

GATA FAQ

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The following are frequently asked questions with answers provided by the Grant Accountability and Transparency (GATA) Unit in the Governor’s Office of Management and Budget (OMB) and the Office of Employment Training (OET) in the Department of Commerce and Economic Opportunity (DCEO).

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I. Q&A by OET

Q1. Do indirect costs come only out of administration, or are they charged to the programs?

ANSWER: Indirect costs can be either administrative or program costs. It is important to note that WIOA administrative costs are defined at 20 CFR 683.215. According to the ETA SMART Financial Grants Management training on indirect costs, "Not all indirect costs are necessarily classified as administrative costs." The Uniform Guidance at 2 CFR 200.414 states that indirect costs may include facilities costs. It also states, "Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect (F&A) cost in all situations. Identification with a Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. However, typical examples of indirect (F&A) cost for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting." At the indirect cost rate training conducted by WIPFLI on 1/19/17, WIPFLI staff may have suggested that it may be beneficial to some grantees to allocate all programmatic costs directly, limiting indirect costs to admin only.

Q2. For purposes of applying the 10% de minimis rate, what WIOA training costs should be excluded from the Modified Total Direct Costs (MTDC), as defined by 2 CFR 200.68?

ANSWER: Commerce consulted with the US Department of Labor Region V fiscal management staff to respond to this question. 2 CFR Part 200.68 defines Modified Total Direct Cost (MTDC) as excluding '...tuition remission, scholarships and fellowships, participant support costs....'

- *WIOA Individual Training Accounts expenditures and WIOA supportive services are excluded from the MTDC*
- *On-the-Job Training, Incumbent Worker Training, Work Experience can be included in the MTDC*

Q3. What rental costs should be excluded from MTDC? We have received guidance that this exclusion applies to lessor/landlord costs, not the costs of occupancy.

ANSWER: According to DOL 2 CFR Part 200.68 excludes "...rental costs...." from MTDC. In this context we are referring to expenses paid by the WIOA grant. Whether it is considered lessor/landlord costs; the outlay would be for the cost of occupancy which is the rental cost.

Q4. Can grantees that only administer WIOA Title 1b and Trade grants be considered a single-purpose entity that would be able to allocate all costs directly?

ANSWER: Grantees should direct charge costs that can be identified specifically with a particular Federal award or that can be directly assigned to a Federal award relatively easily with a high degree of accuracy. These costs must also be categorized as direct as are other costs incurred for the same purpose in like circumstances. Otherwise, the grantee will classify and charge these costs as indirect under an allowable allocation methodology.

If a grantee has only one function and that function is to administer the WIOA and Trade grants then it may be possible to allocate all costs directly IF the grantee meets the conditions outlined at 2 CFR Part 200.413 (c) and 2 CFR Part 200.403 (d). Please note that prior written approval by the Department of Commerce is required based on an individual review of the grantee and the application of the Uniform Administrative Requirements

§ 200.413 Direct costs.

(c) The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;*
- (2) Individuals involved can be specifically identified with the project or activity;*
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and*
- (4) The costs are not also recovered as indirect costs.*

§ 200.403 Factors affecting allowability of costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.*
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.*
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.*
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.*
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this Part.*
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).*
- (g) Be adequately documented. See also §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance of this Part.*

Q5. Can a non-Federal entity conducting a single function, which is predominately funded by Federal awards elect to charge the 10% de minimis rate if they currently charge all costs as direct costs to Federal programs?

ANSWER: No, the 10% de minimis rate must only be used to pay for overhead costs that are not directly charged to Federal awards. If all costs are charged directly to the Federal award (e.g., space costs, utility and administrative costs) then the recipient should not also charge the 10% de minimis rate. As described in 2 CFR Section 200.403, costs must be consistently charged as either indirect or direct cost, but may not be doubled charged or inconsistently charged as both.

Q6. What are the ramifications to WIOA grant funds when the county (or other grantee) selects its indirect cost rate? Does it affect how the grant will be managed? Example: Does the county department that administers the WIOA grant still get the 10% administration and is county able to take the additional indirect cost rate or would the indirect cost rate replace the current 10% administration?

ANSWER: The current WIOA admin limitation still applies. If the county charges WIOA for county indirect costs, that will result in an increase in costs for WIOA if these costs aren't charged to the program now. Indirect costs can be either admin or program. These costs will be in addition to the workforce department's existing admin and program costs for admin and program staff.

Q7. What would be the impact if the county (grantee) selected a 0% indirect cost rate?

ANSWER: The county can elect to charge a program or a grant less than the approved indirect rate to stay within budget constraints/administration limitations. Indirect costs not recovered can be reported as leveraged resources. The county can also elect not to charge any indirect costs. However, if the county will charge any indirect costs to any State grants, then the county will need to select an indirect cost option (10% de minimus, apply for an indirect rate, or develop an indirect cost proposal/central services cost allocation plan in accordance with Appendix V of the Uniform Guidance).

Q8. Can the county still charge the grant the building depreciation or would that cost come out of the indirect rate? Can the county take both? Usually, facilities costs?

ANSWER: Generally, depreciation is considered an indirect cost. However, in the case of building occupied solely or primarily by WIOA staff, it should be direct charged to the grants. The county's facilities costs for county buildings can be included in the indirect rate. If a cost is allowable, it can be charged to grants, but the question is whether it would be a direct charge or an indirect charge.

Q9. Grantees that are governmental sub-divisions may charge their grants for indirect costs that (1) originate in that grantee sub-division and/or (2) are the costs of central governmental services distributed to the grantee sub-division through a central service cost allocation plan. Can a local government do a consolidated GATA registration and elect the indirect cost rate option that applies to central governmental services or will governmental sub-divisions have to apply for a DUNS number so that they can elect their own indirect cost rate options?

ANSWER: According to the State's GATA Unit, It is up to the local government to make that decision. If for example, a county government has a central services cost allocation plan or indirect cost rate, it can do a consolidated registration for multiple governmental sub-divisions (that share a DUNS number) and elect the indirect cost rate option that applies to the county. In this case, the cost allocation methodology of the governmental sub-division would not be subject to approval/negotiation by the State's indirect cost rate vendor.

Q10. Equipment and equipment leases are not part of the indirect cost pool. Do we just allocate them the same way we always have?

ANSWER: According to the Uniform Guidance at 2 CFR 200.439, equipment is unallowable as an indirect cost. Equipment, after approval from the State, must be direct charged to the applicable program. Costs related to a copier lease can be either direct or indirect. If employees are required to enter a code that identifies the cost center, the copier lease could be a direct expense.

Q11. If subrecipients don't have direct Federal or State grants (LWIA subrecipients), can they continue to use their current cost allocation plans if they are reviewed and approved by the LWIA?

ANSWER: According to DOL, LWIAs can continue to review and approve cost allocation plans of subrecipients.

Q12. For subawards, we assign a contract for the year, but it renews with a modification to the budget. It's the same award, but it gets a new budget every year. When calculating the MTDC, do we back out the \$25,000 each year since it's a new budget, or do we only back out the \$25,000 in the first year?

ANSWER: Refer to the GATA training on [Applying Indirect Cost Rates to Federal Pass Through and State Awards](#). Only the first \$25,000 of each subaward is allowable regardless of the period of the subaward.

Q13. If the amount charged to the grants for indirect costs is more than the indirect costs, what happens to the money? Does it go back to the grants? Do we keep it? If we keep it, does it still follow WIOA rules, or does it then become the grantee's money to use as needed? Basically, does it have to follow WIOA, or can we use it to cover non-WIOA costs? Can we save it for the potential of having a year when the indirect costs are more than what we recover?

ANSWER: From the GATA Indirect Cost Rate FAQs: When seeking initial reimbursement of indirect costs using the provisional/final rate methodology, a provisional proposal must be submitted within 90 days of receiving a State award that requires accounting for actual costs incurred. The Grantee must submit an indirect cost rate proposal within six (6) months after the end of their fiscal year to establish a final rate. Once a final rate is negotiated, billings and charges to State awards must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the Grantee may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the Grantee will be required to reimburse the funding agency for the excess billings.

Note: According to the GATA Unit, it is not the State's intention to short anyone on indirect costs. Differences will be reflected in the following year's rate.

Q14. Although there is an exemption for indirect cost rates for WIOA grants for PY-16, can a local area elect an indirect cost rate option effective 1/1/17?

ANSWER: Yes, in accordance with its fiscal year or the requirements of other programs, a local area can choose to negotiate and indirect cost rate/elect an indirect cost rate option effective 1/1/17.

Q15. What should we do if we need technical assistance to select the best indirect cost rate option?

ANSWER: Refer to the 1-27-17 GATA Indirect Cost Training Follow Up document emailed to the LWIAs by John Barr on 1/31/17. The document outlines resources and next steps. In addition, there are a number of accounting and consulting firms that can help organizations submit indirect cost

rate proposals. Note: In order to avoid a conflict of interest, your auditor may choose to decline an engagement to assist with your indirect cost rate proposal.

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The following are frequently asked questions and answers retrieved from GATA's website:

<https://www.illinois.gov/sites/GATA/Documents/Resource%20Library/GATA%20Frequently%20Asked%20Questions%20by%20Topic.pdf>.

II. General Questions

Q1. What exactly is the definition of Sub –Recipient? We have some sub-contractors, and we have some MOU's/agreements with the scope of service for one program, but none that we might consider Sub-Recipient.

ANSWER: The definition of a subrecipient and a subaward is included in the glossary on www.grants.illinois.gov. In addition, follow the guidance in guidance in 2 CFR 200.330, Subrecipient Contractor determination, a checklist is also available for making this important determination. The Checklist can be found on the GATA website in the resource library under C for checklist. Maintain a copy of the completed checklist for audit purposes. This determination is critical for ensuring compliance with uniform guidance and GATA.

Q2. "Official" grant files will include all of the documents related to the GATA process. Where will these be kept? Should they be kept centrally?

ANSWER: The information processed centrally, will be electronically stored and available for agencies to download as needed. The grant specific information will be maintained by the awarding agencies, this includes grant applications, merit based review results, project monitoring, budget and performance reports, etc.

Q3. Where will all of the forms/templates reside?

ANSWER: All GATU developed templates will reside on the grants.illinois.gov website for download.

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III. Indirect Cost Rate

Q1. Is there someone who can help an agency to do an indirect cost proposal?

ANSWER: Training on how to complete and submit an indirect cost rate proposal will be provided by the State of Illinois Indirect cost rate vendor. Additional indirect cost guides from the Dept. of Labor and Health and Human Services are valuable proposal resources. There is also a number of consulting and accounting firms provide these services.

Q2. Does all the information given apply to a local government entity?

ANSWER: Local government units should follow indirect cost rate rules set forth in Appendix VII- of 2 CFR 200.

Q3. We have no employees but have consultant cost who does everything at our Center. Would we be required to have a rate?

ANSWER: Determination of being a singular functioning entity where all costs would be considered direct will be made by the awarding agency. Prior written approval is needed from the State of Illinois awarding agency prior to charging or billing all costs as direct.

Q4. Does use of a "provisional" rate mean that everything calculated using the provisional rate will need to be re-calculated once a final can be determined based on the prior year audit?

ANSWER: When seeking initial reimbursement of indirect costs using the provisional/final rate methodology, a provisional proposal must be submitted within 90 days of receiving a State award that requires accounting for actual costs incurred. The Grantee must submit an indirect cost rate proposal within six (6) months after the end of their fiscal year to establish a final rate. Once a final rate is negotiated, billings and charges to State awards must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the Grantee may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the Grantee will be required to reimburse the funding agency for the excess billings.

Q5. Are you going to add a part on Section A if there is an approved cost allocation plan for the grantee to select?

ANSWER: No

Q6. Is charging indirect costs mandatory?

ANSWER: NO. If a Grantee receiving a State of Illinois award voluntarily chooses to waive indirect costs or charges less than their negotiated indirect cost rate, State awarding agencies and pass-through entities can allow this. The decision must be made solely by the Grantee or subrecipient that is eligible for indirect cost reimbursement, and must not be encouraged or coerced in any way by the State awarding agency or pass-through entity.

Q7. Can you switch between the de minimis rate and the indirect cost rate from year to year, for annual awards?

ANSWER: *No. Once the de minimis rate has been elected it must be used on all awards until such a time where the Grantee wishes to negotiate an indirect cost rate. Once an indirect cost rate is negotiated the Grantee can never elect to use the de minimis rate again.*

Q8. Can we continue to charge occupancy as a direct program cost, allocated to programs by square footage?

ANSWER: *Yes. If allocation methodology is "Reasonable", "Documented" and "Consistently applied". Please review 2 CFR 200 Subpart E – Cost Principles.*

Q9. Can we use our federally negotiated indirect cost rate on pass-thru and state funded awards?

ANSWER: *YES*

Q10. Can the grantee submit the indirect cost rate proposal prior to award? E.g., non-competitive grants?

ANSWER: *Indirect cost rate proposals must be submitted within 90 days of first receiving a State award. Grantees must then submit an indirect cost rate proposal within six (6) months after the end of their fiscal year on an annual basis. After the Organization's first negotiated indirect cost rate and depending on the Organization's fiscal year-end, it is typical for Organizations or Grantees to re-submit or re-apply at various times throughout the year. This may even occur prior to the issuance of an award.*

Q11. Do you have an anticipated range of rates?

ANSWER: *No*

Q12. Would an Illinois developed/approved icr be accepted by the federal government?

ANSWER: *No*

Q13. Does the grantee decide on a base? Will the funding agency determine this? how does this work?

ANSWER: *Yes, the Grantee decides the most appropriate base in the proposal. The State of Illinois Indirect Cost Rate contractor/consultant will advise and assist the Grantee if needed or if the base that was selected turns out not to be the most appropriate. 2 CFR 200 Appendix IV --The essential consideration in selecting a method or a base is that it is the one best suited for assigning the pool of costs to cost objectives in accordance with benefits derived; a traceable cause and effect relationship; or logic and reason, where neither the cause nor the effect of the relationship is determinable based upon the characteristics.*

Q14. After a rate is approved can it be retroactively applied if we have billed the de minimis rate of 10%?

ANSWER: *That will be an Awarding Agency decision.*

Q15. We are a municipality - not a not for profit. Any difference in approval process. We have always had a CPA prepare the indirect cost plan in previous years.

ANSWER: *There is no difference in the approval process from Non-Profits to Local Governments. Please refer to 2 CFR 200 Appendix VII which provides guidance to Local Governments for indirect cost rate proposals*

Q16. So, I am using the de minimis rate of 10% for the budget submission and will then submit my indirect cost rate proposal in July? Correct?

ANSWER: *Yes. Grantees, if eligible, are allowed to utilize the De Minimis rate for budgeting and billing until a full negotiated rate is negotiated and approved by the Grantee's Cognizant Agency.*

Q17. Is there a risk that a negotiated rate could be less than 10%? If so, does the Agency have the right to choose to use the De minimis rate instead? Thanks.

ANSWER: *10% De Minimis of MTDC is generally considered the floor. There is always a possibility that a full negotiated rate may be less. GATU recommends to Grantees that may be unsure which rate to select to draft a proposal and consult within its own organization to determine the optimal indirect cost rate plan.*

Q18. At the time of an award, we had a provisional rate. Subsequently, we received a final rate. Which rate applies to the current program period?

ANSWER: *Organizations must use the rate that is designated during the effective period. If a Final rate of 12.3% is determined for a period from July 1, 2014 through June 30, 2015 and a Provisional rate of 11.2% is determined from July 1, 2015 through June 30, 2016, an organization may need to use a combination if their award is effective during various periods.*

Q19. If we want to use the de minimus rate, do we still have to submit an indirect cost rate plan?

ANSWER: *No.*

Q20. We applied for an indirect rate over a year ago. Do we need apply again in July?

ANSWER: *Yes, the submission and negotiations of Indirect Cost Rate Proposals are annual requirements.*

Q21. For the state approved indirect cost rates, what will be the timeframe for multi-year grants? Is it a rate for 1 year or multiple years/length of the program?

ANSWER: *Rates are negotiated on an annual basis regardless if an award is multi-year funded.*

Q22. Can you change from the de minimis 10% to another rate in future years?

ANSWER: *Organizations may elect to negotiate an Indirect Cost Rate at any time with the State of Illinois, but once a rate is approved, an organization cannot "go back" or re-elect the de minimis in the future.*

Q23. What are the examples of Participant Support Costs that are excluded from the MTDC?

ANSWER: Participant support costs are directly related to transportation, per diem, stipends and other related costs for participants or trainees (but NOT employees) in connection with programs conferences, meetings, symposia, training activities and workshops.

Q24. So an ED's salary is 100% indirect even if they do some direct service?

ANSWER: NO.

§200.430 Compensation—personal services.

*Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; **an indirect cost activity and a direct cost activity**; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

Q25. For budget purposes if you don't have an icr you must include the 10% but can you then amend the budget following the approval of the icr?

ANSWER: YES

Q26. Who decides what is included in the MDTC base?

ANSWER: 2 CFR 200 specifies what items of costs are either included or excluded to create the modified total direct cost base. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and may be done with the approval of the cognizant agency for indirect costs.

Q27. So with HP funding, we have chosen the de minimis rate of 10% and the rest of the grant is direct assistance (rent, mortgage , deposit and utility assistance) do you still need to ask for permission to apply the rest of the grant to direct assistance? Would all of this assistance be placed under grant exclusive items on line 15 on budget form?

ANSWER: Please consult with your State awarding agency for guidance regarding certain selected items of costs pertaining to specific programs and awards

Q28. Can you use the de minimis rate until you negotiate a rate?

ANSWER: YES

Q29. Do you have to submit an indirect cost proposal annually?

ANSWER: YES

Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
2. Negotiation and Approval of Rates

b. Except as otherwise provided in §200.414 Indirect (F&A) costs paragraph (f) of this Part, a nonprofit organization which has not previously established an indirect cost rate with a Federal agency must submit its initial indirect cost proposal immediately after the organization is advised that

a Federal award will be made and, in no event, later than three months after the effective date of the Federal award.

c. Unless approved by the cognizant agency for indirect costs in accordance with §200.414 Indirect (F&A) costs paragraph (g) of this Part, organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency for indirect costs within six months after the close of each fiscal year.

Q30. With regard to statutory caps, is it the case that the RFP will include information about a cap which will determine the allowable IDC? How will the grantee be informed?

ANSWER: *All restrictions and limitations on awards should be made available to Grantees either through the Notice of Funding Opportunity (NOFO), program descriptions in the Catalog of State Financial Assistance (CFSA), the Notice of State Award (NOSA) or the Uniform Grant Agreement. If not made available through these systems or documents, please consult your State awarding agency.*

Q31. You said you cannot switch from negotiated to de minimis - do you mean never ever? - we are making a choice that is permanent as long as our agency exists? or do you mean within one year?

ANSWER: *Once the De Minimis methodology has been elected it must be used consistently for all Federal and State awards until such time as the Grantee chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time. After a rate is negotiated by a Grantee, the election of the De Minimis will not be available again. The intent of the de minimis rate is to allow organizations that may not have the capacity or resources to negotiate a rate on an annual basis to select and use a rate for indirect cost reimbursement. If an organization has negotiated a rate, it is determined that that possess the capacity to negotiate rates in the future.*

Q32. Would adding indirect costs, which we have, potentially increase our award amount?

ANSWER: *Not necessarily. The amount of the award granted by the State includes indirect and direct costs.*

Q33. GATU discussed some agency's that are dedicated to one service/program (like Domestic Violence) would not have any indirect costs as they would all be direct costs. Did I understand this right?

ANSWER: *Some Grantees or Organizations provide only one function and with very few funding sources, therefore all of their costs could be classified as direct. Prior approval of this practice is required by the Grantee's State Cognizant Agency.*

Q34. What is the estimated timeframe from complete submission to receipt of your illinois icr?

ANSWER: Depending on the complexity of the Organization submitting the proposal and the accuracy and completeness of the proposal, the goal is to review and negotiate a rate agreement within 60 days.

Q35. Can mortgage interest be allowed?

ANSWER: §200.449 Interest.

(a) General. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, **subject to the conditions in this section. (please refer to all parts 200.449 Interest)**

Q36. If we use the Federal 10% De Minimis rate, why do we have to certify it?

ANSWER: An organization must certify that they are eligible to elect the de minimis rate.

Q37. Does the Uniform Budget Template must be completed in addition to the program-specific Budget template received from a pass-through agency?

ANSWER: The Uniform Budget template will replace any program specific budget requirement.

Q38. If the indirect costs associated with a program total less than the 10% de minimis rate, can you claim the exact indirect cost total? The 10% represents the upper limit, right?

ANSWER: If a Grantee receiving a State award voluntarily chooses to waive indirect costs or charge less than the full indirect cost rate, State awarding agencies can allow this. The decision must be made solely by the Grantee that is eligible for Indirect cost rate reimbursement, and must not be encouraged or coerced in any way by the State awarding agency.

Q39. Are these rules applicable to Fee for Service agreements? When does all of this go into effect?

ANSWER: Uniform Guidance applies to all State awards.

Q40. You are telling us we can use de minimis for a period before the rate is negotiated? how long is that period?

ANSWER: If eligible, the De Minimis rate can be used indefinitely until a full negotiated rate is approved. In the instance of State of Illinois grantees and their approved rate with the State of Illinois Indirect Cost Rate Unit the timing or period could be as little as 3 months

Q41. Our agency has submitted an indirect cost proposal to a state agency (uploaded to the CRV) the past 2 years as required. Will these proposals be reviewed for a rate approval?

ANSWER: Per Uniform Guidelines Indirect Cost Rate Proposals (ICRPs) are required to be submitted annually. All prior proposals to State of Illinois agencies will now be required to be submitted to the State of Illinois Indirect Cost Rate Unit. Please send your Organizations latest proposal as soon as the unit and system are functioning.

Q42. If our federal rate will expire by end of this fiscal year and we have not yet received the renewed rate, what if any rate should be use on budget submissions?

ANSWER: *If your federal renewal is being delayed, GATU recommends using the most current rate from your most recent Federally Negotiated Indirect Cost Rate Agreement (NICRA) until a current rate is completed. If the new Federal rate is substantially different from prior current period, adjustments can be made immediately.*

If the Federal Cognizant agency responsible for negotiating your rate communicates to your organization that the negotiation process has ended for any reason, it is recommended that your organization submit an Indirect Cost Rate Proposal (ICRP) to the State of Illinois Indirect Cost Rate Unit as soon as possible.

Q43. Can an agency elect to claim indirect costs on one award and not on another award?

ANSWER: *If a Grantee receiving a State award voluntarily chooses to waive indirect costs or charge less than the full indirect cost rate, State awarding agencies can allow this. The decision must be made solely by the Grantee that is eligible for Indirect cost rate reimbursement, and must not be encouraged or coerced in any way by the State awarding agency.*

Q44. Are fundraising costs considered allowable direct costs?

ANSWER: *Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency*

Q45. Is a state agency purchase of service contract considered a "grant"?

ANSWER: *The relationship of the award is considered more important than the mechanism of vehicle used, ie. "contract", "fee-for-service", "grant", "agreement", "purchase of care", "fixed-rate award"....Please consult you awarding agency for more information.*

Q46. Does use of a "provisional" rate mean that everything calculated using the provisional rate will need to be re-calculated once a final can be determined based on the prior year audit?

ANSWER: *Yes*

Q47. If a sub-grantee has an approved rate of 15% but the lead grantee only has an approved rate of 12%, can the sub-grantee still charge 15%?

ANSWER: *Subrecipients are entitled to use the rate negotiated by either the Federal government, State of Illinois or rate negotiated by the pass through entity even if the rate is higher than the awarding agency.*

Q48. When you've received a negotiated approved rate, will it always be the same rate or are we able to renegotiate the rate?

ANSWER: *Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the State of Illinois Indirect Cost Rate Unit for indirect costs within six*

months after the close of each fiscal year. So, if unforeseen changes occur within a future period for an organization, an indirect cost rate proposal will reflect those changes at least annually.

Q49. Can a local unit of government, such as a county, who has never had a negotiated rate, elect to use the de minimis rate? If not, can they use the de minimis rate until they get a negotiated rate?

ANSWER: Yes. State and local government departments that have never negotiated indirect cost rates with the Federal government and receive less than \$35 million in direct Federal funding per year may use the 10% de minimis indirect cost rate, and must keep the documentation of this decision on file. Local governments may also choose to negotiate a rate with the State of Illinois.

Q50. If a grantee only has 1 primary function and elects not to do the indirect rate you said it requires prior approval - Is the prior approval required by GATU or by the state agency?

ANSWER: Prior approval must come from the organization's State cognizant agency.

Q51. Do you use the same indirect cost rate for all state and federal grant programs that are not capped or restricted?

ANSWER: Yes, once a rate is approved, it is used across all State of Illinois awards that contain federal pass through and state funding.

Currently a State of Illinois approved indirect cost rate cannot be used on programs that are directly funded to an organization by a Federal Awarding Agency.

Q52. Are these rules applicable to government agencies?

ANSWER: Yes, Uniform Guidance (2 CFR 200) applies to local government agencies.

Q53. If the grantee has subcontracts, do the subcontract agencies need to have a negotiated indirect cost agreement or use MTDC? Do the Subcontract agencies also need to certify the MTDC or provide copy of the negotiated rate?

ANSWER: §200.331 Requirements for pass-through entities. (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);

Q54. How do you know who your cognizant agency is?

ANSWER: Cognizance is determined by the State Agency that provides the most funding to an Organization.

Q55. Can a State Negotiated Indirect Rate be LESS than the de minimis rate of 10%?

ANSWER: 10% De Minimis of MTDC is generally considered the floor. There is always a possibility that a full negotiated rate may be less. GATU recommends all Grantees that may be unsure which

rate to select to draft a proposal and consult within its own organization to determine the optimal indirect cost rate plan.

Q56. This question relates to budgeting for indirect costs in grant proposals that involve contractual partners. How does the applicant accommodate indirect costs requested by each of the partner agencies who would be contracted if the grant is awarded?

ANSWER: *First the determination needs to be made if the arrangement is a subrecipient or contractor relationship. If the determination is a subrecipient relationship the pass-through entity is responsible for negotiating a rate, or accepting a de minimis rate if the subrecipient is eligible, see 2 CFR 200. 330 and 331. If the relationship is contractual than you must follow the procurement requirements in 2 CFR 200.317-326*

Q57. If a department is part of county government, who applies for the indirect cost rate?

ANSWER: *This is up to the governmental unit; however, each separate negotiated rate must have a separate DUNs number.*

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IV. Pre-Qualification

Q1. What is Data Universal numbering system?

ANSWER: *The Data Universal Numbering System number is commonly referred to as the DUNS number. A DUNS number is a unique, non-indicative 9-digit identifier issued and maintained by D&B that verifies the existence of a business entity globally. D&B assigns DUNS numbers for each physical location of a business.*

Q2. Which agency is responsible for the official DUNS number for the subrecipient?

ANSWER: *Each grantee or potential grantee is responsible for obtaining a DUNS number.*

Q3. Who will manage the follow-up process with pre-qualification issues that need to be remedied?

Will this be GATU or will it be the program areas?

ANSWER: *The notification to the entity will specify what can be done to remedy pre-qualification issues. It will be the entity's responsibility to correct the issue. The cognizant agency will follow-up to ensure the pre-qualification issue is cleared.*

Q4. Who will field the provider questions regarding grantee registration? Will registrations expire like it does on the procurement side of the Gateway?

ANSWER: *General and technical support will be provided by GATU. The registrations will expire one year from the date of initial registration.*

Q5. Is this going to be a yearly process for the grantees?

ANSWER: *Yes*

Q6. Is grantee registration, prequalification and risk assessment required for non-competitive grants?

ANSWER: *Yes, all grantees are required to register, complete the pre-qualification and risk assessment prior to the award of a grant.*

Q7. Will GATU handle political pressure to issue grants since the pre-qual and risk will be centralized?

ANSWER: *If the pre-qualification results disclose that the grantee is debarred or suspended, we cannot issue a grant. If the non-qualification can be remedied, once the remedial action is completed then the potential grantee can precede to the risk assessment phase. Both of these are required to be completed prior to issuing a grant award.*

Q8. Does Suspension/debarment include checking the comptroller's site for offsets under 30 ILCS 708/60(8) ?

ANSWER: *No, the Comptroller offset is for accounts receivable and withheld from vendor payments. The Debarred and Suspended and Stop payment is regarding non-compliance with grant requirements or fraud, waste and abuse of grant funding.*

Q9. Will grantees be able to see the state debarred and suspended list to check if their subrecipients or contractors are debarred?

***ANSWER:** Grantees will not have access to this system. Agencies do have access to the stop pay list and will have access to the state debarred and suspended list. However, this function is automated through the Grantee pre-qualification.*

Q10. Pre-qualification and risk assessment include factors such as provider history, audits, late reporting, etc. How will this information be collected?

***ANSWER:** This will all be included in the comprehensive grants management system when implemented. For FY17 basic data is collected during registration & risk profile characteristics are captured from the ICQ & programmatic risk assessment.*

Q11. We are a county and each of our departments receives several state grants or federal pass-through via the State of IL. Do we register as one single county or do we have each of our departments register on an individual basis?

***ANSWER:** You may register as one single county if the county and the departments use the same FEIN. If the departments have a separate FEIN, the department needs to register as a separate entity.*

For purposes of fiscal and administrative control - entities with multiple departments, divisions, etc. (primarily affects Local Governments – Counties and Cities) should register and complete the ICQ based upon their fiscal and administrative responsibility and reporting structure. In general this will be at the highest level (i.e. County or City level). However if the various departments or divisions of a local government are independent in their fiscal and administrative responsibility and reporting structure (separate audited financial statements, single audit determination, etc.) then each department or division would be requested to register and complete the ICQ. The registrations can use the same FEIN but would require a unique DUNS numbers. One of the many issues to consider is indirect cost rates. Would the county or city have the ability to negotiate an indirect cost rate for each department registered? If not, a central registration should be considered.

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V. Notice of Funding Opportunity (NOFO)

Q1. Where will we post the Notice of Funding Opportunities?

ANSWER: *NOFOs will be published on the grants.illinois.gov website. Because FY17 is a transitional year, agencies may also publish them on their website.*

Q2. How will we notify providers that our website is accepting NOFO applications?

ANSWER: *The NOFO communicates the application period. The NOFO will be published on grants.illinois.gov and may also reside on the agency's website for FY17. Any additional active notification is up to the agency.*

Q3. With no budget passed for FY 2016 and the Notice of Funding Opportunity for FY 2017 – how will the NOFO be prepared when we do not know what dollar amounts to use to start the process?

ANSWER: *The funding amounts in the NOFO are estimates. Language stating that funding is subject to appropriation must be included in the notice. The uniform grant agreement template has been approved by the Governor's Compliance Office and includes the required verbiage.*

Q4. IS the NOFO required for non-competitive grants, e.g. a formula-based grant?

ANSWER: *No the NOFO is required for all competitive grants and cooperative agreements.*

Q5. Can you give an example of a non-competitive award by definition?

ANSWER: *Formula grant, legislative mandate. ISBE is mandated to provide funding to school districts.*

Q6. Discretionary grants require us to identify sub-recipients as part application process. We assume that if this is the case we are not required to complete and use the NOFO process. Correct?

ANSWER: *Correct, if as a condition of the state's application for a Federal discretionary grant, the state was required to identify sub-recipients, then this situation would be treated as a non-competitive grant.*

Q7. Are fee for service and purchase of care subject to the NOFO process? What about Medicaid waiver?

ANSWER: *Technically, fee for service is limited Medicaid only. Medicaid and Medicaid waiver is exempt from the NOFO process per 2 CFR 200.101*

Q8. Please clarify the 30 days posted vs 45 days published requirements for the NOFO.

ANSWER: *2 CFR 200.203(b) – the state agency must make all funding opportunities available for at least 45 calendar days (charged from 60 through the rule making phase). No funding opportunity should be available for less than 30 calendar days unless exigent circumstances require.*

Q9. If you procure services on a multi-year basis and this is not a procurement year, does the NOFO apply for the final year of funding or only when the new procurement cycle begins.

ANSWER: Grants are not procured. Grants can be awarded for multiple years. The NOFO would only be required for the first year of the award unless the funding agency requires a new application for subsequent years.

Q10. If state funds are being used for Maintenance of Effort requirements, how should it be indicated on the NOFO?

ANSWER: If state funds are used to meet the maintenance of effort requirement, that should be disclosed in field 14. If both state and federal funds are used, mark field 14 accordingly.

Q11. How is the funding opportunity number created?

ANSWER: Assigned by the agency or funder

Q12. Where do I sign up for notices?

ANSWER: Interested parties will need to monitor the Notice of Funding Opportunities. The link to the NOFO listing will be available on grants.illinois.gov.

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VI. Application

Q1. Federal discretionary applications require the identification of service areas and the sub-recipients will serve these areas identified. Please confirm that this must be included in the grant application.

ANSWER: *This information is required to be submitted by the applicant on their application.*

Q2. Can Legislative and Congressional Districts be determined using a Zip+4?

ANSWER: *Not always, as a result, the legislative and congressional districts are included in the grant application*

Q3. Does everyone who has previously submitted grant applications have to adopt this grant application and budget process?

ANSWER: *Yes, The Uniform Grant Application and Budget template is required for all grant awards unless exempted by GATU through the exception request process. This information is required to be submitted by the applicant on their application*

Q4. Will agencies handle their receipt of applications centrally or by Division?

ANSWER: *Agencies will continue to receive and process their own applications.*

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VII. Budget

Q1. Is the budget supposed to be a programmatic budget or is it an agency budget?

ANSWER: The budget template is designed to represent one program or grant award. It is not an Agency budget.

Q2. Fee for service non-competitive agreements in the past have not required a budget because we set the amount we pay, not the local health departments, so would this be something we could request for variance to omit?

ANSWER: Yes, The Uniform Budget template is required for all grant awards unless exempted by GATU through the exception request process.

Q3. What is the "Grant Exclusive Item"?

ANSWER: GRANT EXCLUSIVE LINE ITEM: Costs directly related to the service or activity of the program that is an integral line item for budgetary and reporting purposes. This line item must have Program approval before using.

Q4. Does the template auto-calculate after numbers are entered?

ANSWER: Currently there is a PDF sample of the Uniform Budget template available on the GATU website that does auto-calculate data entry for Sections A & B as well as the Narrative and Worksheet pages.

Q5. Who will review and approve provider budgets? Please confirm that we need a program and fiscal sign off.

ANSWER: Agencies will review and approve provider budgets. There should be an initial programmatic review and approval by a program specialist or manger. Agencies should then conduct a secondary review and approval for Fiscal and Administrative compliance.

Q6. The budget document is new. When will budget training be provided to program areas?

ANSWER: Budget Training modules have been developed and are posted for viewing to the GATU website at grants.illinois.gov

Q7. Will training be available for Providers regarding the budget changes? Including a review of indirect costs?

ANSWER: Budget Training modules have been developed and are posted for viewing to the GATU website at grants.illinois.gov

Q8. When during the process does the provider receive the budget packet?

ANSWER: Concurrent with the application.

Q9. Can a state awarding agency simplify the uniform budget template?

ANSWER: This chart explains the sections of the budget. Flexibility to alter the budget template is allowed as stated.

Q10. Section B does not allow for line item breakdown of in kind. We do see the summary break down in the upper part but this is not adequate for the programs here.

ANSWER: See budget instructions for Section B and section C

For non-State of Illinois funds or resources listed in Section B that are used to meet a cost-sharing or matching requirement or provided as a voluntary cost-sharing or matching commitment, you must include:

- a. The specific costs or contributions by budget category;*
- b. The source of the costs or contributions; and*
- c. In the case of third-party in-kind contributions, a description of how the value was determined for the donated or contributed goods or services.*

Q11. Although we will have the new forms for budgets and grants/contracts how do we prepare for budget development without knowing what our funds will be?

ANSWER: *Generally the budget is based on the prior year funding amounts. If those amounts change, the budget would require adjustment to align to the total funding under the new award.*

Q12. In this new format we are not able to identify the expenses for staff and client transportation. Same situation for equipment given or provided to assist to customers?

ANSWER: *Please use the Budget Narrative to help identify all costs for every line item. The narrative can be used to identify direct costs and indirect costs, as well as in-kind, match requirements and other funding contributions.*

Q13. For a staff person being charged directly to a grant, does an agency's payroll system / time sheet documentation have to show hours billed by grant in a week or can the agency have a defined cost allocation for payroll that is simply applied to an agency's appropriate payroll?

ANSWER: §200.430 Standards for Documentation of Personnel Expenses

- 1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*
 - i. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;*
 - ii. Be incorporated into the official records of the non-Federal entity;*
 - iii. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);*
 - iv. Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;*
 - v. Comply with the established accounting policies and practices of the non-Federal entity and*
 - vi. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal*

award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity

Q14. Can compensation for a position such as a program assistant who benefits more than one program be allocated using a reasonable and consistent methodology (such as # of clients) when tracking time by individual program is not reasonable?

ANSWER: *YES. Subpart E – Cost Principles §200.405 (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.*

Q15. Some memberships are cheaper if individual rather than by organization. If documented as cheaper, is that allowable? Prior approval is required, right?

ANSWER: *Prior written approval is needed for all memberships, subscriptions, and professional activity costs. Level of cost, individual or organization-wide, is not a determining factor.*

Q16. Most of my clients have purchased fixed assets using grant funds. They should not charge grants again by charging depreciation, correct?

ANSWER: *Correct, an organization that used Federal or State of Illinois grant funds to purchase fixed assets cannot charge depreciation costs on the same fixed assets. This would be considered “double charging” and is not allowable. The organization may only be compensated for the use of fixed assets (depreciation) when solely purchased by, or donated to the organization without funding or donation from the federal or state government.*

§200.436-Depreciation.

- a) *Depreciation is the method for allocating the cost of fixed assets to periods benefitting from asset use. The non-Federal entity may only be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with GAAP, provided that they are used, needed in the non-Federal entity's activities, and properly allocated to Federal awards. Such compensation must be made by computing depreciation.*
- b) *The allocation for depreciation must be made in accordance with Appendices III through IX of Uniform Guidance.*
- c) *Depreciation is computed applying the following rules. The computation of depreciation must be based on the acquisition cost of the assets involved. For an asset donated to the non-Federal entity by a third party, its fair market value at the time of the donation must be considered as the acquisition cost. Such assets may be depreciated or claimed as matching but not both. For the purpose of computing depreciation, the acquisition cost will exclude:
 - 1) *The cost of land;**

- 2) Any portion of the cost of buildings and equipment borne by or donated by the Federal or State Government, irrespective of where title was originally vested or where it is presently located;
- 3) Any portion of the cost of buildings and equipment contributed by or for the non-Federal entity where law or agreement prohibits recovery; and
- 4) Any asset acquired solely for the performance of a non-Federal award.

Q17. For workers comp, can you use reasonable estimates? If you use reasonable estimate to charge expense by pay check to charge for workers comp insurance. and later there is immaterial adjustment from the workers comp audit, are you exempt from going back to a closed year and just make adjustment in current open year.

ANSWER: Yes you can use reasonable estimates. If there is a later adjustment that results in an overcharge, the amount of adjustment must be netted from future amounts charged. Also see §200.406 Applicable credits

Q18. For participant costs, can you clarify who is a participant?

ANSWER: §200.75 Participant support costs. Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

A participant is an individual who is receiving a service or training opportunity from a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored award.

Q19. How does the ability to move 10% of any grant around in already approved line items within the grant effect the ask permission for changes? For example you have \$1000 in travel but you use \$1500 in travel. If it is within my 10% I just move it around without asking permission. With this new scrutiny should we get permission in writing to use that 10% rule?

ANSWER: The Federal/State awarding agency may, restrict the transfer of funds among direct cost categories or programs, functions and activities if the Federal/State share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of the transfer exceeds or is expected to exceed 10 percent of the current total budget or \$1,000 per detail line item, whichever is greater.

Q20. Can we allow subgrantees of a federal award to pay a registration fee for a conference that we put on using the same federal funds?

ANSWER: Please consult your Federal awarding agency and receive prior written approval for any conferences and trainings involving participant support costs. §200.75 Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Q21. If we replace the word "Federal" with "State," is the following statement true? "Fundraising costs for the purposes of meeting the State funded program objectives are allowable with prior written approval from the State awarding agency."

ANSWER: YES, 200.442 Fund raising and investment management costs.

a) *Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.*

Q22. There was information about computing devices being treated as supplies, rather than equipment. What distinguishes between equipment and supplies?

ANSWER: Simplified acquisition threshold 200.88 means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908. As of the publication of this part, the simplified acquisition threshold is \$150,000, but this threshold is periodically adjusted for inflation. (Also see definition of §200.67 Micro-purchase.)

Micro-purchase 200.67 means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,000 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation

Equipment 200.33 means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. See also §§200.12 Capital assets, 200.20 Computing devices, 200.48 General purpose equipment, 200.58 Information technology systems, 200.89 Special purpose equipment, and 200.94 Supplies.

Computing devices 200.20 means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. See also §§200.94 Supplies and 200.58 Information technology systems.

Information technology systems 200.58 means computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. See also §§200.20 Computing devices and 200.33 Equipment.

Special purpose equipment 200.89 means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes,

x-ray machines, surgical instruments, and spectrometers. See also §§200.33 Equipment and 200.48 General purpose equipment.

Supplies 200.94 means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also §§200.20 Computing devices and 200.33 Equipment.

Q23. If an entity purchases 100 IPADs at \$300 each these are considered a supply and do not need to be tagged for inventory because they are not considered capital outlay? How does a district locally determined capitalization threshold impact the \$5000 definition of equipment?

ANSWER: Computers - Including, but not limited to desktop computers and laptop computers.

Electronic Devices - Including, but not limited to tablets, iPads, e-readers, printers, external hard drives. This is not a complete list and questionable items should be referred to your program officer. Generally, Smart phones and cell phones cannot be purchased.

The Office of Management and Budget acknowledged in the preamble to the Uniform Guidance that technology improvements have helped lower the cost of computing devices below the Federal equipment threshold of \$5,000 and, as such, these devices should be treated similarly to other items under this amount. With the advent of the Uniform Guidance, computing devices may be considered allowable direct charges under certain circumstances. Computing devices that cost \$5,000 or more and have a useful life of at least one year are considered equipment. This policy deals specifically with computing devices that cost less than \$5,000, which means they are treated as allowable supply items, not as equipment.

In all cases except computing devices under \$5,000, must follow Generally Accepted Accounting Principles for capitalization threshold used for accounting purposes.

Q24. Are there regulations that I can find somewhere that details what pass through grantees can spend on travel and meals?

ANSWER: §200.474 Travel costs.

a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, if the method used is applied to an entire trip and not to selected days of the trip, which would result in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies.

Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

b) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or

her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

Q25. Due to budget issues, to maintain staff, can an organization move staff under a program that is paying vs a program not paying?

ANSWER: No, according to §200.405 Allocable costs (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards

Q26. Is the time and effort percent for personnel documentation required to be submitted with the grant or retained locally for audit? (200.430)

ANSWER: Not required to be submitted, but must be retained locally for monitoring and audit purposes.

Q27. We are currently limited to the per diem rate for travel and meal costs for personnel assigned to a specific grant with the State. Will these changes assure that we can charge real travel and meal costs as long as they are reasonable and consistent with the grant objectives and work plan?

ANSWER: You will still be subject to either state or federal per diem rates.

Q28. What are micro-purchases?

ANSWER: 2 CFR 200.320(a): micro-purchases are acquisitions of supplies or services with an aggregate dollar amount that does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to Davis-Bacon Act).

Q29. Where do providers find information regarding the rates for per diem, lodging, etc.? Is there a website?

ANSWER: The rates mandated for use in the conduct of official State of Illinois business can be found at <http://www.illinois.gov/cms/Employees/travel/Pages/default.aspx>

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VIII. Risk Assessment

Q1. Will the fiscal/admin risk be performed centrally THIS year (FY17 contracts) or not until FY18?

ANSWER: *The fiscal and administrative risk assessment (ICQ) will be performed centrally in FY17.*

Q2. If a grantee obtains a variety of grants, will the risk assessment be done specific to a grant provider, or will the risk assessment be more general.

ANSWER: *The risk assessment is broken into two parts, Fiscal and Administrative which is the same regardless of the grant funding source and programmatic which is unique to the specific requirements of the grant.*

Q3. Who is centrally responsible for risk assessment?

ANSWER: *The pre-qualification risk assessment (ICQ) is handled centrally from www.grants.illinois.gov, The awarding agency is responsible for administering the programmatic risk assessment.*

Q4. Are risk assessments to be performed per application or per applicant, if they receive multiple grants from the same agency?

ANSWER: *Fiscal and administrative risk assessments are performed centrally, once for the entity. Programmatic risk assessments are tied to the award being applied for. A separate programmatic risk assessment will be required for each application.*

Q5. I'm not clear on at what point in the process the risk assessment will be done.

ANSWER: *For grantees with more than 2 years of experience with grants, the ICQ will be taken after registration. If the entity has less than 2 years of grant experience the ICQ maybe taken later upon notice that the applicant is a grant award finalist. The programmatic risk assessment is done after the merit based review of the application. During FY17, applicants can apply for a grant before completing the pre-qualification. FY18 and forward, pre-qualification will be a requirement to apply for grant funds.*

Q6. Will program staff be tasked with designing a risk assessment matrix or will this be a uniform template?

ANSWER: *The programmatic risk assessment questionnaire has been created. One section is written by the agency & includes program-specific questions.*

Q7. Who determines the acceptable level of risk and whether the risk can be mitigated? Are their guidelines for these levels and mitigation?

ANSWER: *The Notice of State Award communicates the specific conditions from the risk assessments. The Notice of State Award will include parameters for removing the specific conditions. Risk parameters have been established by the pre-qualification and the programmatic risk assessment work groups. Response weighting calculates the risk profile. The workgroups also identified the specific conditions, the reason for the additional condition, action needed to remove*

the additional condition and the timeframe for removing the condition to be imposed based on the calculated risk profile.

Q8. How will we know if an on-site review has been conducted by another state agency? Where will these be captured?

ANSWER: *A master contract will be used to document the risk profile from the risk assessment and the corresponding on-site reviews. The software will have a scheduling function so agencies can see what reviews have occurred and when future reviews are scheduled. Reports from on-site reviews will also be centrally posted.*

Q9. How does the central review of administrative and fiscal risk work for agencies who subcontract services out?

ANSWER: *Agencies should be documenting their determination of sub-recipients vs. subcontractors. Subcontractors are not subject to pre-award risk assessments.*

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IX. Merit-Based Review Appeal Process

Q1. Will the notification include a phone number or email for questions - can the decision be appealed?

ANSWER: Yes the agency contact information is provided in the NOFO. The Merit based review process can be appealed, but not the decision.

Q2. There is a 14 day appeal/protest process. How will this be handled and by who?

ANSWER: Appeals must be received by the agency within 14 of publishing the grant award notice. The agency has another 14 days from the date the appeal to acknowledge receipt. The receipt response must acknowledge that the appeal was received and may include a request for more detail on the appeal.

Per section F(4) of the policy, the agency should provide an appeal decision within 60 days. The policy does allow for additional time, but requires a written explanation be submitted to the appealing party.

Per Section F(2) of the policy, the agency head or designee may appoint one or more Appeal Review Officers (ARO) to consider the appeals and make a recommendation to the agency head or designee for resolution. Only the Merit Based Review process may be appealed, not the decision of the evaluation committee. The number of AROs is up to the agency. The final decision will be the responsibility of the agency head or designee appointed by the agency to handle appeals.

Q3. Can individuals who monitor and/or administer grants be part of the evaluation team?

ANSWER: Yes, state employees who monitor and administer grants can be a part of the evaluation team as long as there is no conflict of interest and a signed confidentiality and conflict of interest disclosure form completed. If the individual represents an entity applying for the grant and / or administers or monitors the grant they cannot be part of the evaluation team for that grant.

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X. Uniform Grant Agreement (UGA)

Q1. Please confirm that the Notice of State Award and Budget have to be included as attachments to the grant agreement and that the agreement cannot be signed until both of these documents have been provided with the associated sign offs.

ANSWER: *Yes. That is correct.*

Q2. Are the Instructions for the Uniform grant agreement inserted into the NOFO?

ANSWER: *No. The instructions for the uniform grant agreement are directions for preparing the grant agreement document.*

Q3. Can we do advance payments to the provider at the beginning of the fiscal year?

ANSWER: *In accordance with §200.305 Payment, the non-federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in §200.302 Financial management. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions. If the non-Federal entity cannot meet the criteria for advance payments and the Federal awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the Federal awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity's disbursing cycle. Thereafter, the Federal awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.*

Q4. Monthly reimbursements need certification, can you explain this in more detail.

ANSWER: §200.415 Required certifications.

Required certifications include:

- a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or*

vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."

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XI. Notice of State Award Finalist and Notice of State Award (NOSA)

Q1. What are the time frames for the Notice of State Awards Finalist, and the Notice of State Award (NOSA)?

***ANSWER:** The Notice of State Award Finalist is generated by the agency when an entity is determined to be a finalist for an award and needs to completed specific outstanding grant award requirements to be eligible for the award. The NOSA is generated by the agency after all grant award requirements are met. The NOSA informs the entity of specific conditions and/or requirements so they can make an informed decision as to whether they want to accept the award. Agency protocol will determine the exact timeframe for distribution of these forms.*

Q2. If a grant is non-competitive, why would you send the Notice of State Award Finalists?

***ANSWER:** There are no finalists if the grant is non-competitive. If the entity hasn't submitted all requirements (e.g., disclosures), the finalist notice communicates the outstanding items.*

Q3. Notice of State Award Finalist – Who monitors whether the provider complies with outstanding requirements in order to be given an award?

***ANSWER:** The state awarding agency*

Q4. You said a notice of state award finalist is required for all grants. Is the notice of state award also required of all grants including non-competitive grants?

***ANSWER:** Yes, there may be specific conditions imposed on a non-competitive grant award that must be communicated in the NOSA.*

Q5. Is the NOSA optional if not a practice of the grant program now?

***ANSWER:** The Notice of State Award is required for all grants. The purpose of the Notice of State Award is to inform the entity of the terms and conditions of the award so they can make an informed decision to execute the grant agreement.*

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XII. Audit

Q1. Is a non-single audit required by the Attorney General's Office an allowable charge to federal grants?

ANSWER: *The non-single audit is not allowed to be charged as a direct cost. But it can be included in the indirect cost pool and charged as an indirect cost. See 2 CFR 200.425 and the COFAR FAQs .425-4.*

Q2. What are material findings?

ANSWER: *A material finding is an audit finding that is considered a Significant Deficiency or a Material Weakness in internal control over compliance. The Single Audit requires material findings with a questioned cost or the potential costs of \$25,000. Materiality is calculated by the Auditor based on the total amount of the award. See 2 CFR 200.500.*

Q3. Are grantees that receive state funds only subject to the same audit thresholds?

ANSWER: *Yes.*

- 1) *Recipients and subrecipients receiving \$300,000 or more in total revenues, must have a financial statement audit conducted in accordance with Generally Accepted Auditing Standards; (Illinois Attorney General audit requirements)*
- 2) *Recipients and subrecipients who expend between \$300,000 and \$500,000, must have the financial audit conducted in accordance with GAGAS and are deemed to be high risk are also required to undergo an agreed upon procedures (AUP) audit. This must be paid for and arranged by the pass-through entity in accordance with 2 CFR 200.425 for up to 2 out of 4 of the applicable compliance areas:*
 - *Activities Allowed or Unallowed*
 - *Allowable Costs/Cost Principles*
 - *Eligibility*
 - *Reporting*
- 3) *Recipients and subrecipients who expend between \$500,000 and \$749,999 in state and federal grant funding, must have a financial statement audit conducted in accordance with GAGAS. This must be paid for arranged by the grantee. If the recipient / subrecipient is deemed to be high risk, they are required to undergo an AUP audit, arranged and paid for by the grantor and/or pass-through agency in accordance with 2 CFR 200.425 for up to 4 of the compliance areas*
- 4) *Organizations that do not receive federal funding from any source are not subject to the Single Audit. These organizations are required to follow number (3) above for state funding over \$500,000.*
- 5) *Organizations that receive both state and federal funding and the total federal expenditures exceed \$750,000 are required to have a Single Audit conducted.*

Q4. Is there a threshold for questioned cost that require a refund by the subrecipient?

ANSWER: *No, all questioned cost are required to be refunded or offset from future disbursements.*

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XIII. GATA on Smaller Grantees (\$300,000 or less grant funding)

Note: Answers were provided by Carol Kraus, Director of the Grant Accountability and Transparency Unit, from a Webinar for Smaller Grantees.

Q1. What new requirements will providers who have \$300,000 or less in grant funding now have to follow?

ANSWER: *This is a difficult question to answer this without knowing what has previously been required by your specific agency; however, I will provide an overview:*

Grantee Portal Registration and Pre-Qualification

Each grantee or potential grantee must register on the Grantee portal. The grantee portal will be available in the Spring of 2016. The Grantee Portal requires each grantee and potential grantee to register and provide information for pre-qualification. An award cannot be made by a grant making agency until the registration and pre-qualification is completed, however this does not impact the ability to apply for a grant.

- 1) *Registration includes information such as:*
 - a. *Organization name*
 - b. *Address*
 - c. *FEIN*
 - d. *DUNS number*
 - e. *Contact Person*
- 2) *Level 1 – Pre-qualification*
 - a. *Valid DUNS number?*
 - b. *Included on the State or Federal Debarred and Suspended List?*
 - c. *Registration with the Federal SAM system?*
 - d. *Is the grantee in good standing with the Secretary of State?*
 - e. *Registered with the Board of Elections?*
 - f. *Currently on the Healthcare and Family Services Sanctioned List?*
 - g. *Stop payment list?*
- 3) *Level 2 - Risk posed by the applicant – both fiscal and administrative and programmatic.*
 - a. *Fiscal and Administrative Risk will be conducted centrally through the Grantee Pre-qualification and will be shared with all grant making agencies;*
 - b. *Programmatic Risk – is unique to the grant, therefore it will be conducted in the grant application process;*
 - c. *Grantees will be rated as low, medium or high risk*
 - d. *Based on the risk assessment additional specific conditions could be required including but not limited to (2 CFR 200.207):*
 1. *Requiring payments as reimbursement rather than advance payment*
 2. *Two month advance and monthly reconciliation (Hardship)*
 3. *More frequent detailed reporting (monthly, instead of quarterly and increased detail line items for reporting)*

4. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
 5. More frequent monitoring for both fiscal and administrative and programmatic
 6. Requiring the grantee to obtain technical or management assistance
 7. Establishing additional prior approvals
- 4) The Pre-qualification and the Programmatic risk requires the following notification to the grantee applicant:
- a. The nature of the additional requirements
 - b. The reason why the additional requirements are being imposed
 - c. The nature of the action needed to remove the additional requirements, if applicable
 - d. The time allowed for completing the actions, if applicable
 - e. The method for requesting reconsideration of the additional requirements imposed
- 5) Indirect cost rate negotiation or de minimis rate are required in order to charge indirect costs including administrative costs to the grant
- a. Grantee staff must attend training for minimum core requirements, it is strongly recommended that grantees take additional courses offered to assist them in the implementation of GATA including the new federal grant Uniform Guidance (2 CFR 200)

Q2. When will these requirements be effective?

ANSWER: These requirements will start in FY 17; **however the new federal requirements are already in effect for any new grant funding received by the State of Illinois.** Some existing grants with incremental funding are subject to the new rules; contact your state grant funding agency to determine if your grant is subject to the new requirements.

Q3. Are all providers who have \$300,000 or less in grant funding now required to have a program audit conducted according to government auditing standards? Any exceptions?

ANSWER: First I think we need to define a program specific audit -- 2 CFR 200: "...a program audit is an audit conducted in accordance with generally accepted government auditing standards, which is conducted in lieu of a Single Audit either due to the organization type, e.g. a for-profit organization or by permission from the awarding agency."

- 1) Some key differences between a program audit and a single audit include:
 - a. Single Audit includes an audit of the entire organization's financial statements, in a program audit only the financial reporting that includes the grant funding is included.
 - b. Single Audit requires the auditor to determine which specific programs are to be audited based on factors that include total amount expended by the program and its associated risk, under a program audit, only the specific program is tested.
- 2) Grantees who receive less than \$300,000 would not be subject to either the Single audit or a program audit
- 3) Grantees could be subject to an Agreed-Upon Procedures (AUP) audit. (2 CFR 200.425) Under the new regulations, unless the grantee is not subject to the Single Audit or Program Audit requirements, the only type of audit that can be charged to a state or federal award is an AUP audit.

- 4) *The AUP must meet the following conditions:*
- a. *Conducted in accordance with Generally Accepted Government Auditing Standards*
 - b. *Paid for and arranged by the pass-through entity (State or grantee pass-through)*
 - c. *Is limited in scope to one or more of the following types of compliance:*
 - i. *Activities allowed or unallowed;*
 - ii. *Allowable cost/cost principles;*
 - iii. *Eligibility;*
 - iv. *Reporting*

Q4. What is the difference between a program audit and a program audit conducted according to government auditing standards?

ANSWER: *Program specific audits are required to be conducted in accordance with GAGAS.*

Q5. Are there restrictions on who a provider can select to perform a program audit?

ANSWER: *Selection of an auditor is up to the provider, however there are additional requirements for the auditor, generally rules include requirements that must be followed in conducting a financial statement audit and the auditor must meet the Government related CPE requirements.*

Q6. If required, how often will a program audit be required, annually or when? Are there any exceptions?

ANSWER: *There are no exceptions to the annual audit requirements for program or single audits.*

Q7. Are new compliance requirements such as the program audit a cost that can be reimbursed? If yes, how?

ANSWER:

1. *If you are subject to a financial statement audit (do not meet the \$750,000 threshold) then the cost of a financial audit can be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.*
2. *If you are subject to the Single audit (meet the \$750,000 threshold) or qualify and receive prior approval to have audit conducted in lieu of a Single audit, then those cost would be allocated among all of the program (Single Audit) or charged directly for the program audit.*

Q8. How can a provider take steps to prepare their operations and staff for a program audit and any additional new requirements under GATA?

ANSWER:

- 1) *Review the new federal guidelines, GATA rules and the FAQs. The GATA website provides the latest information including a resource library.*
- 2) *Attend GATA webinars, a recording of webinars can also be found on the GATA website*
- 3) *As part of GATA we are providing training via webinars that is available to all grantee and their staff.*

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