding document.

Leadership support is key to a successful implementation of a state agency shared services function. The Office of Chief Counsel, the Chief Financial Officer (CFO), and Deputy Secretaries have been instrumental in supporting the centralized mission and activities of GSAS.

## STATEWIDE GRANT MANAGEMENT SYSTEM

State fiscal year 2022 built on the past three years' efforts to implement Illinois' statewide grant management system (GMS), the system of record for Illinois' life cycle grant administration. Ongoing training, open lines of communication and flexibility are key to this initiative's success. State agencies and grantees continue to represent stakeholders on various committees and workgroups to draft data flows and articulate rules for implementing GATA frameworks within a centralized, off-the-shelf grant management system. Through the recommendations of the GMS committees, GATA frameworks are being improved to reduce the administrative burden on state agencies and grantees while meeting state and federal requirements.

Illinois' GMS is based on AmpliFund software, an established off-the-shelf lifecycle grant administration platform. GATA frameworks and templates are being built out in AmpliFund so users are already familiar with the content and look. Automation allows forms to be designed and utilized online. Standard data sets are replicated throughout AmpliFund screens to eliminate the need for duplicate entries. All state grant-making agencies under the Governor and their grantees will use GMS for grant functions, including submitting grant applications, issuing grant agreements, submitting and accepting periodic financial and performance reports and requesting and generating grant payments.

As noted in the chart below, state grant making agencies continue to incrementally adopt the off-the-shelf software for grant administration. Through coordinated and continued efforts, state agencies have increased their use of this software and GATA system integrations. As of this report, 15 agencies are using AmpliFund functionality for active grants. Driven by their grant making cycles, 4 additional state agencies are configuring their initial funding opportunities. Due primarily to staffing constraints, 11 agencies are re-engaging and undergoing additional software training. A comprehensive training and engagement plan has been designed and deployed to support state agency software users in each of these stages.

| State Agency | Using AmpliFund | Configuring in AmpliFund | Additional AmpliFund Training | In Discussion with AmpliFund |
|---|---|---|---|---|
| Board of Higher Education | | | X | |
| Capital Development Board | X | | | |
| Department on Aging | X | | X | |
| Department of Agriculture | | X | X | |
| Department of Children and Family Services | X | | X | |

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|---|---|---|---|---|
| Department of Commerce and Economic Opportunity | | X | | |
| Department of Healthcare and Family Services | X | | | |
| Department of Human Services | | | X | |
| Department of Labor | X | | X | |
| Department of Natural Resources | X | | X | |
| Department of Public Health | X | | | |
| Department of Transportation | X | | | |
| Environmental Protection Agency | X | | | |
| Illinois Arts Council | | | | X |
| Illinois Community College Board | X | | X | |
| Illinois Council of Developmental Disabilities | | | X | |
| Illinois Criminal Justice Information Authority | X | | | |
| Illinois Racing Board | X | | | |
| Illinois State Board of Education | | | | X |
| Illinois State Police | X | | X | |
| Illinois Emergency Management Agency | X | | | |
| Illinois Student Assistance Commission | | | | X |
| Law Enforcement Training and Standards Board | | X | X | |
| State Fire Marshall | X | | | |
| Veterans Affairs | | X | X | |

GATU continues to work closely with the vendor to adapt off-the-shelf system functionality to Illinois-centric preferences.  Priorities set by the GMS Steering Committee highlight the benefits demanded by state grant-making agencies and expectations from grantee and state grant administrators alike.  Illinois will continue to leverage GATA, AmpliFund and SAP[6] system to drive business focused features and abilities without our statewide solution.

## Piloting the Off-the Shelf Software

AmpliFund's technical support platform, Zendesk, provides more than 700 categorized on-line supports including comprehensive user guides, video clips, and detailed instructional recordings to assist grantees and state agency software users.  The vendor also provides "How To" technical

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[6] SAP is Illinois' statewide financial system.

software support to all users. State awarding agencies utilize their program expertise and relationships with the grantee community to provide program-specific technical assistance.

State agencies have been successful rolling pilot programs into AmpliFund.  This strategic approach allows the agency to develop its internal capacity to administer a known program within the new grant management software.  Agencies generally work from the prior year's NOFO, for example, to complete the NOFO shell in the software.  The vendor assists as forms are configured and performance plans are built to replicate grant administration that is familiar to grantees and state agency grant staff. Utilizing existing relationships, some agencies have piloted non-discretionary grants and more experienced grantees advise on technical assistance that will help applicants and grantees comply with requirements within AmpliFund. Another best practice is the Illinois Criminal Justice Information Authority's (ICJIA) use of evaluations to obtain direct user feedback after a piloted program.

During the pilot, state agencies are working closely with grantees providing training and technical assistance for a specific program application in the new grant management software.  At IDPH, a group of grant managers from across the agency formed the Grants Management Improvement Project Team (initially created under the Rapid Results Project).  The team is divided into three workgroups (pre-award, award, and post-award) for continuous quality improvement in the grant process. The team talks through each pilot to identify gaps that need to be addressed through technical assistance or the development of functional enhancements.  Their collective expertise is valuable to improving current operations and providing leadership in the AmpliFund grant setup strategies.

### Peer Supports

Throughout state fiscal year 2022, GATU has continued to provide one-on-one technical assistance and training sessions to agency staff as well as grantees through email, phone and Web-based meetings. GATU also facilitates peer-to-peer support by working closely with the AmpliFund vendor and state agencies to ensure adequate technical assistance throughout the grant management system implementation.

Center of Excellence (COE) meetings were initiated by GATU in state fiscal year 2022 as a forum for state agency GMS implementation sharing. State agencies pick the COE topics to be covered. Lessons learned, advice sharing and best practices are key components of these bi-weekly Web-based sessions. IDOT and ICJIA have been major contributors to the COE discussions on the topics of merit review, application form extensions and generation/automation of the uniform grant agreement.  IDOT led dialogs have provided clarity to configuring online forms used by applicants and state agency staff and designing flexible system workflows. On numerous occasions, representatives have provided private working sessions at the request of other state agencies.  Learning from their peers, state agencies are developing a deeper understanding of system functionality and how GATA frameworks are incorporated into GMS.

### AmpliFund / SAP Integration

The AmpliFund/SAP integration was deployed in July 2021. State agencies have the ability to manage grantee-specific budgets from award through payments and close-out using available integration. Automation will compare state agency submitted grant vouchers to the stop payment list.  If the grantee is on the stop payment list, the transaction will be flagged for payment verification by the state

agency prior to a warrant being generated. With 1,051 entities on temporary stop payment status[7], the stop payment list has been an effective tool to promote transparency and drive grantee compliance.

The AmpliFund/SAP integration provides an immense business opportunity to reduce work, improve reporting and auditing compliance on multiple levels. Agencies can utilize a two-way automated data transfer to report grant financial data directly from AmpliFund. Business-driven interfaces position state agency staff and grantees to view financial data within the GMS.

Because state agencies are incrementally implementing programs into AmpliFund, many state fiscal year 2023 awards initiated in state fiscal year 2022 are still in pre-award status. The AmpliFund/SAP integration was fully tested and received state grant making agency, grantee, DoIT and GATU sign-off. The sign-off affirmed that the integration operates as designed. GATU will continue to emphasize the capabilities of the integration and is planning to promote the AmpliFund/SAP integration to encourage more state agencies to take advantage of the capabilities. A new GMS Business Liaison within GATU will be helpful in assisting state agencies as they become accustomed to and implement the expanded programs over time.

## Grant Portfolio Management

A core objective of grant portfolio management is to maximize Illinois' federal funding in support of the Administration's priorities and state agency missions.

The State of Illinois ranks 10th among the states in federal expenditures but 40th out of 50 states in federal grants per capita[8]. A new grant management system portfolio management initiative is another tool for state agencies seeking to maximize federal grant opportunities and is intended to centralize federal grant application notices to increase awareness and access to available grant opportunities. Guidance from the Grant Portfolio Management Committee supporting federal Uniform Guidance encourages state agencies to consider funding from new sources and to work collaboratively on applications where more than one state agency will be involved in service and or program delivery.

The grant management system provides state agencies with access to www.Grants.Gov for greater awareness of available federal funds. Through the Grant Portfolio Management Committee's recommendations, agencies have a roadmap to evaluate the merits of the funding based on alignment to the agency mission and objectives and cost/benefit considerations. State agency decision makers are encouraged to consider the merits of available funding based on three dimensions of portfolio management: 1) Efficiency – consider administrative costs prior to state agency application for federal funding; 2) Applicability – alignment to the Administration's priorities and state agency mission; and 3) Effectiveness – driving equity among diverse pools of state grantees. Through GMS portfolio management, state agencies have a framework to add to their portfolio of annual funding and to proactively seek targeted funding needed to maximize the programs and services available to Illinois constituents.

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[7] As of the November 2022
[8] Per the most current FFIS data, US Census Bureau population numbers, and USASpending.gov.

# CENTRALIZED AUDIT REPORT REVIEWS

Centralized audit report reviews are an important component of GATA cost avoidance / savings as 41 percent of grantees receive funds from more than one agency.[9] GATA has been instrumental in eliminating the duplication of effort, which occurs within a grantee's audit report review, by providing a centralized ARRMS. ARRMS stores the audit reviews created for all grantees who receive funds from one or more state grant-making agencies. The ARRMS implementation eliminated, annually, over 4,500 duplicative reviews of audit reports. One specific agency responsibility of the audit report review process that has been significantly centralized is the review and approval of the corrective action plans (CAPs) for each grantee. Prior to GATA, each awarding agency was responsible for obtaining and reviewing the CAPs for each grantee's fiscal year audit findings. In ARRMS, awarding agencies are now able to share their agreements on the grantee's CAPs, which substantially lessens the administrative burden placed on the grantee.

In state fiscal year 2016, Illinois adopted uniform audit requirements, which helped bring consistency to the differing audit expenditure thresholds and auditing standards that grantees were previously subject to by each awarding agency. Since the implementation of ARRMS in state fiscal year 2018, awarding agencies have been given the ability to determine whether their grantees are meeting federal audit requirements, when applicable, as well as meeting the GATA audit requirements. In ARRMS, awarding agencies can view their grantees' audit packages to confirm compliance with applicable auditing standards and are also able to monitor their grantees' expenditures for each state program and determine whether the proper audit was conducted for the fiscal year.

Each grantee who receives awards from the State of Illinois is required to complete a single Consolidated Year-End Financial Report (CYEFR) in the GATA Grantee Portal during its fiscal year. The CYEFR is used by all awarding agencies for transparency of the grantee's expenditure detail.  In ARRMS, awarding agencies reconcile the expenditures to their state agency records.

Although ARRMS houses grantee audit review information, it does not replace the state agency's professional judgment that must be used within each audit review.   GATU continues to see growth in expertise within the state agencies as it relates to the tasks that are completed in ARRMS.  GATU continues to offer weekly technical assistance sessions with state agency audit liaisons and audit report review subject matter experts.

Representatives from the audit liaisons, audit report review subject matter experts (SMEs) and GATU have continued to work diligently to enhance the audit report review process. The expected enhancements will not only affect the state agencies but will also have a positive impact on the audit report review process for each grantee. Improvements include simplifying the audit certification form, streamlining the CYEFR completion process and removing the requirement that CYEFR total expenditures tie to the grantee's audited financial statements. GATU is also removing the requirement for direct federal expenditures to be included in GATA audit expenditure thresholds.  By removing direct federal expenditures from these thresholds, GATU is further aligning with the federal audit requirements. GATU continues discussions with the audit liaisons and audit report review SMEs on the ARRMS process enhancements and is looking forward to implementation in state fiscal year 2023.

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[9] Based on state fiscal year 2022 CSFA records.

During state fiscal year 2022, GATU continued to make strides in the Cooperative Audit Resolution Team (CART) process.[10] CART is a cross-disciplinary team of stakeholders consisting of the grantee organization, state awarding agencies, and GATU.

Illinois continues to rely on grantee audit reports to reduce the monitoring responsibility on state grant making agencies. The audit reports are reviewed by a contract licensed auditing firm and instances of noncompliance with auditing standards are documented in ARRMS. During state fiscal year 2022, GATU continued development of a framework to analyze grantee audit submissions.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Starting with the state fiscal year 2019 Statewide Single Audit, GATU was assigned responsibility for compiling the statewide Schedule of Expenditures of Federal Awards (SEFA). The SEFA is an integral piece of the single audit requirements for non-federal entities and is heavily relied upon by auditing firms and/or oversight agencies to review and report compliance. Accurate subrecipient expenditures are a key piece of state agency SEFA reporting. Through GMS implementation, GATU will expand the use of the CSFA to accurately capture the subrecipient expenditures for all state and federal awards. State agencies will view subrecipient expenditures for each federal award in one system, improving the accuracy of the statewide SEFA.

GATU compiles individual state agency SEFAs into one statewide report and ensures the report is accurate and meets all federal requirements of 2 CFR 200. Since external stakeholders rely on the statewide SEFA, it is imperative that Illinois have a complete and accurate report. As a result of enhanced oversight procedures, the State continues to be free of a previous audit finding repeated from 2002 through 2019 regarding inadequate processes for compiling the SEFA.

## INDIRECT COST RATES

Federal requirements mandate that states negotiate and pay their fair share of grant administrative and/or overhead costs as required by Federal Office of Management and Budget (OMB) 2 CFR 200.414(f), Indirect (F&A) Costs. All state agencies are required to accept the grantee or subrecipient's negotiated indirect cost rate or election unless a program-specific limitation or restriction applies. Some funding sources set statutory limitations on indirect costs or salary caps. The framework for Illinois' Centralized Indirect Cost Rate Election System is built to accommodate this.

### Centralized Indirect Cost Rate Negotiation

The Illinois Centralized Indirect Cost Rate Election System (ICRES) was implemented in March 2021 and is accessible to all State of Illinois grantees and subrecipients. ICRES streamlines the indirect cost rate election process by allowing easy access to the system through the Grantee Portal. Inclusion of the election system in the Grantee Portal has brought increased grantee attention to the indirect cost rate election process.

Grantees complete the election process in ICRES by choosing: 1) the de minimis rate, 2) the federally negotiated indirect cost rate, 3) to negotiate a state indirect cost rate, or 4) to waive making an election

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[10] In prior years, CART roles and responsibilities and processes were defined and audit finding, corrective action and resolution databases were established and populated.

(no rate). As a result, the separate login to the vendor system is only required for entities electing to negotiate an indirect cost rate with the State of Illinois and certain units of local government. ICRES continues to serve as Illinois' system of record for all grantee/subrecipient indirect cost rate elections and approvals used for reimbursement of State of Illinois and federal pass-through awards. In state fiscal year 2022, ICRES added a reporting enhancement that provides state agencies easy access to grantee indirect cost information.  The report includes the grantee's name and identifying numbers, fiscal years, effective period of election, election type, indirect cost rate, base and cognizant agency.

During state fiscal year 2022, elections increased significantly with the implementation of ICRES. Prior to ICRES, grantees were only able to make an election after an award was entered into the GATA system. In ICRES, all grantees can make an election at the start of their fiscal year regardless of award information, further expediting the election process for the grantee. Award information must be provided prior to negotiating an indirect cost rate to ensure the time, effort and expense is limited for State of Illinois grantees and state agencies. For state fiscal year 2022 there were 10,171 elections made in ICRES. More detailed information comprising these elections are included in the table below.

| Waive | 5,107 |
|---|---|
| 10% De Minimis Rate | 4,615 |
| State Negotiated Indirect Cost Rate Agreement (NICRA) | 207 |
| Federal NICRA | 242 |
| **Total** | **10,171** |

Grantees/subrecipients who elected to waive indirect costs or elected the 10% de minimis were given the opportunity to explain why they elected these options in lieu of negotiating a rate with the State of Illinois.  This information will help shape future GATU technical assistance and support.

## DEVELOPING A NEW GENERATION OF GATA TRAINING

During state fiscal years 2021 and 2022, $4 million in dedicated appropriations for GATA training were allocated to the Department of Human Services (DHS) and Illinois Criminal Justice Information Authority (ICJIA) for grant training materials and a learning management system to increase equitable access to grant funding. As of September 2022, the Department of Commerce and Economic Opportunity (DCEO) has spent over $7.8 million on Community Navigators to directly assist COVID-funding recipients with grant requirements. The DCEO direct assistance was well received, particularly by smaller local governments with limited technical knowledge of the compliance requirements. Since inception of the DHS and ICJIA materials, more than 435 organizations and over 270 state agency personnel have participated in the trainings. Participants have recognized the benefits of the self-directed format targeting specific topics of interest.

To expand the training statewide, during state fiscal year 2022 GOMB entered into a $439,000 contract with University of Illinois - Springfield, Continuing and Professional Education (UIS-CAPE) making life cycle grant training and the Learning Management System (LMS) available for all organizations interested in grant funds. The LMS is the next step in GATA trainings to expand grant funds accessibility to organizations less familiar with public funding and the requirements to apply for a grant and to help them be successful grantees.  The training will be free for participants and self-paced which removes barriers to participation.

Five courses of GATA training, each containing multiple modules, are being developed so that users can select a specific topic or module based on their needs or interest. The first course, Pre-Award, is assimilating the best of previous GATA trainings and other existing trainings developed by state grant making agencies. The Pre-Award course is expected to be released in state fiscal year 2023. The next course will be Post-Award covering functionality and requirements after a state-issued award has begun. GATU will use feedback from each module to adapt future training rollouts. The third course will be GATA Foundations covering the GATA universe including a guide to reference materials that may be helpful to develop a deeper understanding of the federally mandated grant process Illinois and other jurisdictions are required to follow.

The remaining two courses will address specialized, more technical training topics of indirect cost and the use of the indirect cost election system and audit report reviews and use of the ARRMS system. Established User Guides and training materials in these advanced areas will provide the foundation for instructing users in these areas.

## DEMONSTRATING GATA PERFORMANCE

Illinois uses GATA frameworks to support compliance with federal and state grant requirements. GATA frameworks provide statewide rules, templates and systems for grant performance oversight. The frameworks are designed to increase compliance with requirements.

GATA statute (30 ILCS 708/10) mandates that state awarding agencies shall not impose additional or inconsistent requirements except as provided in 2 CFR 200.102, unless specifically required by state or federal statute. GATA listening sessions and stakeholder engagements have helped the state awarding agency identify ways to more consistently implement GATA. GATA legislation strives to simplify grant administration and add visibility to the programs and services carried out through grants. GMS automates GATA frameworks and workflows to make it easier to do business.

GATA statute (30 ILCS 708/95) dictates five measures of GATA performance. However, the outcomes of Illinois' grant legislation are much broader than datasets. New and existing grantees bring programs and services to the people of Illinois. When limited public funds are used with greater transparency there is greater awareness of outcomes and grant performance. Illinois is committed to reducing barriers that have kept organizations from applying for grants. With outreach, we are expanding grant potential and reaching more populations with targeted financial assistance. Illinois grantees are the lifeblood that delivers programs and services to carry out public missions. GATU and state grant making agencies are partnering to make a deeper connection with community-based organizations and other special interest groups. GATA frameworks provide administrative guidance to shape Illinois' grant focus. The standard templates, systems and rules remove the administrative burden of the "how" so state agencies and grantees can focus on the "what."

The following section address the five measures mandated by GATA statute.

1. Number of entities placed on the Illinois debarred and suspended list;
2. Savings realized as a result of the implementation of this Act;
3. Reduction in the number of duplicative audits;
4. Number of persons trained to assist grantees and subrecipients; and

5.  Number of grantees and subrecipients to whom a fiscal agent was assigned[11].

As of the report date, the following values are recorded by GATU:

1.  At the time of this report, there are 1,051 entities on the temporary Illinois stop payment list. In addition, the automated GATA registration and pre-qualification process has verified 14,118 entities against the Federal do not pay list as required.

2.  State agencies have experienced efficiencies through streamlined, centralized grant processes based on standard rules and templates. GATA frameworks clarify "how" state agencies will do what's required. When used as designed, automated systems and shared data minimize duplication of effort for grantees and state agencies. Cost avoidance estimates consider state agency workload pre- and post- GATA. GOMB estimates a $294 million net cost avoidance impact of implementing GATA frameworks, standardization and automation.[12]

3.  Forty-one percent of grantees with active awards in state fiscal year 2022 received grants from more than one agency. The GATA Audit Report Review Management System (ARRMS) allows grantees to submit one copy of their audit which is shared with all agencies funding that grantee. In addition, ARRMS centralizes program-level grant expenditure reconciliations state agencies are required to perform.

4.  GATU provides training and technical assistance to state agencies, grantees and external stakeholders through a mix of tools. Because COVID-19 has limited face-to-face instruction, Web-based sessions and on-line learning continue to be the primary training mediums. The GATA website offers on-demand support with on-line manuals, presentations and templates. In addition, over 700 technical support resources are available in the AmpliFund Zendesk to state agency and grantee users of the Grant Management System.

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[11] The assignment of fiscal agents is not a state agency or GATU function. Grantees and Subrecipients self-elect to utilize fiscal agents.

[12] This estimate is based on CSFA FY22 data. Assumptions are applied for pre- and post-GATA state agency manhours for standard financial and administrative grant functions. The federal government estimates that on average 15% of grant funds disbursed are lost to improper payment. Centralized GATA systems add transparency in the administration of funds thereby reducing the risk of improper payment. This estimate includes a 1% calculation of FY22 grants subject to GATA as the value of risk mitigated or avoided as a result of GATA systems.

# 2022 GATA Annual Report Conclusion

Illinois distributes approximately $15.8 billion in state-issued grant agreements annually and heavily relies on grants for service and program delivery. Grants help build and maintain infrastructure. Grant agreements with community-based organizations, not-for-profits and others carry out services and projects on behalf of the State of Illinois. Essential services, such as child development and elder care, delivered to the most vulnerable citizens, are paid for with grant funds. Grants assist those entering or adapting to the workforce who receive training and skill development. As the nation regains its footing from the COVID pandemic, Illinois continues to strive to maximize available grant funds and expand access to financial assistance.

GATA legislation mandates transparency and accountability in the use of grant funds. It affirms Illinois' commitment to maximizing public funds for the benefit of the public. In the early years, legislation brought stakeholders together to meet requirements. A sincere desire to accomplish good things for the people of Illinois drives GATA engagements today. Partnerships among the grantee community and their advocates, state agencies, legislators and the Governor's Office continue to shape grant administration. Partnerships offer better ways to do what's required. This report highlights user feedback that led to specific GATA enhancements in state fiscal year 2022. Illinois' program and service success is directly related to the success of its grantees. We remain committed to collaboration to reduce grant administration burdens and build on best practices.

# Appendices

I.     Chief Accountability Officers
II.    GATA-related Internet Links

## APPENDIX I: CHIEF ACCOUNTABILITY OFFICERS

| | | | |
|---|---|---|---|
| Yazoo Hall | Illinois Arts Council Agency | Patrick Davis | Illinois Department of Natural Resources |
| Andy Munemoto | Illinois Department of Juvenile Justice | Vena Nelson | Illinois Department of Public Health |
| Dreena Jones | Illinois Capital Development Board | Cory Staley | Illinois Department of Revenue |
| Jennifer Franklin | Illinois Community College Board | Melanie Turner | Illinois Department of Transportation |
| Adriana Perez | Illinois Criminal Justice Information Authority | Connie Watson | Illinois Department of Veterans Affairs |
| Todd Haberer | Illinois Department of Agriculture | Theresa McKeon | Illinois Department on Aging |
| Leslie Rice | Illinois Department of Children & Family Services | MyongAe Kim | Illinois Emergency Management Agency |
| Jared Walkowitz | Illinois Department of Commerce and Economic Opportunity | Max Paller | Illinois Environmental Protection Agency |
| Debra Miller | Illinois Department of Corrections | Kris Pickford | Illinois State Board of Education |
| Dominic Citarelli | Illinois Department of Employment Security | Trudy Malkey | Illinois State Police |
| Thanh Melick | Illinois Department of Financial and Professional Regulation | Carmen Heredia | Illinois Student Assistance Commission |
| Michelle Bennett | Illinois Department of Healthcare and Family Services | Kristina Shelton | Law Enforcement Training and Standards Board |
| Ginger Ostro | Illinois Board of Higher Education | Jason Bormann | Metropolitan Pier and Exposition Authority |
| Gary Kramer | Illinois Department of Human Services | Ronny Wickenhauser | Office of the State Fire Marshal |
| Elena Goutsalenko | Illinois Department of Military Affairs | Vito Okoye | Illinois Racing Board |

## APPENDIX II: GATA RELATED INTERNET LINKS

    a. Statute 30 ILCS 708 Grant Accountability and Transparency Act
       www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=3559&ChapterID=7

    b. Federal Uniform Guidance, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,
       https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1

    c. GATA Website
       https://grants.Illinois.gov

    d. GATA Administrative Rules
       ilga.gov/commission/JCAR/admincode/044/04407000sections.html

    e. National Grant Management Association
       www.NGMA.org

    f. COVID links – US Treasury
       The CARES Act Provides Assistance for State, Local, and Tribal Governments | U.S. Department of the Treasury

    g. Federal Funds Information for States
       www.ffis.org