GRANT ACCOUNTABILITY AND TRANSPARENCY ACT:
WHAT IT IS AND HOW IT AFFECTS YOU

The objective of the Grant Accountability and Transparency Act (GATA) is to eliminate duplicative grant requirements and lessen administrative burdens, while improving accountability and transparency. GATA also recognizes the need for training and technical assistance for grantees and grant administrators in Illinois. If you are a grantee (i.e., grant recipient) or state agency in Illinois, this act does affect you.

THE EVOLUTION OF GATA

The grantee community started this initiative to remove redundancies and streamline the grant process for four human service agencies. Based on this initiative, in 2010 legislation was passed requiring recommendations to the General Assembly regarding addressing inefficiencies and redundancies, as well as limiting fraud and abuse. As a result, a committee was formed with representatives of the four human service agencies and the grantee community to provide the requested recommendations.

The decided recommendations were the basis of additional legislation that created the Management Improvement Initiative Committee (MIIC). Based on the work of MIIC, the Illinois Single Audit Commission (ILSAC) was established and assigned with researching and providing suggestions to extend the recommendations of MIIC statewide. The ILSAC then recommended the development of GATA.

GATA GOALS

GATA was put into effect to assist state agencies and grantees in implementing new federal guidance, uniform administrative requirements, cost principles, and audit requirements for federal awards. It also emphasizes a focus on program outcome and making available training and technical assistance for state agency staff and grantees.

THE IMPORTANCE OF IMPLEMENTING GATA

In 2017, approximately 1,250 different grant programs were administered in Illinois, and approximately 35,000 grants were issued by state grant-making agencies. Roughly 5,850 unduplicated grantees resulted from the development of GATA in Illinois.

The Illinois act is the first in the nation required to implement a comprehensive set of standards that mandate accountability and transparency throughout the entire grant life cycle. 36 states, New York City, LA County, and three federal awarding agencies are adopting GATA in whole or part as a result of Illinois' success.

HOW IT AFFECTS YOU

GATA has adopted uniform budget, periodic reporting, and performance reporting templates. The budget and reporting templates are updated annually to include more detailed line items to assist grantees and subrecipients in negotiating an indirect cost rate and help facilitate budget approval and monitoring. Grantees can access their information through the grantee portal.

Requirements

GATA requires an annual election of the indirect cost rate, including the federally negotiated rate, the state negotiated rate, the 10 percent de minimis rate (no rate), and waive charging indirect costs. If an organization receives direct federal funding and has a federally approved Negotiated Indirect Cost Rate Agreement (NICRA),

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state agencies are required to accept and utilize the NICRA for indirect cost reimbursements. Whereas, organizations with only federal pass-through/state funding can negotiate a state indirect cost rate. Organizations that have never negotiated an indirect cost rate at the state or federal level can choose the 10 percent de minimis rate. Charges can be waived and grantees can recover indirect costs from other sources, such as program revenue, donations, and fundraising, as well.

Beyond this, there are also requirements unique to local governments. Federal Uniform Guidance requirements are the same for all grantees, except indirect cost requirements that have a ripple effect on other items, such as registration and prequalification, fiscal and administrative risk assessment, parent/child relationships, and Illinois stop pay list enforcement. However, local governments can elect to negotiate indirect cost rates on an entity wide basis or by individual department or division.

Audits

All grantees awarded a state grant (whether or not funds have been expended) or expending a federal grant are subject to reporting requirements, and for-profit grantees are required to have a program audit. Generally Accepted Government Auditing Standards (GAGAS) audits are required of grantees, including for-profits not subject to a single audit that expend $500,000 or more in state restricted purpose funds, direct federal, and/or federal pass-through funds. Generally Accepted Auditing Standards (GAAS) audits are mandatory for grantees, including for-profits not subject to either a single audit or a GAGAS audit but expend $300,000 or more in state restricted purpose funds, direct federal, and/or federal pass-through funds.

If an audit is required by any regulatory authority it must be submitted by publicly traded for-profit companies, law enforcement agencies, and municipalities that operate a public utility. If an audit is not required but is completed, it must be submitted as voluntary audits conducted as part of good financial management.

CONSOLIDATED YEAR-END FINANCIAL REPORT

The Consolidated Year-end Financial Report (CYEFR) details all state and federal grants expended during the fiscal year. Ultimately, this report includes every dollar spent. CYEFR contains three sections:

1. Expenditures of grant funding received from state
2. Expenditures of other grant funding received
3. Expenditures not related to grants

The CYFER must be covered by an in-relation-to audit opinion similar to other supplementary information, regardless of the type of audit required for the entity (GAAS VS GAGAS).

RESULTS OF GATA IMPLEMENTATION

GATA ultimately intends to reduce the risk of fraud, waste, and abuse, while simultaneously saving state agencies and grantees money. For more information on GATA and how it can impact you, please contact a Sikich representative.

Referenced throughout this whitepaper:
https://www2.illinois.gov/sites/GATA/About/pages/gatavision.aspx