

# **Illinois Department of Human Services**

## **IDHS Budget Review Process and Procedures Training**

**Presented by Jared Kannenberg, Bureau Chief**

**Tuesday, 1/28/25 at 10:00**

# Governance and Policies

## Quick Reference Links

- Illinois Administrative Code
  - Ill Admin Code 7000.330 – UGA and Budget Template
  - Ill Admin Code 7000.370b – Revision of Budget and Program Plans
  - Ill Admin Code 7000.40(c)(1)(A)(iii)
- Uniform Guidance / 2 CFR 200
  - 2 CFR 200 Subpart E – Cost Principles
  - 2 CFR 200.407 – Prior Approvals
  - 2 CFR 200.308 - Budget Revisions
- IDHS Administrative Directive Grant Making & Management 01.07.01.080



# IDHS Budget Review Policies & Procedures

Authority: 44 Ill Admin Code  
7000.330

All IDHS Program Award Managers and subordinate award program personnel **must strictly adhere to the procedures listed below and in the referenced supplementary guidance documents without exception.**

## **Uniform Grant Application and Budget Template**

IDHS award programs, awardees, and award applicants must comply with all requirements promulgated in 44 Il. Adm. Code 7000.330 - Uniform Grant Application and Budget Template. **In accordance with subsection (a), IDHS has an exception to allow the use of the IDHS Uniform Grant Budget Template located in the CSA.**

# GATA Budget Components

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- GATA Budget Template (Refer to handout) – Overview
  - Instructions (4 pages)
  - Section A Page 1 - State of Illinois Funds
  - Section A Page 2 - Indirect Cost Rate Election
  - Section B Page 3 – Non-State of Illinois Funds
  - Page 4 – Award and Funding Information, Signatures
  - Page 5 – FFATA DATA Collection Form
  - Pages 6 – 23 – Budget Details and Narrative

# Prior Approvals

Section 1 – Prior Approvals. All Original Budget and subsequent revision prior approval requirements are set forth in the Uniform Guidance (2 CFR 200.308/2 CFR 200.407) and the Illinois Administrative Code (44 IL Adm. Code 7000.370).



# What does “Allocable” mean?? 🧐

Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), **in reasonable proportion to the benefit provided or other equitable relationship.**

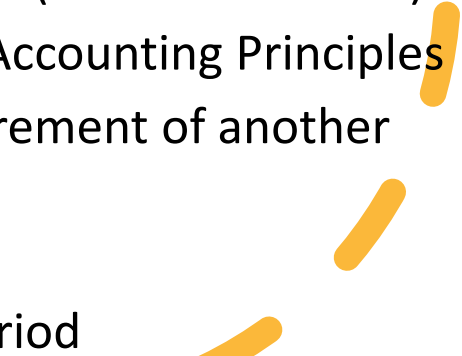
Costs that are not able to be directly allocated to an award, may be able to be recouped as indirect costs.

# What does “Allowable” mean??

Costs are not specifically unallowable

- Do not exceed limitations
- Are not specifically excluded from Federal or State Statute, regulations, terms and conditions of the award, or Agency policy.
- Direct costs that cannot be specifically allocable to the award

Allowability Factors (from 2 CFR 200 Subpart E)

- Reasonable and necessary for program objectives and deliverables
  - Conformity to limitations or exclusions
  - Consistently applied to both award funded activities and other activities
  - Consistent treatment as to categorization (direct vs indirect)
  - In accordance with Generally Accepted Accounting Principles
  - Not counted as a cost or matching requirement of another award
  - Adequately documented
  - Incurred during the approved budget period
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# Final Approval and Budget Revisions

Program Manager provides final approval

## Budget Revision Basics

- Discretionary (line-item transfers)
- Non-Discretionary (formal revision)
- Must meet same requirements as original budget requirements (necessary, reasonable....)
- Expenditure Based Budget Determination Form (newly available on OneNet)
- Review and approval include same as steps required in the original budget (Steps 1 – 5 in procedures).

## **Applicable to all line items**

- Sufficient narrative to demonstrate that costs are reasonable and necessary in relation to program objectives and deliverables
- Sufficient detail is provided in the narrative to confirm calculations, projection methodologies, accuracy of rate information, and allocation methodology
- Calculations are correct
- Review for potential exclusions of indirect costs
- Review and note any issues of non-compliance with applicable section of 2 CFR 200.
- Costs are not specifically disallowable

# Category 1 – Personnel

- Authority: 2 CFR 200.430
- Verifications:
  - Employee name and/or position for each entry **Home Visiting should include FTE with the position title**
  - Narrative for each position is consistent with program objectives **Home Visiting for supervising positions should have the positions that report to the title listed under it.** Sufficient cost allocation information in narrative when applicable
  - No duplication between Personnel and Direct Admin Costs (category 12)
  - Salary/Wage amounts are reasonable
  - [Federal salary caps](#) are not exceeded
  - Cost calculations are correct and presented accurately

# Category 2 – Fringe Benefits

- Authority: 2 CFR 200.431
- Verifications:
  - Acceptable presentation method
    - By position
      - Same positions as in Personnel category
      - Base wage amounts are the same
      - Rates are uniformly applied to the base
    - By Fringe Benefit Type
      - Total base is same as total personnel
      - Narrative adequately discloses rate information for each fringe
  - Confirm there are no unallowable fringes per UR
  - Confirm there is no favorable application for management positions

# Category 3 – Travel

- Authority: 2 CFR 200.474
- Verifications:
  - Includes staff travel related to program activities
  - Sufficient detail is provided in calculations for each type of activity (position, number of travelers, purpose, lodging, per diem)
  - Mileage rate is verified for each reporting period ([federal rate](#))
  - Rates do not exceed 2 CFR 200.474 and 30 ILCS 708.130
    - If they have a policy rates are subject to federal caps
    - If they do not have a policy rates are subject to the Governors Travel Control Board or Higher Ed Travel Control Board
  - No consultant travel included (Consulting Services and Expenses)
  - No training participant travel included
  - No travel for advisory committees (Other or Misc. Costs)
  - Narrative includes policy and rate information details

- Authority: 2 CFR 200.439
  - Definition: 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 \$10,000.
- The original budget serves as prior approval for equipment
  - 2 CFR 200.407 and 2 CFR 200.439
- Verifications:
  - Proper classification of equipment vs supplies
  - Capitalization policy is included in the narrative
    - Capitalization thresholds
    - Capital leases
    - Cost allocation methodologies and bases
  - Rented or leased equipment are not included (Contractual Svs)
  - Individually listed with quantity and cost information

# Category 5 – Supplies

- Authority: 2 CFR 200.1
  - Definition: all tangible personal property other than those described in the definition of *equipment* in this section. 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 \$10,000, regardless of the length of its useful life.
- Don't have to be listed individually, groupings may be appropriate such as office supplies, postage, janitorial supplies, printing supplies.
  - Quantities and cost per unit are reasonably detailed
- Computing devices and furnishings must be listed separately (those under the capitalization threshold) **Cell Phones, even if bought outright, should be listed under telecom**
  - Refer to definitions in 2 CFR 200.1 for criteria
  - Capitalization policies are disclosed in the narrative
- Verifications:
  - Narrative includes projection / estimate methodologies
  - Narrative connects the expenditures to program deliverables
  - Narrative disclosed shared costs and allocation methodologies

- Authority: 2 CFR 200.318 (Contractual) & 200.10 (Sub-Awards)
- Contractual Services vs Sub-Awards Definitions
  - Contract vs Subrecipient Determination Checklist
- Verifications:
  - Contracts or classes of contracts are listed separately
  - Operating leases are included here (copiers, postage meters, etc)
  - Narrative provides cost per unit and/or cost methodologies
  - Narrative address shared costs if applicable and allocation information
  - The excess of sub-recipient agreements over \$25,000 (\$50,000 effective 10/1/2024) is excluded from indirect cost base

- Authority: 2 CFR 200.459
- Verifications:
  - Contracts for Professional Services meet the definition in UR
  - Members of a particular profession or possess a special skill and are not employees of the organization.
  - Does the substance of the agreement meet the criteria for contractual services
  - Consultant travel is included here rather than in travel category
  - Audit services (here or in contractual) include type of audit
  - Narrative includes hourly rates, travel reimbursements, projection methodologies
  - Cost allocation methodology for shared costs

# Category 8 – Construction

For most IDHS programs, Construction costs are not allowable. If budgeted construction costs are present, contact the IDHS Chief Accountability Officer to ascertain whether the costs are program related.

- Authority: 2 CFR 200.465
- Verifications:
  - Items and descriptions are listed by type and basis of computation
  - Allocation methodology is appropriate for shared space
  - Cost projection methodology is appropriate
  - Maintenance and repair costs have detailed support in narrative
  - Narrative includes capitalization, depreciation methods and useful life if applicable for real property
  - Mortgage Payments are not allowed

# Category 10 – Research and Development

- Authority: 2 CFR 200.1
- Definition: all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. “Research” is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. “Development” is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.
- **For most IDHS programs, R&D is not allowable.** If budgeted R&D costs are present, contact the IDHS Chief Accountability Officer to ascertain whether the costs are program related.

- Authority: 2 CFR 200.471
- Verifications
  - Items are listed by major type with basis of computation
  - Determine if allocation methodology is appropriately applied for shared costs
  - Cell Phones and Cell Phone Stipends
    - Number of employees reimbursed is reasonable
    - Cell phone reimbursement policies are included in narrative

- Authority: 2 CFR 200.472
- Training & Education can be incurred on behalf of employee/s or as related to presenting training seminars and conferences
- Verifications
  - Costs are presented by individual or groups of individuals
  - Travel costs related to training is presented in same manner as other travel costs in the travel section
  - Fees are adequately delineated by individual or group (registration fees, training fees, conference fees)
  - Travel for leading a training, advisory committees, and review panels is not included in this section (Miscellaneous costs)
  - Narrative justifies expenditure in relation to requirements (CPE, CEU, CPU, etc.)

- Authority: 2 CFR 200.413
- Verifications:
  - Include only salary and fringe for direct admin personnel
  - Must meet criteria in UR
    - Are integral to the deliverables and activities
    - Can be specifically identified with the project
    - Narrative describes how each position relates to achieving objectives and deliverables
    - Salary and fringes are listed separately
    - Fringe rates are detailed
    - No salaries exceeding federal salary caps
    - Narrative includes how costs are allocated and composition of fringe rates
    - Awardee must maintain time and effort reports

- Cannot be classified elsewhere
- Adequate detail to identify type of expenditure
  - Can evaluate for allowability, indirect cost exclusion
  - Can establish reasonableness and relationship to program objectives
- As always.....
  - Calculations and rates are included and correct
  - Narrative addresses estimates and projection methodologies
  - Narrative information address costs allocation and methodologies if applicable
  - Cost are reasonable and necessary in relation to program objectives
  - Costs are not disallowable
  - Indirect cost exclusions are identifiable

Each program defines the review criteria relating to Grant Exclusive Line Items.

**Grantees must have approval from IDHS staff or the NOFO to use this category in the budget.**

**GELI lines should have a budget within a budget.**

**For programs who use items such as gift cards and transportation passes, the GELI line should be used.**

## Category 16 – Indirect Costs

- Rate and method are the same as what is reflected in section A “Indirect Cost Rate Information”
- Review line items 1 – 15 for any required exclusions
- Exclusions are accurately reported as “Exclusion Items”
- Recalculate indirect cost components and verify that:
  - Total Direct Costs is same as reported in section A
  - Total Indirect Cost Exclusions
  - Total Direct Costs - Total Indirect Cost Exclusions = Indirect Cost Base
  - Indirect Costs is same as reported in section A
  - Indirect Cost Base x Indirect Cost Rate = Indirect Costs
- Narrative information identifies exclusion type and line item to which they relate

# Budget Revision Restrictions

- **Discretionary Changes**
  - Technically are variations rather than revisions - no submission in CSA required
  - No change in budget total
  - No transfer to zero amount budget categories
  - No change in project scope or deliverables
  - No items added that require prior approval
  - Total revisions are the lesser of \$50,000 or 10% of total budget. [Ill Admin Code 7000.40\(c\)\(1\)\(A\)\(iii\)](#)
- **Non-Discretionary Changes**
  - Do not meet requirements for discretionary changes
  - Must submit a revised budget in CSA and go through formal approval process.