

# Overview of GATA and Federal Uniform Guidance

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# Introduction

- Historical Evolution of GATA
- GATA Goals
- GATA Objectives
- How does this effect state agencies and grantees?
- How does it affect state and federally funded grants?
- How does it affect federal pass-through awards and state funded awards?
- Who is subject to GATA?



# Historical Evolution of GATA

- The grantee community started an initiative to remove redundancies and streamline the grant process for the 4 human service agencies
- In 2010, legislation passed (PA 96-1141) requiring recommendations to the General Assembly to address inefficiencies and redundancies, and limit fraud and abuse
- As a result, a committee of representatives from the 4 human service agencies and the grantee community was formed

## Historical Evolution of GATA (cont.)

- The committee unanimously agreed on 35 recommendations in 7 areas
- The recommendations were the basis of PA 97-0558 (effective 8/25/11) which created the Management Improvement Initiative Committee (MIIC) and added the Department on Aging
- To make uniform grant rules, MIIC recommended the state follow federal grant rules since the majority of grants issued in the state were federally-funded or used as matching, in-kind or maintenance-of-effort as a condition of existing federal grants

## Historical Evolution of GATA (cont.)

- Based on MIIC, legislation was sponsored to create the Illinois Single Audit Commission (ILSAC) and charged it with researching and providing recommendations to extend the recommendations of MIIC statewide
- The Grant Accountability and Transparency Act (GATA) was created based on ILSAC recommendations
- GATA strives to eliminate duplicative grant requirements and reduce administrative burdens while increasing accountability and transparency
- GATA recognizes the need for and requires training and technical assistance be provided to grantees and grant administrators in Illinois

# GATA GOALS - “Uniform Requirements”

- Assist state agencies and grantees in implementing 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 – need state agency and grantee input for rulemaking and implementation recommendations

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

## GATA GOALS - “Uniform Requirements” (cont.)

- Strive to maintain a uniform process throughout the entire grant life cycle by leveraging the Uniform Requirements
- Optimize resources – coordination of grant-monitoring activities to promote efficient use of scarce resources
- Focus on program outcomes
- Provide training and technical assistance for state agency staff and grantees

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

# GATA Applies To

- State agencies that receive federal funding
- State agencies that receive state funding to administer state grant programs
- State agencies that make state awards
- Entities that receive state awards
- Entities that receive federal pass-through awards
- Limited exceptions are noted in Section 45 of GATA



# GATA Myths

- New requirements are due to state legislation, the Grant Accountability and Transparency Act (GATA)
- New requirements wouldn't be applicable without GATA
- Federal pass-through funding and state funding used to meet match and MOE requirements aren't subject to federal uniform guidance
- We can avoid audit findings and disallowed costs because we have avoided them in the past
- It was easier for grantees to do business with state agencies before GATA

**Myth vs. Truth**

# Debunking GATA Myths

- New requirements are due to state legislation, the Grant Accountability and Transparency Act (GATA)
- New requirements wouldn't be applicable without GATA

## FACT

- Grant Accountability and Transparency Act (GATA) requirements are based on federal Uniform Guidance
- GATA adopts federal Uniform Guidance for all grant funding awarded in the state – GATA establishes consistency among state grant making agencies



# Debunking GATA Myths

- Federal pass-through funding and state funding used to meet match and MOE requirements aren't subject to federal Uniform Guidance
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## FACT

- Match or MOE is often a condition of funding
- Federal pass-through funding and state funding awarded for matching and MOE requirements must follow federal Uniform Guidance
- If this funding was not provided, the match or MOE requirements would not be met



# Debunking GATA Myths

- We don't have to follow federal Uniform Guidance / GATA requirements. We avoided audit findings and disallowed costs in the past.

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## FACT

- Many programs are not subject to single audit and have not been tested for compliance
- The consolidated structure of federal Uniform Guidance adds clarity to the requirements
- Federal agency audits are citing more non-compliance issues which results in heightened awareness of corrective actions



# Debunking GATA Myths

- It was easier for grantees to do business with state agencies before GATA

## FACT

- GATA was driven by the grantee community out of frustration with inconsistent grant rules, regulations
- Majority of grantees receive grants from more than one state agency
  - All grant making agencies must follow federal Uniform Guidance - GATA provides a compliant framework
  - Redundant, duplicative requirements by each state agency posed unnecessary burden on grantees and state agencies
  - GATA centralizes and allows requirements to be met once with results shared among all state agencies
- Our learning curve is smoothing out

# GATA Efficiencies – FY17 CSFA Statistics

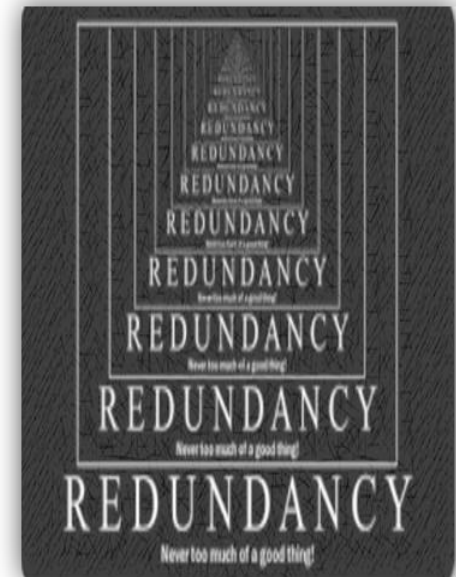
## Catalog of State Financial Assistance (CSFA)

- Approximately 760 different grant programs administered 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, some have grants with up to 15 different agencies

# Optimize Resources, Remove Redundancies & Duplication

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

- Nearly 8,575 duplications in common requirements including:
  - Registration and prequalification
  - Fiscal and administrative risk assessment and Specific Conditions
  - Indirect cost rate negotiation
  - Audit report review
  - Grantee training
  - Fiscal and administrative on-site reviews
  - Grant Compliance Enforcement System (GCES)



# GATA Optimizes Resources

Eliminate duplicate efforts through centralized compliant frameworks, processes and templates:

- Pre-qualification automation
- Fiscal and administrative risk assessment and specific conditions
- Notice of funding opportunity, grant applications and grant agreements
- Budget and periodic financial and programmatic reporting templates
- Centralized audit report reviews utilizing a Central Repository Vault
- Negotiation of indirect cost rate agreements
- Coordination of fiscal and administrative on-site reviews
- Statewide Grantee Compliance Enforcement System
- Delivery of nationally recognized grant training



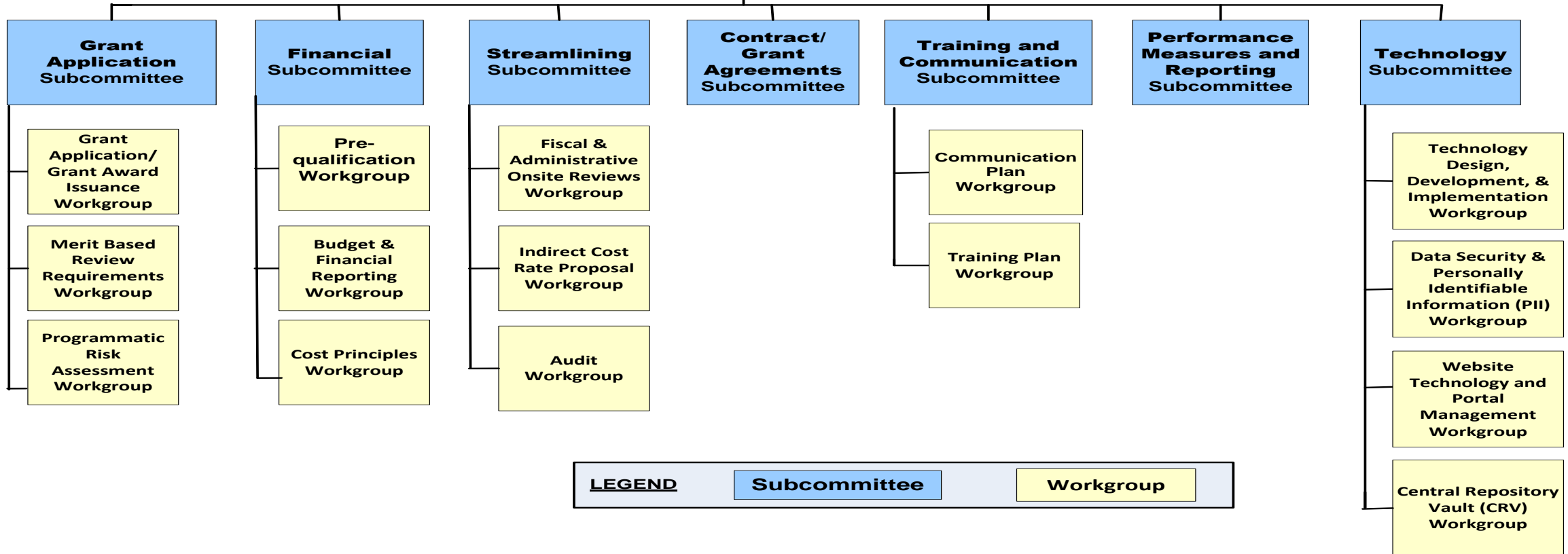
# GATA Collaboration: Backbone of Implement Efforts

- GATA implementation was structure through subcommittees focusing on the key areas to remove duplicative and redundant grant processes
- GATA subcommittees included more than 200 volunteers – 40% grantee community and 60% state agencies
- Each subcommittee had Co-Chairs, one representing the grantee community and one representing state agencies
- Accurate messaging was and continues to be critical

**Governors' Office of Management and Budget  
Grant Accountability and Transparency Unit**

**Illinois Single Audit Commission**

**GATA Steering Committee**



# GATA Subcommittees' Roles and Responsibilities

GATA subcommittees and workgroups are critical to the success of GATA

Subcommittees make recommendations for rules and implementation in areas where the state and federal regulations allow for flexibility:

- Each subcommittee reviews the state and federal regulations that govern its topic in the Uniform Requirements and in GATA to make informed recommendations to the GATA Steering Committee
- Performance metrics must be developed to measure the effectiveness of GATA

## GATA Subcommittees' Roles and Responsibilities (cont.)

- Training programs must be developed to meet the needs of state agency and grantee staff
- Technology needs must be identified based on business process requirements

***Change control management – managing expectations – is crucial***

# GATA Steering Committee

- Comprised of GATU staff and co-chairs of the ILSAC subcommittees
- The purpose of the GATA Steering Committee is to:
  - Provide oversight and guidance to ILSAC subcommittees and workgroups
  - Review ILSAC subcommittee recommendations
  - Ensure recommendations follow federal rules and meet the goals and objectives of GATA
  - Develop funding mechanisms for GATA implementation

# GATA Implementation Structure

- Rulemaking Phase
  - Review the Uniform Requirements; the rules can be more stringent, but not less stringent
  - Determine if we need to add additional requirements for all awards
  - Maintain flexibility to modify in the future, whenever necessary
- Implementation Phase
  - Based on the rules, set forth uniform framework for statewide policies and procedures
  - Ensure that policies and procedures are flexible enough to add specific conditions for individual grant programs

# GATA Implementation Structure (cont.)

- Implementation Phase
  - Ensure rules meet the objectives of GATA to lessen the administrative burden and remove duplication
  - Ensure rules recognize the limitations of small providers and grant awards while helping build capacity through training and technical assistance
- Monitoring Phase
  - Ongoing process of review and continuous improvement after the initial implementation of GATA



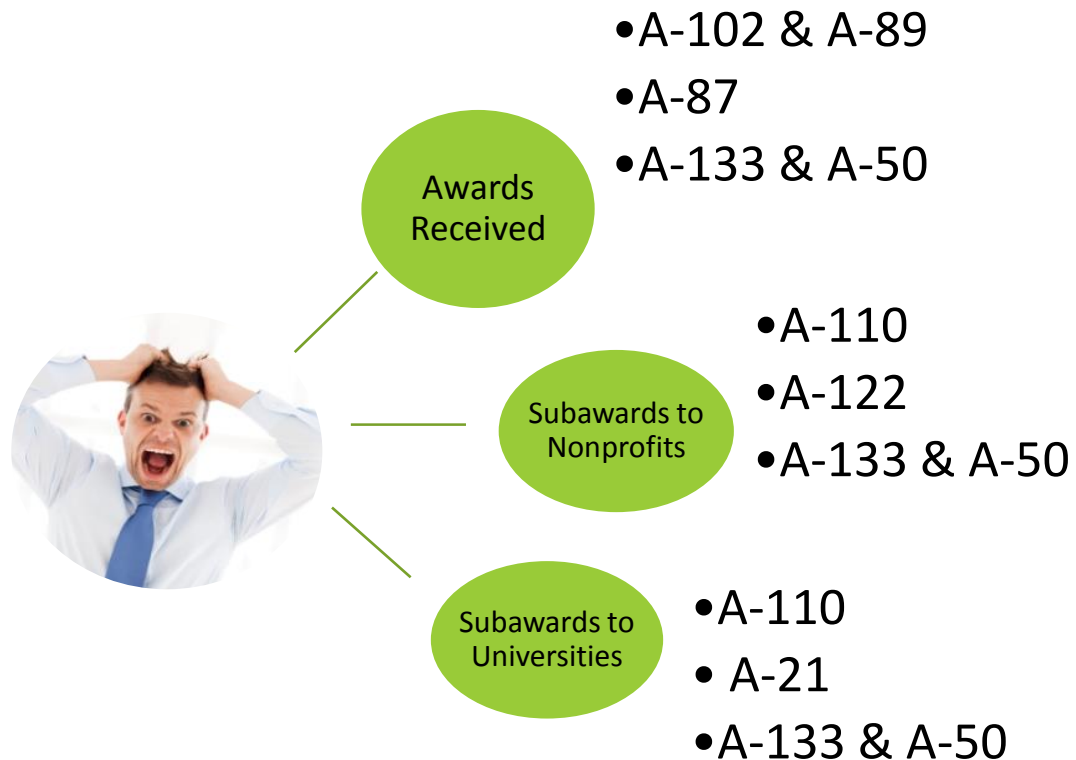
# Overview of Federal Uniform Guidance



# Overview of Federal Uniform Guidance 2 CFR 200

**BEFORE:**

**AFTER:**



**ALL OMB guidance  
streamlined into  
2 CFR 200**

## 2 CFR Part 200 Organization by Subpart

- Subpart A Acronyms and Definitions (§200.0 – 200.99)
- Subpart B General Provisions (§200.100 – 200.113)
- Subpart C Pre-Award Requirements and Contents of Federal Awards (§200.200 – 200.213)
- Subpart D Post-Award Requirements (§200.300 – 200.345)
- Subpart E Cost Principles (§200.400 – 200.475)
- Subpart F Audit Requirements (§200.500 – 200.520)

## 2 CFR 200 Appendices

- I. Notice of funding opportunity
- II. Contract provisions
- III. Indirect costs – Higher Ed
- IV. Indirect costs – Nonprofits
- V. State/local government central service cost allocation plans
- VI. Public assistance cost allocation plans
- VII. State/local government indirect cost proposals
- VIII. Nonprofits exempted from Federal cost principles
- IX. Hospital cost principles
- X. Data Collection Form (SF-SAC)
- XI. Compliance Supplement
- XII. Award Terms & Conditions for Recipient Integrity & Performance Matters

# Key Issuances – Uniform Guidance

- December 2013 – Final Uniform Guidance
- December 2014 – Joint Interim Final Rule
  - Accomplished agency adoption of Uniform Guidance
  - Not totally uniform
  - Technical corrections (some UG “should(s)” changed to “must”)
- July 2015 - *Federal Register* notice
- September 2015 – 3rd update to Council on Financial Reform (COFAR) Frequently Asked Questions (FAQs)
- September 2015 - *Federal Register* notice
  - 2 year extension of procurement (one additional year beyond that granted in original FAQs); technical corrections
- July 2017 – FAQ update

# Uniform Guidance Overall Goals

- Eliminate duplicative and conflicting guidance
- Focus on performance and outcomes
- Increase efficiency and effectiveness
- Make best use of resources
- Strengthen oversight including formalizing internal controls
- Target audit requirement of risk of waste, fraud and abuse

# Hierarchy of Authoritative Sources

- Federal Uniform Guidance (2 CFR 200)
- Federal Awarding Agency Adoption (2 CFR 300-5999)
  - Federal agency can be more restrictive, not less restrictive
- Federal Exception process (2 CFR 200.102, Federal Register)
  - Case by case basis; based on statutory authority at the program level
  - Excludes audit requirements
- Program Specific Code of Federal Regulations CFR



# Hierarchy of Authoritative Sources – Federal Uniform Guidance

- Federal Uniform Guidance provides general rules for state, federal and federal pass-through grant funding
- Section 200.101 Applicability includes federal grant programs that have full or partial exemption from Uniform Guidance
- If exempt under 101 (e) and a subrecipient relationship exists, requirements generally apply
- GATA applies a similar process to approve exceptions for Illinois funded programs

# Applicability of Uniform Guidance and GATA

- Some programs have statutory exceptions / exemptions from Uniform Guidance
- GATA adopted the federal exception process to document exemptions / exceptions
  - State agency must provide GATU the applicable federal cites for approval
  - Based on federal statute, approval is automatic
  - If a state funded program is not used for matching or MOE requirements, the state agency must provide GATU the applicable cite from enabling legislation

**EXCEPTIONS OR EXEMPTIONS MUST  
BE BASED ON STATUTORY AUTHORITY**



# Hierarchy of Authoritative Sources CSFA

- Catalog of State Financial Assistance (CSFA)
  - Single authoritative, statewide, comprehensive publically available source of financial assistance program information
- State agencies are required to specify grant requirements in the CSFA
  - CSFA documents all state and federal exemptions and exceptions at the program level

**Grants without an exception / exemption must follow general rules in Uniform Guidance**

# Key Players at the Federal Level

- Office of Management and Budget (OMB)
- Council of Financial Assistance Reform (COFAR)
  - Author Federal Uniform Guidance
  - Issue FAQs to guide implementation of Uniform Guidance; stakeholders should be aware of FAQ clarification
- Government Accountability Office (GAO)
  - Issue Government Auditing Standards (GAGAS or Yellow Book)
- Federal Audit Clearinghouse (FAC)
- Federal agency grant award contacts
  - Programmatic
  - Fiscal and Administrative



**KEY PLAYERS!**

# Key Players at the State Level

- Governor's Office of Management and Budget (GOMB) and the Grant Accountability and Transparency Unit (GATU)
- Governor's Compliance Officer
- Chief Accountability Officers (CAOs)
- GATA Steering Committee and Illinois Single Audit Commission
- GATA subcommittees and workgroups
- Agency subject matter experts

# Feds Expect Compliance with Uniform Guidance

- Federal government is enforcing Uniform Guidance requirements
  - Additional monitoring and specific conditions may be imposed on the grantee, state agency and/or the State of Illinois for non-compliance
  - Non-compliance may result in questioned costs and paybacks to state and federal government
- Federal and state “do not pay” parameters will be imposed
- Serious infractions will result in debarment and suspension; prohibition from receiving future awards



# Highlights of Significant Federal Changes – Subpart C

## 200.205 – Federal awarding agency review of risk posed by applicants

- Federal agencies are required to use information available through any OMB-designated repositories:
  - Single Audit reports, FAPIIS, D&B, “Do Not Pay”
- Must create a “framework” for reviewing risk
  - Competitive awards
  - Conditions of the award may be adjusted to match the assessed level of risk

# Highlights of Significant Federal Changes – Subpart C

## 200.207 – Specific conditions

- Expanded to include examples of specific conditions that may be applied to an award by either the Federal agency or pass-through entity
  - Examples include additional approvals, additional reporting, etc.
  - Must provide the nature of, reason for, action required, timeline allowed, and method for requesting reconsideration

## 200.210 – Information contained in a federal award

- a(14) – Identification of R&D awards

# Highlights of Significant Federal Changes – Subpart D Internal Controls

- New sections added
  - Mandatory disclosures
  - Performance management
  - Internal controls
  - Subrecipient monitoring and management
- Significant changes from previous guidance
  - Procurement (NFP's, IHE's)
  - Financial and performance reporting
  - Record retention and access

# Highlights of Significant Federal Changes – Subpart D Internal Controls

- OMB Directive
  - Mitigate the risk of fraud, waste and abuse
  - Explicit emphasis on “Internal Control” and a new section titled Internal Controls (200.303)
  - References several sources of Internal Control guidance with which the system of internal controls should be in compliance



# Highlights of Significant Changes – Subpart D Internal Controls

- Non-federal entity must:
  - Establish and maintain effective internal controls over awards
  - Comply with terms and conditions applicable to the award and other applicable laws and regulations
  - Evaluate and monitor the awardee's compliance with awards
  - Take prompt action when issues of noncompliance are identified
  - Take reasonable measures to ensure the protection of personally identifiable information

# Highlights of Significant Federal Changes - Subpart D Subrecipient monitoring overview

- Subrecipient vs. Contractor determination
- Subaward agreement contract provisions
- Monitoring of subrecipients

# Highlights of Significant Federal Changes - Subpart D Subrecipient monitoring overview

All pass through entities must:

- Subaward agreement requirements including state and federal compliance requirements
- Evaluate subrecipient's risk
- Consider imposing specific subaward conditions [200.207]
- Monitor the activities of the subrecipient

# Highlights of Significant Federal Changes - Subpart D Subrecipient monitoring overview

- Depending on the subrecipient risk assessment, perform other monitoring procedures (monitoring tools listed)
- Verify that every subrecipient is audited
- Review the results of the audit and corrective action plan
- Monitor the implementation of the correction action plan
- Consider results of subrecipient audits and monitoring on the pass through entity's records
- Consider enforcement action on subrecipient (2 CFR 200.338)

# Highlights of Significant Federal Changes - Subpart D Subrecipient monitoring overview

- Subrecipient monitoring must
  - Review financial and programmatic reports required by the pass through entity
  - Ensure deficiencies identified through audits, on-site reviews and other means receive timely followed up
- Risk assessment is key in determining level of further monitoring - 2 CFR 200.331(b)
- Optional monitoring tools 2 CFR 200.331(e)
  - Provide technical training and assistance
  - Conduct on-site reviews
  - Arrange Agreed Upon Procedure Engagements (allowable audit costs 200.425)

# Highlights of Significant Federal Changes – Subpart D Procurement

- States must follow state procurement policies and procedures
- Non-profit, local government and higher education must use one of the following procurement procedures
  - Procurements by micro-purchases
  - Purchases less than \$3,000
    - Competitive quotations not necessary if price is determined to be reasonable
- Procurement by small purchase procedures
  - Simplified Acquisition Threshold (currently \$150,000)
  - Price or rate quotations must be obtained by an adequate number of qualified sources

# Highlights of Significant Federal Changes – Subpart D Procurement

- For procurement policies and procedures, the non-Federal entity must, in the two full fiscal years that begins on or after December 26, 2014
  - Document whether it is in compliance with the old or new standard, and must meet the documented standard
    - For example, a non-Federal entity with a June 30th year end would be the year ending June 30, 2017;
  - The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard
  - For future years, all non-Federal entities will be required to comply fully with the Uniform Requirements

# Working Together for Compliance

- GATA pre-award processes are designed to comply with federal Uniform Guidance requirements
- Enhanced automation simplifies grantees and state agency compliance
- GATU trainings will continue to educate and inform
- Stay engaged through [www.grants.illinois.gov](http://www.grants.illinois.gov)
- Be patient through the transitions – administrative burdens will be reduced; no change is completely painless



# GATA is Good Government

- Landmark legislation
- Sets the bar for grant accountability
- Sets the bar for grant transparency
- Win-win for government and grantee community
- Improves performance outcomes
- Reduces risk of fraud, waste, and abuse
- Saves the state agencies and grantees hundreds of millions of dollars





# Thank You!

For further information contact  
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