STATE OF ILLINOIS

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

9th ANNUAL REPORT TO THE
GOVERNOR AND GENERAL ASSEMBLY

January 1, 2024

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Grant Accountability and Transparency Unit (GATU) Staff and Volunteers

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET (GOMB)

GOMB Executive Team:

Alexis Sturm, Director

Jim Foys, Senior Deputy Director

Jennifer Butler, Deputy Director, Accountability and Results

Jennifer Cavanaugh, Deputy Director, Technology and Operations

Aaron Doty, IT Manager

GOMB Grant Accountability and Transparency Unit (GATU):

Lori Beeler, GATU Director

Abigail Byers, Financial and Audit Analyst

John Hopkins, Grant Management System Project Manager

Courtney Jackson, Grant Budget Analyst

Anna O'Connell, Coordinator

Jeff Panici, Grant Management System Business Liaison

Megan Pirok, Coordinator

Jennifer Rankin, Financial and Audit Analyst/CPA

Kimberly Streib, Financial and Audit Analyst/CPA

Tonya Upshaw, Program Specialist

SUBCOMMITTEE AND WORKGROUP VOLUNTEERS

The Grant Accountability and Transparency Unit (GATU) is grateful to the State agency and grantee staff members who continue to contribute their time and resources to the Grant Accountability and Transparency Act (GATA) subcommittees and workgroups. The foundation of Illinois' grant administration is the collaboration among grant stakeholders. The contributions of the subject matter experts and stakeholder representatives drive design, testing, implementation, and updates to Illinois' grant management frameworks[1]. GATU appreciates the commitment and determination of those individuals to improve grant management for the benefit of Illinois constituents receiving programs and services delivered with public funds.

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[1] The GATA frameworks include all policies, procedures, templates, and systems that support GATA implementation.

Executive Summary

State government officials have a duty to ensure taxpayer dollars are spent wisely, efficiently and with transparency. As grants are a significant funding mechanism in Illinois, GATA statutory language, at 30 ILCS 708, is the authority to guide effective and efficient grant administration with transparency to promote equitable access to public funds and disclosure regarding the use of those funds.

On average, the state spends approximately $26.6 billion annually in federal financial assistance.[2] Illinois distributes approximately $15.8 billion through grant agreements between state agencies and grantees.[3] 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 its ninth annual report, the GATA Annual Report for Fiscal Year 2023, as required by statute. The following narrative describes the subsequent sections of this report.

- ***Demonstrating GATA Performance.*** State statute requires that the annual report address five GATA performance measures, each of which is discussed in its respective section of this report.

- ***Statewide Grant Management System.*** Illinois continues to implement and customize an electronic statewide grant management system (GMS) using AmpliFund software. The GMS is based on existing GATA frameworks and templates, which have been integrated with GATA systems, including the Grantee Portal for registration and prequalification and the Catalog of State Financial Assistance (CSFA). The GMS will be the system of record for statewide grant administration.[4]

- ***Centralized Audit Report Reviews.*** For grantees who receive grants from more than one state agency, the centralized Audit Report Review Management System (ARRMS) annually eliminates approximately 5,700 duplicate audit report reviews. State agencies collectively agree to a grantee's corrective action plans, thereby reducing the administrative burden on the grantees. In addition, expenditures reported in the Consolidated Year End Financial Report (CYEFR) provide an audit trail of completed, mandatory state agency reconciliations of grantee expenditures.

- ***Indirect Cost.*** The state's indirect cost rate negotiation process has been centralized, integrating the grantee's election with the state agency's approval into one system. GATU is forward looking to Fiscal Year 2024 with the development of technical training to provide additional support for grantees desiring to explore the complexities of the indirect cost rate proposal and negotiation process.

- ***Training.*** GATU developed and made available a new grant training course, GOMB Pre-award, to promote equitable access to public funds. This online technical assistance targeting organizations new to grants and grantees went live in August 2023.

- ***Stakeholder Resources***. Fiscal Year 2023 saw updates to the GATA website and the resources available to stakeholders.

- ***Agency Showcase.*** This section of the report showcases several agencies which benefited from GATA frameworks during the fiscal year.

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[2] Roughly $22.5 billion of this funding is for Medicaid and internal use.

[3] Approximately $12 billion of Illinois' grants are state funded with a significant portion of the grants used for match or maintenance efforts toward federal funding.

[4] All state grant making agencies under the Governor will administer grants through the GMS.

GATA Fiscal Year 2023 Report

DEMONSTRATING GATA PERFORMANCE

GATA (30 ILCS 708/95) mandates that the annual report include five specific measures which are addressed below:

1. ***Number of entities placed on the Illinois debarred and suspended list.*** As of October 1, 2023, there were 1,006 entities on the temporary Illinois stop payment list. In addition, the automated GATA registration and pre-qualification process had verified 14,118 entities against the federal do not pay list. The automated check enhances compliance by identifying ineligible entities, thereby ensuring that grants are awarded to organizations qualified to receive financial assistance. It also boosts financial transparency, reinforcing the state's commitment to integrity in its financial systems.

2. ***Savings realized as a result of the implementation of GATA.*** 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 is 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. GATU estimates a $199.9 million net cost avoidance impact of implementing GATA frameworks.[5]

3. ***Reductions in the number of duplicative audit report reviews.*** Fifty-nine percent of grantees with active awards in Fiscal Year 2023 received grants from more than one state agency. The GATA Audit Report Review Management System (ARRMS) allows a grantee to submit one copy of its audit, which is shared with all agencies funding that grantee, eliminating approximately 5,700 duplicate audit report reviews. In addition, ARRMS centralizes program-level grant expenditure reconciliations, which state agencies are required to perform.

4. ***Number of persons trained to assist grantees and subrecipients.*** GATU provides training and technical assistance to state agencies, grantees, and external stakeholders through a mix of tools. Web-based sessions and on-line learning continue to be the primary training mediums. The GATA website also offers manuals, presentations, templates, and other resource materials. Further, GATU staff are frequently called upon to provide guidance to state agency staffs and their grantees through the GATA frameworks, such as assistance in registering in the GATA Grantee Portal. In addition, more than 900 technical support resources are available at the AmpliFund Zendesk to state agency and grantee users of the GMS.

5. ***Number of grantees and subrecipients to whom a fiscal agent was assigned.*** During the development of the GATA Framework for a Grantee Fiscal Agent Function, the GATA workgroup discussing the requirements determined that the use of fiscal agents falls under grantee independence. Consequently, the assignment of fiscal agents is not a state agency or GATU function. Grantees and subrecipients must self-elect to utilize fiscal agents.

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[5] This estimate is based on CSFA Fiscal Year 2023 data. Assumptions are applied to pre- and post-GATA state agency staff hours for standard financial and administrative grant functions. The significant decrease in annual savings is the result of statutory changes that excluded transportation programs from GATA compliance. 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 Fiscal Year 2023 grants subject to GATA as the value of risk mitigated or avoided because of GATA systems.

STATEWIDE GRANT MANAGEMENT SYSTEM - AMPLIFUND

The process of implementing GATA has always included automation as one tool to streamline or simplify the management of state grants. The electronic statewide grant management system (GMS), commonly referred to as AmpliFund, fills in a large gap in the automation of regular grant management functions. When fully implemented, all state grant-making agencies under the Governor will administer grants through the system.

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. Standardizing these functions and data sets reduces duplicative data entry. Grant agreements and periodic reporting can be created in the system, reducing data entry time and improving consistency.

AmpliFund is integrated into existing GATA IT infrastructure such as the Grantee Portal, the state GATA Implementation system and the statewide ERP accounting system.

GATA subcommittees and workgroups have been enhancing existing AmpliFund off-the-shelf functionality to meet Illinois' specific needs.

In Fiscal Year 2023, Illinois made significant strides toward full adoption of AmpliFund:

- Requirement development saw substantial growth in Fiscal Year 2023, with the number of planned new features more than doubling from 13 to 27.

- By June 2023, seven new requirements were in production, two were ready for release, eight more requirements were in required testing prior to production release, and ten requirements were planned for testing or in refinement prior to testing.

- Using business requirement documents, refinements were implemented to ensure compliance with both state and federal requirements and to reduce administrative burdens through automation.

- By the end of Fiscal Year 2023, 19 State agencies were successfully utilizing AmpliFund for pre-award management.

- Six state agencies initiated post-award management within the system during the fiscal year.

- An additional six agencies were engaged in planning exercises for their transition to AmpliFund.

See below for the agencies' use of AmpliFund in the various grant phases as of the end of Fiscal Year 2023.

Planning	Pre-Award	Post-Award
Board of Higher Education	Capital Development Board	Capital Development Board
Department of Human Services	Department on Aging	Illinois Racing Board
Department of Public Health	Department of Agriculture	Illinois State Police
Illinois Arts Council	Department of Natural Resources	Law Enforcement Training and Standards Board
Illinois Council on Developmental Disabilities	Department of Transportation	State Fire Marshall
Illinois State Board of Education	Environmental Protection Agency	
Illinois Student Assistance Commission	Illinois Community College Board	
Department of Commerce and Economic Opportunity	Illinois Criminal Justice Information Authority	
Department of Labor	Illinois Racing Board	
Department of Natural Resources	Illinois State Police	
	Illinois Emergency Management Agency	
	Law Enforcement Training and Standards Board	
	State Fire Marshall	
	Veterans Affairs	

CENTRALIZED AUDIT REPORT REVIEWS

Reduction in Duplication of Effort

In Fiscal Year 2016, Illinois adopted the federal uniform audit requirements, which brought consistency to audit expenditure thresholds and auditing standards for all grantees. Prior to GATA, each awarding agency set the audit requirements for its grantees. Since the implementation of ARRMS in Fiscal Year 2018, awarding agencies have gained the ability to determine whether their grantees meet federal and GATA-specific audit requirements. ARRMS reduces duplication of effort relating to grantees' audit reviews in multiple ways.

Centralized audit report reviews are an important component of GATA cost avoidance / savings, as 59 percent of grantees receive funds from multiple state agencies.[6] ARRMS stores all grantee audit reports. Each grantee can upload its audit report one time in a consolidated system where all state agencies who award to that grantee can process their audit reviews. The implementation of ARRMS eliminates more than 5,700 duplicative reviews of audit reports on an annual basis.

In addition, ARRMS consolidates the review and approval of the corrective action plans (CAPs) for each grantee. Before GATA, each awarding agency was responsible for obtaining and reviewing the CAPs for each grantee's audit findings. In ARRMS, awarding agencies record their approvals on the grantee's CAPs, which substantially reduces the grantee's administrative burden of obtaining each state agency's approval for each CAP.

Further, each Illinois grantee is required to complete the Consolidated Year-End Financial Report (CYEFR). The CYEFR is used by all awarding agencies to obtain grantee expenditure details. Awarding

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[6] Based on Fiscal Year 2023 CSFA records.

agencies use ARRMS to record their reconciliations of the expenditures reported by the grantee to the agency's financial records for the grant.

Changes in Audit Requirements

Fiscal Year 2023 saw several changes to the GATA and federal audit requirements, which required changes to some of the GATA audit frameworks. During Fiscal Year 2023, GATA administrative rules were amended to remove the expenditures of direct federal awards from the GATA audit requirement thresholds. As a result, the threshold is now limited to expenditures of state-issued awards. Additionally, during Fiscal Year 2023, GATU became aware of a national and state-wide shortage of licensed accounting professionals, including those specializing in audit services. This has caused grant recipients and subrecipients to be unable to meet financial statement audit deadlines and has resulted in organizations becoming out of compliance with federal and state audit requirements. In response, GATU offered an automatic three-month extension for financial statement audit submissions.

Finally, the Federal Office of Management and Budget (OMB) offered an alternative approach for recipients of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The alternative approach exempts these grantees from the audit requirements pursuant to 2 CFR 200, Subpart F (Single Audit Requirements) when CSLFRF fund expenditures directly awarded by Treasury results in the grantee exceeding the Single Audit threshold. As a result, the GATA systems were updated to accommodate the CSLFRF alternative approach.

Representatives from agencies and GATU are actively working on additional enhancements for the audit report review process. In Fiscal Year 2024, GATU is expecting the release of an updated ARRMS, referred to as ARRMS 2.0.

Formation of the Audit Committee

Grantee audit reports reduce the monitoring responsibility of state grant-making agencies. These reports, stored in ARRMS, are reviewed under contract by a licensed CPA firm which documents instances of noncompliance with auditing standards. During Fiscal Year 2023, GATU made progress in the formation of an audit committee the purpose of which is to recommend the course of action for audits identified as substandard or for auditors that lack the required qualifications. As of the end of Fiscal Year 2023, GATU completed an analysis of substandard audit data of prior audit cases. Of the 9,670 cases analyzed, deficiencies were identified in 35 percent of the cases. This type of analysis will be continued in the future to isolate possible substandard audits and improve the audit quality for the grantees. The audit committee held its first meeting in October 2023.

CENTRALIZED INDIRECT COST RATE NEGOTIATION

States negotiate with grantees to pay their fair share of grant administrative and/or overhead costs as required by 2 CFR 200.414(f), Indirect (F&A) Costs. The framework for Illinois' Centralized Indirect Cost Rate Election System (ICRES) is built to accommodate these requirements. ICRES streamlines the indirect cost rate election process by connecting grantees to the system through the Grantee Portal. Including the election system in the Grantee Portal has increased grantee awareness about the indirect cost rate election process. During Fiscal Year 2023, 36 percent of grantees elected to waive their indirect cost rate reimbursement, while 33 percent of grantees elected the *de minimis* rate (10 percent of modified total direct costs – MTDC).

The state's indirect cost rate negotiation vendor noted definite improvements in the grantees' understanding of developing an indirect cost rate from proposal preparation to providing detailed cost policy statements outlining cost elements and allocations. During Fiscal Year 2023, GATU began sending weekly snapshots of grantee activity directly to the state agencies encouraging communication with their grantees to keep them informed about the negotiation progress.

EMPOWERING THROUGH TRAINING

Throughout Fiscal Year 2023, GATU expanded its training options for state staff and grantees to increase their knowledge of the pre-award phase of the grant life cycle and AmpliFund. This empowers grantees to move through the GATA grant processes with confidence.

Pre-Award Training

In Fiscal Year 2022, GOMB entered into an agreement with the University of Illinois – Springfield's Continuing and Professional Education (UIS-CAPE) program to create a comprehensive training on GATA and Uniform Guidance available for all grant stakeholders. This training program, the Learning Management System (LMS), compiles existing GATA content and concepts into a self-guided comprehensive training curriculum. The first course, GOMB Pre-award, was user-tested in the last quarter of Fiscal Year 2023 and was officially launched in the first quarter of Fiscal Year 2024. Development of four more courses is underway and is planned to be complete by the end of the Fiscal Year 2024.

AmpliFund Training

Agencies' progress in utilizing AmpliFund functionality and the ERP integration has fueled the need for more extensive training. Several training options are available to stakeholders.

- Training has been integrated into *regularly scheduled agency meetings* between the agencies and AmpliFund staff members.

- "*Office hours*" are available for individualized training and assistance needs on demand.

- Monthly one-hour *Lunch & Learn* training sessions are held covering several topics, often based on agency feedback.

- *Cohort training* is offered each fall and spring in a series of comprehensive one-hour training sessions to agency staff. These sessions cover the primary grant-making processes with an emphasis on system functionalities that support every step of the grant-making process. [7]

- AmpliFund's help desk, *Zendesk*, includes a vast library of more than 900 support materials and is accessible to state staff and grantees. It covers a wide range of system-related topics, including new system release information, how-to videos and instructions, user guides, and standard templates. Zendesk also supports direct technical assistance via email.

EXPANSION OF STAKEHOLDER RESOURCES

GATA frameworks support compliant grant management. To that end, GATU offers an array of resources to state agencies and grantees, as well as other stakeholders.

Bi-weekly meetings for state agency personnel provide room for discussion and interactive learning:

- *Chief Accountability Officer Calls* for all general GATA discussions and GATU announcements;

- *ARRMS Calls* to discuss audit review cases and issues;

- *Indirect Cost Subject Matter Expert Calls* to discuss the indirect cost election processes; and

- *Center of Excellence (CoE)* user group meetings to focus on the use of AmpliFund, State agency staff share best practices and create a forum to highlight lessons learned, discuss the

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[7] Cohort training invites agency staff at similar implementation stages to learn AmpliFund functionality and GMS workflows. Sessions are interactive and recorded for reference.

'dos and don'ts' of change management, and AmpliFund implementation. CoE meetings are recorded for later reference.

In Fiscal Year 2023, GATU conducted a comprehensive clean-up of the *GATA Website* with a focus on the GATA Resource Library. Separate tabs were added to the Library to segment the information into topical blocks: Training, Indirect Cost, and Audit.

Most documents were reviewed and remedied for *accessibility* (Americans with Disabilities Act or ADA compliance).

In addition, GATU has started to *translate* its materials into additional languages. During Fiscal Year 2023, the Grantee Portal User Guide was translated into Spanish. Both the English and Spanish versions of the Grantee Portal User Guide are available on GOMB's website.

Future GATU resource improvements include the use of automated notifications. Implemented in Fiscal Year 2022, *Illinois NOFO*[8] *Notifications* email service, had approximately 1,300 subscribers at the end of Fiscal Year 2023. These weekly notices inform users of new NOFOs posted in the Catalog of State Financial Assistance.

Due to the success of the NOFO email distributions, GATU is considering using a similar process to raise awareness about GATA enhancements. These notifications would create a platform to push out announcements with a link that allows users easy access to GATA materials, such as the rollout of GATA training courses and the Spanish-translation of GATA materials in the GATA Resource Library. Such notifications promote awareness and equitable access to grant funds.

STATE AGENCIES HIGHLIGHTS

State agencies administer their grants using GATA frameworks. The grant administration, initiatives, and GATA compliance are led by agency Chief Accountability Officers (CAOs)[9] and agency subject matter experts (SMEs) at the respective state agencies. This section of the report highlights some of the benefits agencies saw due to the implementation of the GATA frameworks throughout Fiscal Year 2023.

The *Illinois Department of Natural Resources (IDNR)* is one of the agencies that focused on the implementation of AmpliFund in FY2023. One of IDNR's largest grant programs, the Open Space Lands Acquisition and Development (OSLAD) grant program, supports local units of government in the acquisition or development of lands to provide public open spaces, with $56 million managed through AmpliFund in the report year.

Throughout the application process, AmpliFund has been instrumental in saving both grantees and state staff valuable time by eliminating laborious manual processes. What was a half-day of manual data entry and review for an IDNR staff member now takes mere seconds. In Fiscal Year 2023, DNR processed 219 OSLAD applications and 119 grant awards with just 10 staff members. This is double the number of grants awarded in the previous year despite staff attrition (retirements). The flexibility of the grant management system allowed the department to effectively onboard new staff.

Thanks to the ERP integration, IDNR has been able to process grant contracts and expenditures within the same system as its other financial transactions. Together, through the pre- and post-award phases, the IDNR's implementation of AmpliFund has led to a 60 percent reduction in staff time spent on manual administrative tasks.

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[8] NOFO – Notice of Funding Opportunity

[9] By statute, each state grant-making agency appoints a CAO responsible for that state agency's implementation of and compliance with GATA rules. Bi-weekly CAO meetings provide information sharing on best practices, highlight federal and state updates, and provide a forum to discuss the challenges of grant administration. A complete list of current CAOs can be found in Appendix I to this report.

The transition to AmpliFund has also had a positive impact on *the Illinois Environmental Protection Agency (IEPA).* IEPA plays a pivotal role in providing Nonpoint Source grant funds to assist local governments and other organizations in safeguarding water quality in Illinois. During implementation, IEPA took the initiative to update its entire application process, including an extensive agency review of materials. This initiative, combined with AmpliFund's application features, resulted in a more efficient application process. The system's ability to reject applications with incomplete information or missing budget details played a key role in reducing errors on submitted applications.

2023 GATA Annual Report Conclusion

On average, Illinois spends approximately $26.6 billion in annual federal financial assistance. The state distributes approximately $15.8 billion in state-issued grant agreements annually and heavily relies on grants for service and program delivery. Community-based organizations, not-for-profits, and others utilize grants to carry out essential programs and services to constituents statewide.   Grantees deliver vital services to the most vulnerable citizens, including child development and elder care. Illinois uses grant funds to provide training and skill development to those entering or adapting to the workforce.

GATA statutory language mandates transparency and accountability in the use of grant funds. It represents Illinois' commitment to maximizing public funds for the measurable benefit of the public. A sincere desire to accomplish good things for the people of Illinois drives GATA implementation: Illinois is successful when its grantees are successful!

GATU is driven to continuous improvement by its partnerships among the grantee community, their advocates, state agencies, legislators, and the Governor's Office to build accountable, transparent, and equitable processes that benefit the state and its constituents.

Appendices

Chief Accountability Officers

GATA-related Internet Links

APPENDIX I: CHIEF ACCOUNTABILITY OFFICERS

Sandra Velaquez	Illinois Arts Council Agency	Patrick Davis	Illinois Department of Natural Resources
Lindsay England	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	Jennifer Franklin	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	Fredrick Nettles	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	Susan Fields-Giberson	Illinois Student Assistance Commission
Michelle Bennett	Illinois Department of Healthcare and Family Services	Steven Pingolt	Law Enforcement Training and Standards Board
Gloria Gibson	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
Michael Runkles	Illinois Department of Military Affairs	Vitto Okoye	Illinois Racing Board

APPENDIX II: GATA RELATED INTERNET LINKS

State Links

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

GATA Website
https://gata.illinois.gov/

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

Catalog of State Financial Assistance (CSFA)
https://gata.illinois.gov/grants/csfa.html

GATA Grantee Portal
https://grants.illinois.gov/portal/

Illinois Secretary of State – Business Services
https://www.ilsos.gov/departments/business_services/home.html

Federal

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

SAM.gov Registration and Unique Entity Identifier (UEI)
SAM.gov | Entity Registrations

Federal Service Desk (FSD) – Learn How to Register Your Entity
https://www.fsd.gov/gsafsd_sp

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

Federal Funds Information for States
www.ffis.org

National Grant Management Association
www.NGMA.org