GATA

GRANT ACCOUNTABILITY AND TRANSPARENCY ACT

ILSAC SUBCOMMITTEE OUTREACH

AUGUST 2015

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What time is it?

Topics of Discussion

- GATA Objectives
- ILSAC Subcommittee Structure
- ILSAC Subcommittees' Roles and Responsibilities
- GATA Subcommittee Overview
- New Federal Guidance
- GATA Applicability and Effective Dates
- ILSAC Subcommittees' Next Steps

Successful Grantees = Illinois Success

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, based on this initiative, P.A. 96-1141 was passed by the Legislature; among other things, this legislation required recommendations to the General Assembly regarding addressing inefficiencies and redundancies, and limiting fraud and abuse
- As a result, a committee was formed with representatives of the 4 human service agencies and the grantee community to provide the requested recommendations to the General Assembly
- The committee unanimously agreed on 35 recommendations in 7 areas
- The recommendations were the basis of additional legislation, P.A. 97-0558, that created the Management Improvement Initiative Committee (MIIC); that legislation became effective on August 25, 2011
- The Department on Aging subsequently joined the other human service agencies on MIIC
- In order to make uniform rules, MIIC recommended that the State follow the Federal grant rules, since the majority of grants issued in the State were Federally-funded or were used as matching, in-kind or maintenance-of-effort as a condition of existing Federal grants

Historical Evolution of GATA

- Based on the work of MIIC, Representative Patricia Bellock and Senator Pamela Althoff sponsored legislation that created the Illinois Single Audit Commission (ILSAC) and charged it with researching and providing recommendations to extend the recommendations of MIIC Statewide
- Based on the recommendations of ILSAC, the Grant Accountability and Transparency Act (GATA) was created, sponsored by Representative Bellock, Senator Althoff, Representative Crespo and Senator Kotowski
- The overarching goals of GATA are to eliminate duplicative grant requirements and reduce administrative burdens while increasing accountability and transparency
  - ✓ GATA also recognizes the need for, and in fact requires that we provide, training and technical assistance for our grantees and grant administrators in Illinois

GATA Objectives - “Uniform Requirements”

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

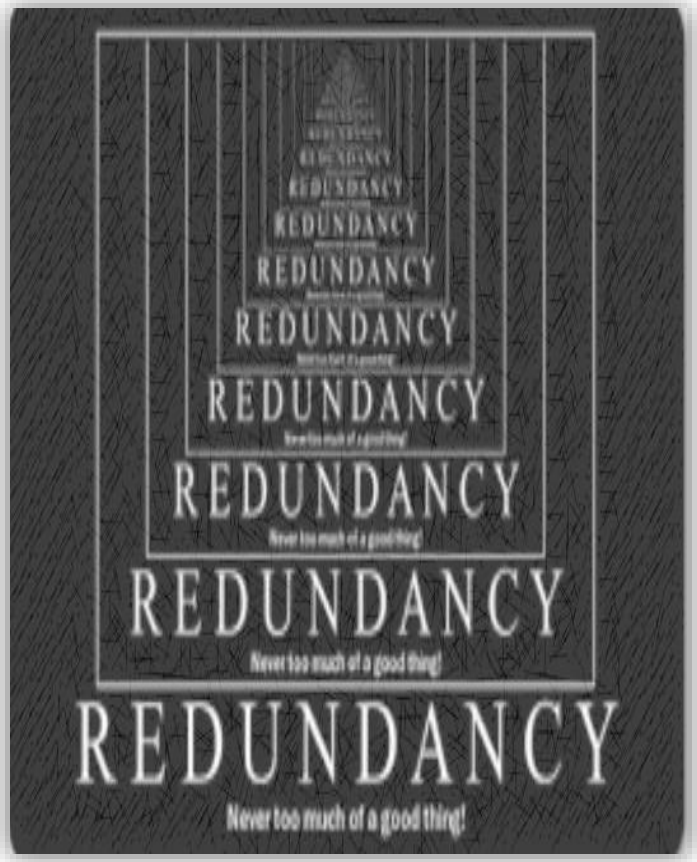
Successful State agency oversight and successful grantees will result in a successful Illinois.

GATA – Optimizing Resources and Removing Redundancies & Duplication

Example: An analysis of grantees who received grants from two or more of the five social service agencies, and considering only 2 required compliance activities – audit report review, and on-site fiscal and administrative review, found that:

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

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



GATA – Optimizing Resources Central Repository Vault (CRV)

- Provides a platform for efficiency
- Stores the most frequently requested documents from grantees
- Allows State agencies to review business documents and preserve them for future reference and retrieval
- Prevents duplicate requests for the same information
- Assists with pre-grant qualification, risk assessment, and ongoing monitoring
- Central Repository Vault is currently used by 5 State social service agencies

Collaboration!

GATA Efficiencies

GATA focuses on review and discussion of options for rulemaking and implementation that will result in efficiencies such as:

- Audit report reviews
- Indirect cost rate proposal rate negotiation and approval
- On-site review protocol uniformity and coordination
- Providing training and developing presentation materials
- Debarred and Suspended List and Stop Payment System
- Implementation of performance measures for State grants
- Use of the Central Repository Vault (information warehouse concept)
- Continuous assessment and improvement of GATA policies and procedures

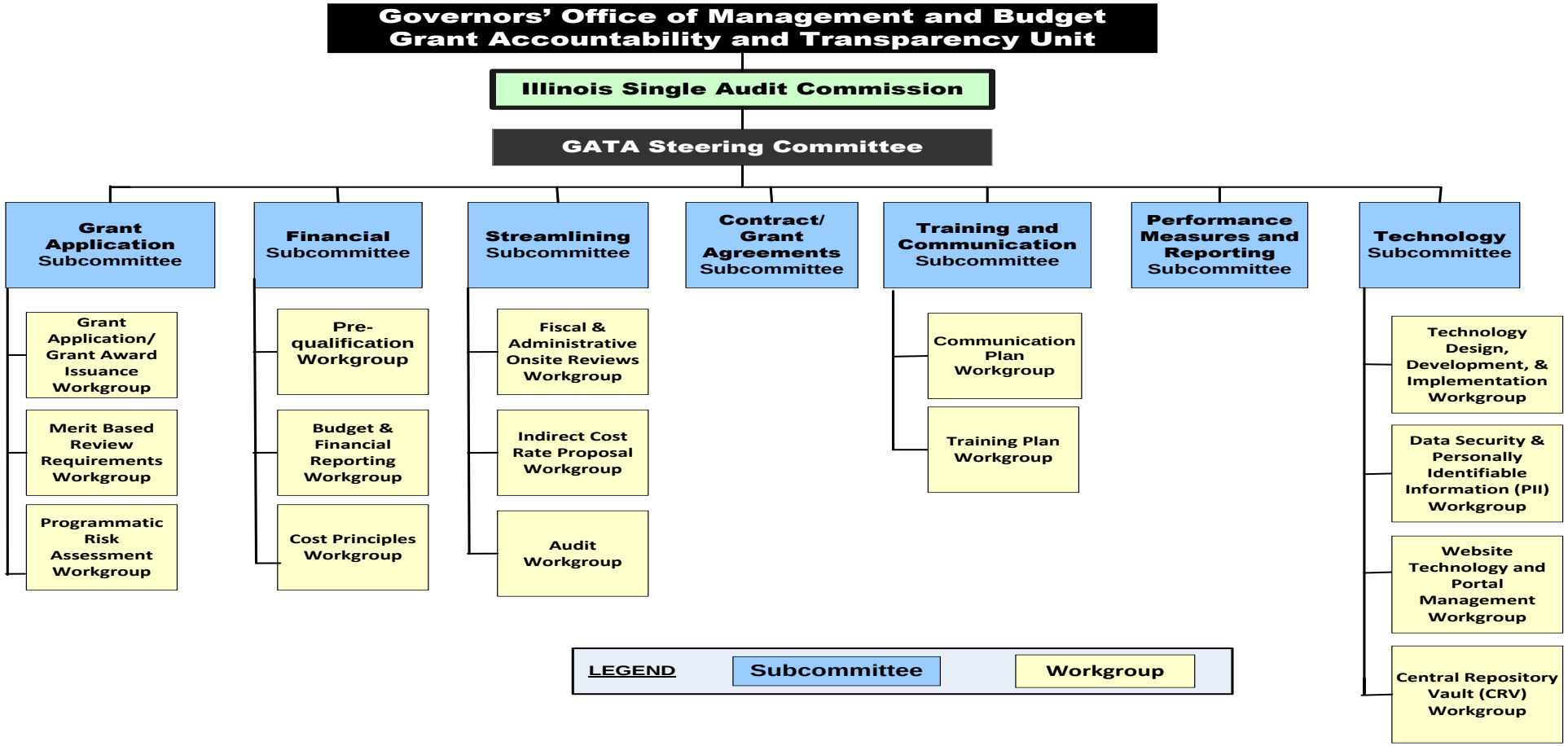
GATA Implementation Structure

The implementation structure includes ILSAC-GATA subcommittees:

- The ILSAC-GATA subcommittees and associated workgroups are made up of representatives of State agencies, grantees and subrecipients, and GATU staff. Each subcommittee and workgroup has a GATU representative and two co-chairs, one representing State agencies and one representing grantees
- The subcommittees will have 3 phases:
  - ✓ **R**ulemaking
  - ✓ **I**mplementation
  - ✓ **M**onitoring

RIM Process!

ILSAC Committee Structure



The RIM Process

- **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
  - ✓ Need to be flexible so that we can 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
  - ✓ Ensure that the rules meet the objectives of GATA to lessen the administrative burden and remove duplication
  - ✓ Ensure that the rules recognize the limitations of small providers and grant awards while helping to build capacity through training and technical assistance
- **Monitoring**
  - ✓ There will be an ongoing process of review and continuous improvement after the initial implementation of GATA

ILSAC Subcommittees' Roles and Responsibilities

ILSAC subcommittees and workgroups are critical to the success of GATA

The subcommittees are responsible for making recommendations for rules in areas where the State and Federal regulations allow for flexibility:

- Each subcommittee is responsible for reviewing the State and Federal regulations in that govern its topic in the Uniform Requirements and in GATA in order to make informed recommendations to the GATA Steering Committee
- Performance metrics must be developed to measure the effectiveness of GATA
- 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

The GATA Steering Committee is made up of the GATU staff, and the 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 that the recommendations follow Federal rules and meet the goals and objectives of GATA
- Develop funding mechanisms for GATA implementation

JCAR Status

We have completed:

- Administrative rules applicable to State, Federal and Federal pass-through awards that do not allow for flexibility
  - ✓ The proposed rules were published in the April 10, 2015 issue of the Illinois Register
  - ✓ There was a public hearing on April 17, 2015
  - ✓ JCAR issued a certificate of No Objection in its July 14, 2015 hearing
  - ✓ The effective date of the rules is July 24, 2015
  - ✓ Notice of Adoption scheduled for publication in the August 7, 2015 issue of the Illinois Register

Next Steps in Rulemaking Phase

- Submit proposed rules for State, Federal and Federal Pass-through awards in areas where there is flexibility based on:
  - ✓ Subcommittee recommendations to Steering Committee
  - ✓ Steering Committee recommendations to ILSAC
- ILSAC provides advice and technical assistance with respect to the final rule recommendations
- By July 2016, State agencies incorporate GOMB rules into their administrative rules

Other Accomplishment Highlights

- Roll out of first phase of Catalog of State Financial Assistance
  - ✓ Database of Federal awards
  - ✓ Role out of database of State awards expected early FY 2016
- GATA public website will be launched this week
- 25 rule recommendations have been approved by the GATA Steering Committee at its July meetings
- Work has begun on the Debarred and Suspended List

Next Steps

- Continue to finalize rule recommendations from the ILSAC subcommittees for approval by the GATA Steering Committee; two meetings are scheduled in August
- Continue to recruit grantee subcommittee members for participation in the remaining rule recommendations and the implementation phase
- Present rule recommendations to ILSAC for advice and technical assistance in August and September
- Begin the JCAR rule process for remaining rules
- Begin the implementation phase; this the most critical phase to ensure that objectives of GATA are met while implementing the Federal and State rules adopted in the rulemaking process

New Federal Guidance

HIGHLIGHTS OF SIGNIFICANT CHANGES

Eliminating Duplicative and Conflicting Guidance

BEFORE:

Awards Received

- A-102 & A-89
- A-87
- A-133 & A-50

Subawards to Nonprofits

- A-110
- A-122
- A-133 & A-50

Subawards to Universities

- A-110
- A-21
- A-133 & A-50

AFTER:

All OMB guidance streamlined in 2 CFR Part 200

2 CFR Part 200 - Organization by Subpart

A. Acronyms and Definitions
B. General Provisions
C. Pre-Award Requirements and Contents of Federal Awards
D. Post-Award Requirements
E. Cost Principles
F. Audit Requirements

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

Highlights of Significant Changes

- Setting standard business processes using data definitions
- Merit-based review
- Review of risk posed by applicants
- Internal control requirements
- New procurement standards
- Subrecipient monitoring, financial management, and performance measurement

Consistency!

Highlights of Significant Changes

- Changes to cost principles
- Numerous changes to Single Audit requirements
- Performance: outcome-driven
- Indirect cost rates - If a subrecipient has a Federally-approved indirect cost rate or cost allocation plan, that indirect cost rate or cost allocation plan must be honored by the State. If no such rate exists, the subrecipient and pass-through entity may negotiate an indirect cost rate, or the subrecipient may use the *de minimis* indirect cost rate

General Provisions: Applicability

For Federal and Federal Pass-through Awards:

- Federal agencies that make Federal awards to non-Federal entities
- Non-Federal entities that administer Federal awards
- Non-Federal entities that receive Federal pass-through awards
- Limited exceptions are noted at §200.102

Sets Standard Business Processes Using Data Definitions

- **Requires all agencies to use the same terminology**
- **Sets Standard Business Processes Using Data Definitions**
  - ✓ Use of consistently-defined data elements
  - ✓ Notices of Funding Opportunity – requires standard set of data elements to be provided for all Federal notices of funding opportunities
  - ✓ Standard set of data elements required to be provided in the Federal and Federal pass-through awards
- **Requires Consistent Use of OMB-Approved Standard Information Collections**
  - ✓ Standard application requirements
  - ✓ Performance measurement
  - ✓ Financial reporting
  - ✓ Monitoring and reporting program performance

New Federal Rules - Effective Dates

- Federal agencies implemented **December 26, 2014**
- Subpart F Audit Requirements – fiscal years beginning after **December 26, 2014**
- Administrative requirements and cost principles will apply to **new awards or funding increments**, where the Federal award was made on or after December 26, 2014
  - ✓ In cases where the Federal agency considers funding increments to be an opportunity to modify the terms and conditions of the Federal award, the new rules will apply
  - ✓ The new Federal rules will not retroactively change the terms and conditions applicable to funds a non-Federal entity has already received
- Existing Federal awards that do not receive incremental funding with new terms and conditions will continue be governed by the original terms and conditions of the Federal award

New Federal Rules - Effective Dates

- The effective date for **subawards** is the same as the effective date of the Federal award from which the subaward is made. The requirements for a subaward, no matter when made, flow from the requirements of the original Federal award
- Existing negotiated indirect cost rates will remain in place until they are due to be renegotiated
- A non-Federal entity may elect to keep current Federally-approved rate in place for an additional 4 years

Effective Dates and Grace Period for Procurement

Procurement Questions? Check with your SPO and APO

- One-year grace period after the effective date of the Uniform Requirements
- For procurement policies and procedures, the non-Federal entity must, in the first full fiscal year 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, 2016
  - ✓ 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

GATA: Applicability

For State grants, GATA applies to:

- State agencies that receive funding to administer State grant programs
- State agencies that make State awards to non-State entities
- Non-State entities that receive State awards
- Non-State entities that receive Federal pass-through awards
- Limited exceptions are noted in Section 45 of GATA

Moving Grants Forward!

GATA Effective Dates

The Grant Accountability and Transparency Unit (GATU) within GOMB will be responsible for the following:

- Providing advice and technical assistance, effective immediately
- Providing training to ILSAC subcommittee members regarding the administrative rules applicable to State-funded grants, effective immediately
- Maintaining the State Debarred and Suspended List
- Coordinating audit report reviews – **FY 2016 audits, due in FY 2017**

GATA Effective Dates

The Grant Accountability and Transparency Unit (GATU) within GOMB will be responsible for the following:

- Indirect cost rates will be negotiated during **FY 2016 to be included in FY 2017 grant agreements**
- Coordination of on-site reviews **beginning in FY 2017**
- Development and implementation of uniform grant agreements – **FY 2016**
- Catalog of State Financial Assistance – **during FY 2016**

GATA is Good Government

It is GATA time!

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.

GATA Questions?