DOWNSTATE

CHAPTER

CONFERENCE

February 10 - 11, 2025

Program and Handouts

Illinois Government Finance Officers Association

Learning • Connecting • Progressing

IGFOA 2024 DOWNSTATE CHAPTER CONFERENCE

February 10-11, 2025

Bloomington-Normal Marriott Hotel & Conference Center
201 Broadway Ave., Normal, IL 61761

AGENDA

MONDAY, FEBRUARY 10, 2025

9:00 – 9:25 AM **Check-in and Networking**

9:25 – 9:30 AM **Welcome and Opening Remarks**
Courtney Kouzmanoff, Director of Finance, *Champaign Park District, President, IGFOA Downstate Chapter*

9:30 – 10:20 AM **Session 1: The Grocery Tax Repeal and other Legislative Changes**
Speaker: **Aaron Allen**, Division Manager, Local Tax Allocation Division, *Illinois Department of Revenue*

This session will cover the grocery tax repeal, relevant dates, and steps that local governments can tax to impose their own grocery tax. We will also cover other legislative changes from the veto session, as well as allocation trends and any other newsworthy items.

Learning Objectives: Participants completing this session will be able to:
- Gain a basic understanding of requirements and deadlines for imposing a local grocery tax;
- Understand the timeline of the repeal and the first disbursement of a locally imposed grocery tax; and
- Understand trends in state tax revenues and allocations to local governments.

  CPE: About 1.0 hours   **Field of Study:** Finance –Technical   **Level:** Overview

10:20 – 11:10 AM **Session 2: Safeguarding Your Organization Fraud & Minimizing Risk**
Speakers: **Jeffrey A. Taylor**, CTP, Senior Vice President Corporate Banking Group, Fraud Forensics, *Regions Bank*
Timothy M. Lynch, Vice President, Senior Commercial Card Consultant, *Regions Bank*

Industry update & highlights with best practices to minimize fraud. How to leverage bank partner solutions so that the finance team can increase safety and efficiency to limit exposure and maximize benefits for taxpayers.

Learning Objectives: Participants completing this session will be able to:
- Education and awareness as a key to prevention;
- Industry suggested practices; and

IGFOA Downstate Chapter reserves the right to modify the agenda and/or speakers.

- Leveraging bank technology to improve the payables process.

CPE: About 1.0 hours   **Field of Study:** Finance – Technical   **Level:** Overview

11:10 – 11:20 AM   **Break**

11:20 AM – 12:10 PM   **Session 3: Know When to Hold Em & Know When to Fold Em - How to Keep Local Records Straight without Going Bust**
Speaker: **Jennifer Flores**, Principal, *Lauterbach & Amen, LLP*

Managing government records for agencies of any size is a gamble when there are statues, administrative codes and a sleuth of guidelines to follow. In this session we put all the cards on the table, providing information on best practices in record keeping derived from years in the field to ensure attendees walk away with knowledge in spades. We will share suggestions on managing local records effectively, review case studies that our teams have encountered and touch on hot topics like document integrity, security and converting to the digital age of records keeping.

Learning Objectives: Participants completing this session will be able to:
- Have an awareness of the various statutes, guidelines and administrative processes for managing local government records in Illinois;
- Identify Illinois State required documents necessary for compliant records management; and
- Gain an understanding of safeguards against document deterioration, bad actors in the cybercrime sector and note potential vulnerabilities in their current records management processes.

CPE: About 1.0 hours **Field of Study:** Business Management and Organization – Non-Technical **Level:** Overview

12:10 – 1:00 PM   **Networking Luncheon**

1:00 – 2:30 PM   **Session 4: Building Stronger Teams: Strategies for Engagement, Growth, and Future Success - Part I**
Speaker: **Loren Sanders,** Founder and Principle, *Roxio Coaching and Consulting*

Every organization needs engaged teams, clear plans for the future, and a culture that helps everyone thrive, especially through change. This workshop will show you simple, practical ways to create stronger connections within your team, build skills for the future, and make sure everyone feels ready for what's next. You'll learn how to work with others to plan ahead, solve problems, and share skills across your team—even when time is tight. Whether you're a leader or a team member, this session will give you tools to help your organization grow, adapt, and succeed.

Learning Objectives: Participants completing this session will be able to:
- Create plans that prepare their team for the future;
- Explore easy ways to build skills and share knowledge, even on a busy schedule; and

- Explain how a positive team environment helps everyone succeed together.

CPE: About 1.5 hours   **Field of Study:** Personal Development - Non-Technical **Level:** Overview

2:30 – 2:45 PM   **Break**

2:45 – 4:00 PM   **Session 5: Building Stronger Teams: Strategies for Engagement, Growth, and Future Success - Part II**
Speaker: **Loren Sanders,** Founder and Principle, *Roxio Coaching and Consulting*

Every organization needs engaged teams, clear plans for the future, and a culture that helps everyone thrive, especially through change. This workshop will show you simple, practical ways to create stronger connections within your team, build skills for the future, and make sure everyone feels ready for what's next. You'll learn how to work with others to plan ahead, solve problems, and share skills across your team—even when time is tight. Whether you're a leader or a team member, this session will give you tools to help your organization grow, adapt, and succeed.

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- Create plans that prepare their team for the future;
- Explore easy ways to build skills and share knowledge, even on a busy schedule; and
- Explain how a positive team environment helps everyone succeed together.

CPE: About 1.5 hours   **Field of Study:** Personal Development - Non-Technical **Level:** Overview

4:00 PM   **Announcements**
Courtney Kouzmanoff, Director of Finance, *Champaign Park District, President, IGFOA Downstate Chapter*

5:00 – 7:30 PM   **Networking Dinner at the Fiala Brothers Brewery & Beer Hall**
127 E. Beaufort St., Normal, IL 61761

TUESDAY, FEBRUARY 11, 2025
8:00 – 9:00 AM   **Breakfast**

8:55 – 9:00 AM   **Announcements**
Courtney Kouzmanoff, Director of Finance, *Champaign Park District, President, IGFOA Downstate Chapter*

9:00 – 10:00 AM   **Session 6: Legislative Update**
Speaker: **Brad Cole,** Executive Director, Illinois Municipal League (IML)

This session will update participants with an update on State legislative matters relevant to Illinois local governments.

Learning Objectives: Participants completing this session will be able to:
- Gain knowledge of new Illinois Public Acts significantly affecting local governments;

- Understand pending Illinois General Assembly legislative proposals that may significantly affect local governments; and
- Explore recent developments in proposed legislation.

CPE: About 1.0 hours **Field of Study:** Business Law – Technical   **Level:** Update

10:00 – 10:50 AM   **Session 7: Arbitrage Rebate and Yield Restriction in Today's Interest Rate Environment and Market Update – How Rising Interest Rates Have Brought Positive Arbitrage Back into the Narrative for Planning Debt Issuances**
Speakers: **Jim Snyder**, Senior Principal, *Miller, Canfield, Paddock & Stone, P.L.C.* and **Kevin Wills**, Investment Banking Specialist, *Bernardi Securities, Inc.*

With rising interest rates over the past 2 ½ years to levels that haven't been seen for over 15 years, the possibility of owing arbitrage rebate has risen. This session will provide an overview of (i) arbitrage rebate requirements, including a discussion on when calculations need to be done and rebate paid, what funds are subject to arbitrage requirements, what spending exceptions are available, when yield restrictions are required, and the temporary periods for spending on bond proceeds, and (ii) current market conditions that may affect whether or not rebate is owed and planning for sizing upcoming issues.

Learning Objectives: *Participants completing this session will be able to:*
- Know what "proceeds" are subject to arbitrage requirements;
- Learn when they should do rebate calculations and when funds may be owed to the IRS;
- Learn the spending exceptions to the rebate requirement and see how they can be utilized to determine the size and timing of a debt issuance, and when yield restrictions are required; and
- Gain an understanding of changing market conditions over the past 2 ½ years and learn where we are today.

CPE: About 1.0 hours **Field of Study:** Finance – Technical   **Level:** Overview

10:50 – 11:00 AM   **Break**

11:00 – 11:50 AM   **Session 8: Grants—How to Get Them, and Then What?**
*Speakers***: Denise Cappis**, Director, Grant Services, *CliftonLarsonAllen LLP*, **Adam Pulley**, Principal, State and Local Government, *CliftonLarsonAllen LLP*, and **Hope Wheeler**, Principal, State and Local Government, *CliftonLarsonAllen LLP*

This session will cover how to identify grant opportunities. Best practices and tips for grant-writing will be included in our discussion. We will then discuss Internal controls on grant spending, including what auditors will be asking for. We will finish with how grants are recorded in the annual financial statements.

Learning Objectives: *Participants completing this session will be able to:*

- Learn the basics of grant writing;
- Become aware of grant compliance requirements and internal controls related to these;
- Know what auditors will be testing in relation to grants; and
- Understand how grants are recorded in the financial statements.

CPE: About 1.0 hours   **Field of Study:** Finance – Technical   **Level:** Overview

11:50 AM   **Closing Remarks**
Courtney Kouzmanoff, Director of Finance, *Champaign Park District, President, IGFOA Downstate Chapter*

11:50 AM – 1:00 PM   **Luncheon with the IGFOA Executive Board & Committee Chairs**

IGFOA DOWNSTATE CHAPTER CONFERENCE
February 10 - 11, 2025 | Speaker Bios

Aaron Allen, Division Manager, Local Tax Allocation, Illinois Department of Revenue
Aaron received a B.S. in Agribusiness, Farm, and Financial Management from the University of Illinois at Urbana-Champaign and a M.B.A. from the University of Illinois at Springfield. He has worked for the Department of Revenue for 17 years in the Motor Fuel Division, Audit Division, as the Section Manager of the Alcohol and Tobacco Processing Section, and now as the Division Manager of the Local Tax Allocation Division since April 2018.

Denise Cappis, Director, Grant Services, CliftonLarsonAllen LLP
Denise is a director in Grant Services and has more than 20 years of accounting experience, which includes providing outsourced grant services to organizations as well as supporting day to day accounting and finance functions. She has experience assisting entities in researching funding opportunities, preparing grant applications, grant reporting, grants management, financial analysis, and other reporting requirements. In addition to doing grant research, writing and management, Denise's experience also includes audit preparation, giving presentations, reviewing and analyzing financial documents, budgeting and forecasting, and financial reporting and analysis. Denise is a member of the Illinois CPA Society and a graduate from Illinois State University.

Brad Cole, Executive Director, Illinois Municipal League (IML)
Brad serves as executive director of the Illinois Municipal League, which is the statewide association of 1,298 cities, villages, and towns. The League's mission is to articulate, defend, maintain, and promote the interests and concerns of Illinois communities. Previously, Brad was Senior Vice President of Pepsi MidAmerica, a privately-owned soft drink bottling and distribution business servicing a five-state franchise territory. His duties involved supervision of all aspects of the company, including finance, administration, human resources, fleet management, equipment services, and sales. Prior to entering the private sector, he worked as Downstate Director for U.S. Senator Mark Kirk, of Illinois. In that position, he was a key member of the senator's senior management team and was responsible for strategies initiative, outreach and constituent services in 95 (of 102) counties of Illinois. Cole served as Mayor of the City of Carbondale, Illinois for two four-year terms, which followed one four-year term on the City Council.

Before entering local government service, Brad was Deputy Chief of Staff to Illinois Governor George H. Ryan. He directly advised the Governor and coordinated the administration of government services relative to the southern 40 counties of Illinois. Active as a leader for numerous public and private organizations, he has served on a library board, a park district board, a school board, a regional healthcare system board, a multi-state economic development commission, and in many other similar posts. He has been appointed to commissions by four of the past five Governments of Illinois and was nominated to national board appointment by President George W. Bush. He is Chairman Emeritus of Sister Cities International (a citizen diplomacy organization based in Washington, DC), having served two years as chairman of its global board of directors. Brad Cole is a graduate of Southern Illinois University at Carbondale with a bachelor's degree in a double major of Political Science and Biological Science, and a Master of Legal Studies degree from the SIU School of Law. He originally hails from Macon Illinois.

Jennifer Flores, Principal, Lauterbach & Amen, LLP
Ms. Flores has been a part of the Lauterbach & Amen team since 2019. She assists numerous downstate Pension Funds through her role as a Pension Services Administrator and with her expertise in Local Records Management.

Ms. Flores has developed a unique records management program offered by Lauterbach and Amen, LLP and has dedicated countless hours putting the Illinois Local Records Management processes into practice for Police and Fire Pension Boards, Fire Protection Districts, Municipalities and other local government agencies across the state.

By streamlining the Records Identification and Disposal (Records ID) service, she has been able to assist her clients with the management, retention and disposal of their local records in a lawful manner which adheres to the Illinois Local Records Act.

Tim M. Lynch, Vice President, Senior Commercial Card Sales Consultant, Regions Bank
Timothy M. Lynch currently serves as Vice President, Senior Commercial Card Sales Consultant for Regions Bank and is based in Mid-America. In this capacity, Tim manages the commercial card product for new sales working with the

relationship teams in Arkansas, Missouri, Tennessee, Indiana, Illinois, and Kentucky in the Regions Bank footprint, identifying opportunities to provide card and payables solutions to clients and prospects. Tim has more than 18 years of experience in the commercial card industry – within the public and private sectors.

Prior to joining Regions Bank, Tim was with Citi as a Vice President in the Public Sector Management Group where he managed the Commercial Card Program for the U.S. Department of the Navy - Washington, D.C. During this time, he managed the Navy and Marine Corps global card program – consisting of more than 250,000 accounts, exceeding $3B in annual spending.

In addition to his experience managing a public-sector card program for the Department of the Navy, Tim spent 2 years at American Express, as a Manager of Account Development. Before entering the private sector, he served on active-duty in the U.S. Marine Corps from May 1992 until retiring as a Master Sergeant in May 2012. While in the Marine Corps, Tim served in the Financial Management field completing his career by serving as the Component Program Manager for the Marine Corps Travel Card Program, Oct 2006 – May 2012.

Adam Pulley, CPA, Principal, State and Local Government, CliftonLarsonAllen LLP
With more than 17 years of experience, Adam specializes in audits of state and local governmental entities. He has also served the engagements of various governmental entities conducted under the Single Audit and OMB standards. Adam has supervised financial audit engagements and single audits, provided technical assistance to personnel during engagements, and has assisted governmental entities in preparing financial statements to obtain the GFOA Certificate of Excellence. Adam is a member of the Illinois CPA Society and is a graduate from the University of Illinois, Urbana-Champaign.

Loren Sanders, Founder and Principle, Roxlo Coaching and Consulting
Loren Sanders is a renowned author and visionary leader with over two decades of experience revolutionizing Healthcare, Human Resources, and Personal Development. Known as a "Professional Synergist," her expertise encompasses organizational effectiveness, learning and development, talent acquisition, employee benefits, and leadership development. Her acclaimed book, *Empathy is Not a Weakness*, has garnered numerous accolades.

Loren's mission is to eradicate toxic leadership and behavior from workplaces. She pioneers initiatives that build inclusivity, belonging, and psychological safety. Her innovative approaches to talent development and service delivery consistently enhance corporate culture and improve organizational outcomes.

A sought-after speaker, Loren regularly shares her insights at national conferences. She combines empathy with performance, aligning individual talents and passions with organizational goals. As the owner of Roxlo Coaching and Consulting, she guides clients to transformative change through actionable plans.

Loren holds a degree in Community Health Education from the University of Illinois at Urbana-Champaign and an MBA in Organizational Behavior from the Lake Forest Graduate School of Management. She also contributes to academia as an adjunct instructor at her alma mater.

Jim Snyder, Senior Principal, Miller, Canfield, Paddock & Stone, P.L.C.
James Snyder is a member of Miller Canfield's Public Finance Group, where he provides counsel to a broad range of governmental entities across Illinois. He acts as bond counsel and disclosure counsel to hundreds of entities, including school districts, cities, villages, counties, park districts, and special districts, and serves as underwriter's counsel for numerous municipal bond underwriters.

Jim's extensive experience covers a wide array of municipal finance transactions, such as general obligation bonds, revenue bonds, special service area bonds, tax increment bonds, industrial development revenue bonds, multifamily housing bonds, and Section 501(c)(3) revenue bonds.

Jim's accolades include being named to The Best Lawyers® in America for Public Finance Law from 2009 to 2024 and receiving the Chicago "Lawyer of the Year" award for Public Finance Law in 2016. He is also recognized in Chambers USA America's Leading Lawyers for Public Finance, achieving the highest ranking (Band 1) in 2023 and 2024.

Jeffrey A. Taylor, Senior Vice President, Corporate Banking Group, Fraud Forensics, Regions Bank
Jeff Taylor joined Regions in 2014 and serves in a leadership role within the Regions Corporate Bank. Taylor guides strategies designed to help protect the security of Commercial and Corporate Banking accounts. He is consistently on the forefront of research and awareness in terms of fraud prevention, and he meets with clients across the bank's multi-state footprint to help educate them on best practices regarding account security. In addition, Taylor is frequently cited by news outlets that turn to him for practical, relatable advice on how businesses and individual consumers can help protect their accounts and avoid falling victim to scams. A 28-year banking veteran, Taylor previously held positions in Treasury Management with other financial institutions. Prior experience includes sales and management roles in other industry segments before bringing his experience to the financial services industry.

He earned his degree in Business Administration from Freed-Hardeman University and his Certified Treasury Professional designation from the Association for Financial Professionals. Taylor has served in leadership roles for the Alabama Association for Financial Professionals and has been a presenter at the AFP National Conference as well as other industry roundtables. He also leads and participates in national fraud consortiums focusing on the financial services industry. Taylor currently serves on the Board of Directors for The Bell Center, a nonprofit dedicated to maximizing the potential of children from birth to three years of age who are at risk for developmental delay.

Hope Wheeler, CPA, Principal, State and Local Government, CliftonLarsonAllen LLP
Hope has more than 30 years of experience providing auditing services to governmental organizations. Hope has served as a reviewer on the external peer review and CLA internal inspection teams. She is a member of the AICPA, Illinois CPA Society, GFOA, and IGFOA. In addition to her professional affiliations, Hope has served on the board of directors for Champaign West Rotary and the Executive Club of Champaign County and is past president of the board of directors of Don Moyer Boys and Girls Club and is currently the treasurer/secretary of their foundation board. Hope is the 2021 Athena Award winner for Champaign County.

Kevin Wills, Investment Banking Specialist, Bernardi Securities, Inc.
Kevin Wills joined Bernardi Securities in December 2018 and brings over 21 years of experience in the financial services industry, including more than 17 years of expertise in Illinois public finance. He is responsible for structuring both taxable and tax-exempt bond issues across tax-capped and non-tax-capped counties. Over the years, Kevin has served as lead banker on hundreds of Illinois bond issues, working with public school districts, community colleges, cities and villages, airport authorities, park districts, forest preserve districts, counties, public building commissions, and water/sewer districts. His in-depth knowledge of the various bond types issued by Illinois governmental entities enables him to effectively address the financing needs of his clients. Kevin holds a B.A. in Finance and Economics from Illinois State University and is licensed in Series 7 and Series 66.

Illinois Department of Revenue
2025 Downstate IGFOA Conference

Local Tax Allocation Division
(LTAD)
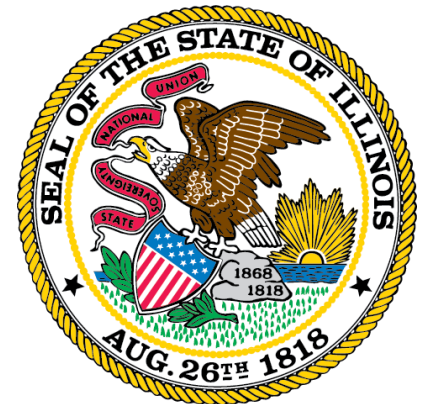
ILLINOIS REVENUE

Disclaimer

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ILLINOIS REVENUE

LEGISLATION

- Public Act 103-0781
  - Grocery tax elimination – Effective January 1, 2026 Non-home rule municipalities no longer require a referendum to impose a new tax.

- Public Act 103-0592
  - Caps the retailers' discount at $1,000/month.

- Public Act 103-0983
  - Requires that all retail sales sourced outside of Illinois and made to Illinois customers by retailers with nexus to Illinois are subject to destination-based Retailers' Occupation Tax (ROT).

ILLINOIS REVENUE

NON-HOME RULE MUNICIPAL SALES TAX

- The legislation removes the requirement that non-home rule municipalities must hold a referendum before they can adopt an ordinance to impose or increase the rate of a non-home rule sales tax.
    - If you passed your non-home rule sales tax ordinance before August 5th, you must either send the results of your referendum along with your ordinance or pass a new ordinance.
    - Only municipalities imposing a new rate or changing an existing rate must send the ordinance to LTAD. Anyone with an existing non-home rule sales tax rate does not need to do anything, this legislation does not impact you.
    - Max rate of 1%.
- Sample ordinance on website.

ILLINOIS REVENUE

GROCERY TAX

- The state's 1% grocery tax is eliminated effective January 1, 2026.

- Municipalities and counties may impose their own local grocery tax by ordinance.

- As long as your ordinance is postmarked on or before October 1, 2025, there will not be a lapse in your grocery tax receipts.

- IDOR asks that you do not submit grocery tax ordinances before April 2, 2025.

- Sample ordinances are on our website.

- There will not be an administrative fee taken by IDOR on locally-imposed grocery taxes.

ILLINOIS REVENUE

GROCERY TAX

- LTAD cannot provide specific statistics on low-rate grocery items.
  - All low-rate items are reported together on Form ST-1, making it impossible to separate groceries from drugs/medical devices.
  - We cannot provide a local government-specific number for the 2022-2023 grocery tax suspension credit. Those statistics were reported at the corporate level by retailers and not broken down by site.

- To calculate your local government's share of the state's 1% tax on groceries, you may use our SIC reports.
  - It's important to note that businesses self-report their SIC code to IDOR.
  - A business may sell groceries but not fall under a specific grocery code.

- Consequently, this reporting method should not be solely relied upon for an accurate assessment of the revenues that might be generated if you impose a 1% tax on groceries.

ILLINOIS
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LOCALLY IMPOSED TAXES

- Taxes imposed at the county or municipal level are not imposed on:
  - Items that are titled or registered with an Illinois state agency, and
  - Qualifying food, drug, and medical appliances.
- Rates are imposed in increments of 0.25%.
- IDOR will notify impacted retailers with an informational bulletin via a MyTax Illinois message or mail.
- MLT users will also receive a copy of the bulletin via message, so you can share it with retailers that contact your local government directly.
- Can spend as you wish, other than CTPS, CTSF, and CUT.

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TIPS FOR ALL ORDINANCES

- There are templates for the ordinances on our website.

- Legal will send a letter either stating that the ordinance will be imposed or requesting changes to the ordinance.

- Required documentation must be mailed or submitted through MyLocalTax using the "Submit Certified Ordinance or Resolution" function.

- We use the postmark date on the envelope for the ordinance deadline.

- If you want to verify that we received your ordinance, please check with us before the deadline!

- You don't have to wait for the meeting closest to the deadline to pass the ordinance.

ILLINOIS REVENUE

DISTRIBUTION OF TAXES

- Local governments receive a separate distribution for each tax type.

- IDOR suggests that all recipients sign up for direct deposit.

- Track your distributions on the Comptroller's website.
  - The Vendor TIN needed for their website can be found on our website under "Monthly Disbursements."

TAX RETURN DATA DRIVES ALLOCATIONS

- Tax collections and allocations are derived directly from tax returns.

- Returns are signed stating that the returns are accurate.

- Everyone can amend a tax return, if necessary.

- Tax return data is provided as a lump sum amount, IDOR doesn't receive individual transactions.

- Low-rate items are reported together.

- Multi-sites reported separately.

- Allocation is correct based on data received. An audit or amended return can change that data, and therefore, the allocation.

ILLINOIS REVENUE

ALLOCATION REMITTANCE REPORTS

- Replaced the CD's LTAD used to send tri-annually.

- Can request 1, 3, and 12-month reports at any time.

- Data is only available for 3 years.
  - Look in messages for older reports.

- The month you select is the allocation period. If you want to view the report for funds you received in April, you would order the February report.

- Admin fee nor interest are reflected in the amounts, so the numbers won't match your allocations.

- Your portion of the filing discount is reflected in the data.

- Multi-county munis can now order from one account.

- Confidential!!

ILLINOIS REVENUE

DISTRIBUTIONS OF LOCAL TAXES
(Fiscal Year July 1 through June 30)

($Millions)	Municipal (MT 1.00%)	County (CT 1.00%)	County-Wide (CST 0.25%)
FY-16	1,753.8	49.9	225.3
FY-17	1,758.3	49.7	226.5
FY-18	1,796.5	52.1	231.2
FY-19	1,833.6	56.2	236.4
FY-20	1,860.2	50.4	233.9
FY-21	1,816.9	53.3	239.3
FY-22	2,251.6	77.2	297.8
FY-23	2,371.1	85.0	315.4
FY-24	2,465.1	88.6	320.5
FY-25*	1,502.4	55.4	193.0

*FY-25 is through the January disbursement (7 months through the year).

FY-24 was $1,447.4, $52.4 million and $190.7 million through Jan. 2024.

FY-25 is a 3.8% increase for MT, 5.7% for CT, and 1.2% for CST compared to FY-24.

ILLINOIS REVENUE

DISTRIBUTIONS OF PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)
(Fiscal Year July 1 through June 30)

($Millions)	Annual Amount
FY-16	1,320.5
FY-17	1,466.8
FY-18	1,227.4
FY-19	1,327.8
FY-20	1,453.4
FY-21	1,843.5
FY-22	4,018.4
FY-23	4,541.8
FY-24	2,991.5
FY-25*	1,308.5

FY-24 was 2,018.3 through January 2024.

FY-25 is a 35.2% decrease compared to FY-24. This is due to the adjustments that were described in our May PPRT statement and the FY-25 PPRT estimate posted to our website.

ILLINOIS REVENUE

DISTRIBUTIONS OF INCOME TAX
(Fiscal Year July 1 through June 30)

($Millions)	Annual Amount
FY-16	1,301.1
FY-17	1,216.3
FY-18	1,162.9
FY-19	1,331.0
FY-20	1,266.5
FY-21	1,672.6
FY-22	1,968.9
FY-23	1,996.8
FY-24	2,135.0
FY-25*	1,198.4

*FY-25 is through the January 2025 disbursement (7 months through the year).

FY-24 was $1,127.4 million through January 2024.

FY-25 is a 6.3% increase compared to FY-24 at the same point.

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DISTRIBUTIONS OF USE TAXES
(Fiscal Year July 1 through June 30)

($Millions)	Annual Amount
FY-16	234.1
FY-17	250.2
FY-18	267.5
FY-19	309.4
FY-20	356.2
FY-21	458.0
FY-22	392.8
FY-23	412.8
FY-24	380.1
FY-25*	196.4

*FY-25 is through the January 2025 disbursement (7 months through the year).

FY-24 was $215.3 million through January 2024.

FY-25 is a 8.8% decrease compared to FY-24 at the same point.

ILLINOIS REVENUE

DISTRIBUTIONS OF CANNABIS USE TAXES
(Fiscal Year July 1 through June 30)

($ Millions)	Annual Amount
FY-20	3.2
FY-21	12.6
FY-22	20.5
FY-23	19.7
FY-24	20.3
FY-25*	11.6

*FY-25 is through the January 2025 disbursement (7 months through the year).

FY-24 was $11.2 million through January 2024.

FY-25 is a 3.6% increase compared to FY-24 at the same point.

ILLINOIS REVENUE

PROPOSED LEGISLATION

- HB 1023 – Increases the % transferred from the Cannabis Regulation Fund into LGDF. This would increase CUT disbursements.

- HB 1203 – Reduces the income tax rate from 4.95% to 4.85%, which would reduce INC disbursements.

- HB 1282 – Increases LGDF transfers, gradually bringing the rate back to 10%.

- HB 1283 – MMFT can be imposed statewide.

- SB 0136 – Increases income tax transfers into LGDF to 10%.

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ANNUAL BOUNDARY REVIEW

- On January 31, 2025, LTAD made its local taxing jurisdiction boundaries available, which requires review for accuracy by local governments.

- These boundaries were sent to local governments via MLT message.

- Local governments have the option of providing their boundary file which IDOR will overlay onto its maps to make any necessary corrections. Alternatively, IDOR can provide shape files to local governments which can then be used to determine if any boundary changes are needed.

- Forward to your GIS!

ILLINOIS
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ANNUAL BOUNDARY REVIEW

- Local governments may report corrections or request/provide a boundary file by emailing REV.GIS.Tech@illinois.gov.

- Changes must be reported by April 1, 2025. All changes will take effect July 1, 2025.

- Any updates not reported by April 1, other than boundary changes made by local ordinances, such as annexations or disconnections, will not be made until July 1, 2026.

ILLINOIS
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LOCAL GOVERNMENT RESOURCES

- LTAD Website
  - Allocation amounts
  - PPRT Estimate
  - Training materials

- LTAD Quarterly Newsletter
  - January, April, July, October
  - We will post it to our website and send a message to subscribers

- IDOR's News and Updates email subscription service
  - Sign up on website
  - Short messages to alert you of news

ILLINOIS REVENUE

THANK YOU!

Illinois Department of Revenue
Local Tax Allocation Division
101 W. Jefferson St. 3-500
Springfield, IL 62702

Telephone: (217) 785-6518
Fax: (217) 785-6527
Email: REV.LocalTax@Illinois.gov
Website: https://tax.illinois.gov/localgovernments/localtaxallocation.html
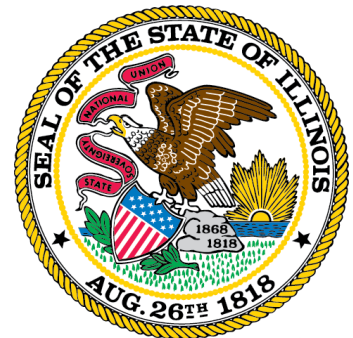
How to Safeguard Your Organization From Fraud

Illinois Government Finance Officers Association – Downstate Chapter Conference

Jeff Taylor, CTP

Senior Vice President – Corporate Banking Group Fraud Forensics

Timothy Lynch, CPCP, CDFM

Vice President – Senior Commercial Card Sales Consultant

March 10, 2025

REGIONS

Disclaimer:

The opinions expressed in the presentation are statements of the speaker's opinion, are intended only for informational purposes, and are not formal opinions of, nor binding on Regions Bank, its parent company, Regions Financial Corporation and their subsidiaries, and any representation to the contrary is expressly disclaimed.

Agenda

› Payment Fraud Highlights

› Commercial Fraud Schemes – Recaps

› Industry Suggested Practices

› Leveraging Commercial Card As A Solution

› Resources

› Questions

Payment Fraud and Control Survey Highlights

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2019 81%
2020 74%
2021 71%
2022 65%
2023 80%

Payment channel

	Checks	Wire	Card	ACH DR	ACH CR
2021	66%	32%	26%	37%	24%
2022	63%	31%	36%	30%	30%
2023	65%	24%	23%	33%	19%

■ 2021 ■ 2022 ■ 2023
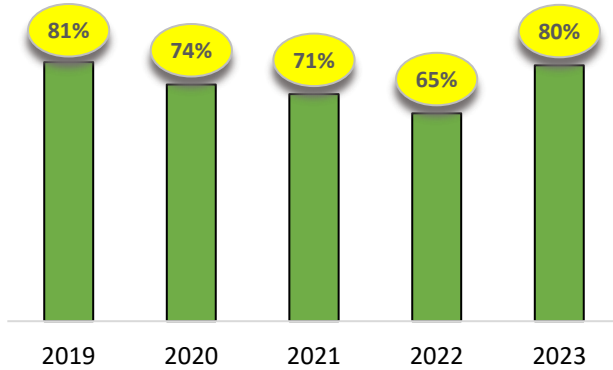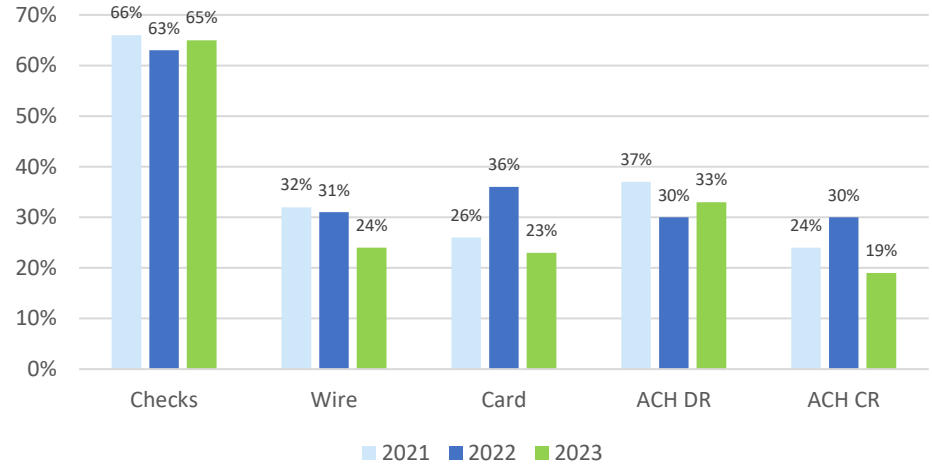
IC3.gov Complaints & Losses

Year	Complaints	Losses
2023	880,418	$12.5 Billion
2022	800,944	$10.3 Billion
2021	847,376	$6.9 Billion
2020	791,790	$4.2 Billion
2019	467,361	$3.5 Billion

■ Complaints ■ Losses
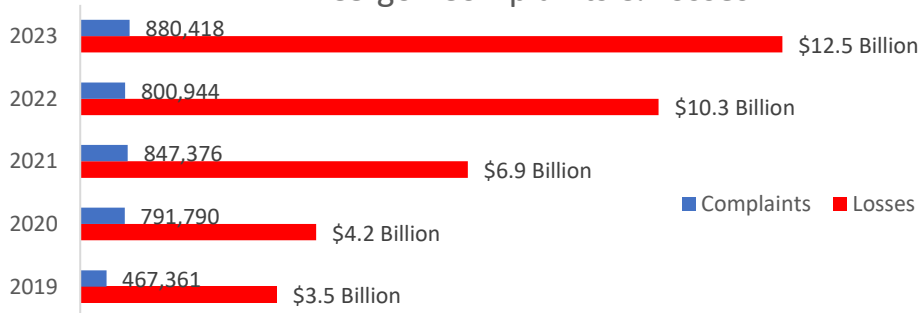
Check Fraud

Traditional Check Fraud – Recap

REGIONS

Alteration	Counterfeit	Forgery
• Changes to the front • Non-conforming	• Buy blank check stock • Printed without authorization	• Unauthorized signature • Unauthorized endorsement

Industry Suggested Practices

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Reconcile Accounts
- Regularly reconcile accounts
- Spot & report unusual activity

Convert to Digital Payment Channels
- Utilize ACH, Wire or RTP
- Leverage bill payment platforms

Store & Secure
- Place STOP payments on lost or stolen
- Securely store check stock

Use Positive Pay
- Include Payee Name Verification
- Use ACH Positive Pay

Phishing

Additional ransom demand

Malicious software

Ransomware

Stolen data sold on Dark Web

Demand for ransom

Unlocked with Encryption Key

REGIONS
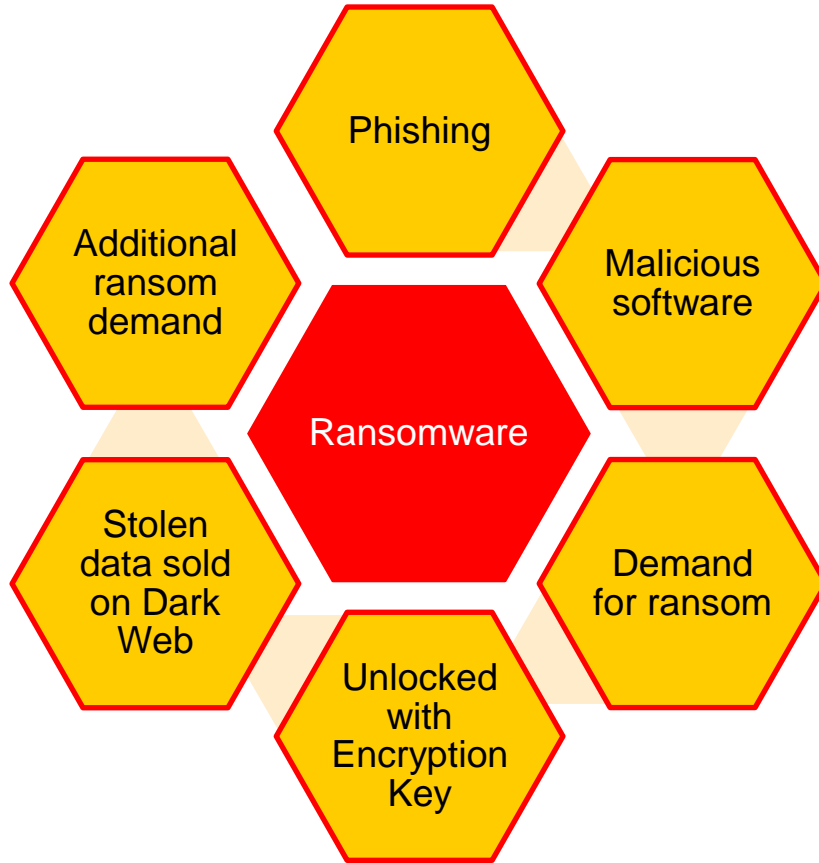
2,800 Complaints to ic3.gov

$59.6 Million in reported losses

All Business Segments & Sizes at risk

Business Email Compromise

Business Email Compromise – Recap

REGIONS

Over 21,000 reports

Over $2.9 B in losses

Target A/P, Payroll, & Vendor Management

All industry at risk

% of Companies Victimized by BEC

2019	2020	2021	2022	2023
75%	76%	68%	71%	63%
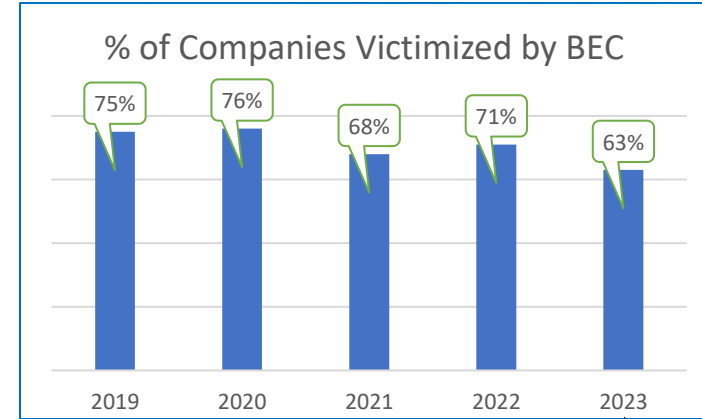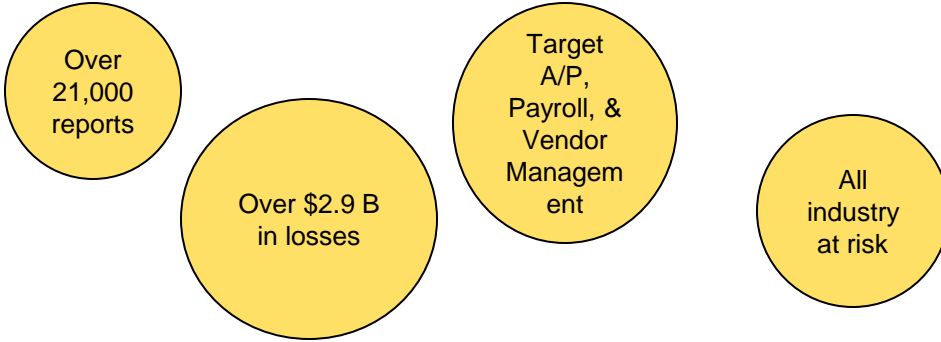
% decreased, but $ Increased

51% of companies recovered less than ½ of $ at risk

Executive Impersonation — Fraudster impersonates a Company Executive to request a payment

Vendor Impersonation — Fraudster impersonates an authorized vendor to request a payment or change to an existing payment

Employee Impersonation — Fraudster impersonates an employee to redirect Direct Deposit of Payroll

2024 AFP® Payments Fraud and Control Survey Report: Highlights | www.AFPonline.org

Origins of Deception

Phishing

E-Mail Spoofing

Look-alike Domains

Nesting

Social Engineering

Looking Around the Corner

1. **AI Generated Impersonations**
   › Deep fake video and audio
   › AI (ChatGPT) generated communications

2. **Trusted Partner/Imposter Scam**
   › Spoofed phone numbers and text messages
   › Spoofed websites and search engine ads

Education and Awareness are Key to Prevention

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Are your **internal controls** strong enough?

Do you have a **cybersecurity employee education & awareness program**?

Is access to your **networks and data** secure?

Do you have a strong **vendor management program**?

Do you have software in place to detect and stop **phishing & malware**?

Three Industry Suggested Practices

REGIONS

Guard Your House `1`

› Conduct a thorough IT vulnerability assessment

› Work with your IT Department to create effective firewall protocols that protect your systems and confidential information

› Regularly patch and update security systems and back up critical data offline

› Require the use of secure passwords and multi-factor authentication

› Leverage fraud prevention tools – Positive Pay, ACH Positive Pay and Account Reconcilement

Create an Associate Training Program `2`

› Utilize the videos and information to educate critical payment stream positions. Resources include: **www.regions.com/stopfraud, www.regions.com/fraudprevention & www.doingmoretoday.com**

› Perform regular phishing testing

› Encourage Associates to be aware of potential points of compromise

› Don't click on links or attachments from unknown sources

› Encourage a fraud awareness mindset

Create a Fraud and Risk Governance Plan `3`

› Identify and document risk tolerance

› Create a robust vendor management program

› Document a detailed fraud response plan

› Review cybersecurity insurance coverage

› Divide financial responsibilities

› Review and establish internal controls like least privilege access and a validation procedure for changes in payments

Call Back Control

If you receive an email requesting a change to the account number for payments:

STOP – **DO NOT** process the request received via email

CALL – Call the "sender" using a legitimate phone number known to you. **DO NOT** reply to the email, and **DO NOT** call the number listed in the email

CONFIRM – Verify that the real vendor or employee did, in fact request the change

Payment Trends in the Ecosystem

B2B Payments Share

TODAY

CARDS	CASH/ CHECK	ACH/RTP	TRADITIONAL XB
2%	19%	66%	13%

TOMORROW[1]

CARD | EMBEDDED PAYMENTS | INTELLIGENT AUTOMATED INVOICE PAYMENTS | ACH/RTP | TRADITIONAL XB | GLOBAL MONEY MOVEMENT
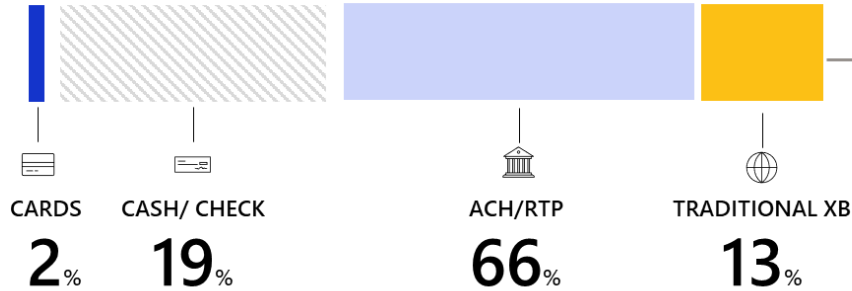
Drivers

- Automation / Digitization
- Artificial Intelligence
- Embedded Finance
- Demand for working capital
- Global money movement

Safeguarding Your Organization

REGIONS
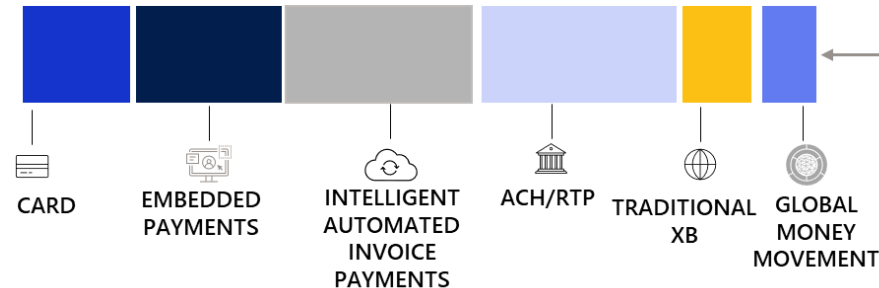
Key Findings from 2024 AFP Payments Fraud and Control Survey Report

➤ Payments Fraud Activity on the Rise
➤ Checks Continue to be Vulnerable to Fraud
➤ ACH Payments Frequently Targeted by Fraudsters

! *In 2023, checks and ACH debits were the payment methods most impacted by fraud activity (65% and 33%, respectively).*

💡 **Shifting to electronic payment options, such as Virtual Card, is a safe and efficient way to not only see a reduction in fraudulent payments but also for buyers to improve their working capital.**

Prevalence of Attempted/Actual Payments Fraud In 2023
(Percent of Organizations)

Year	Percent
2009	73%
2010	71%
2011	68%
2012	61%
2013	60%
2014	62%
2015	73%
2016	74%
2017	78%
2018	82%
2019	81%
2020	74%
2021	71%
2022	65%
2023	80%
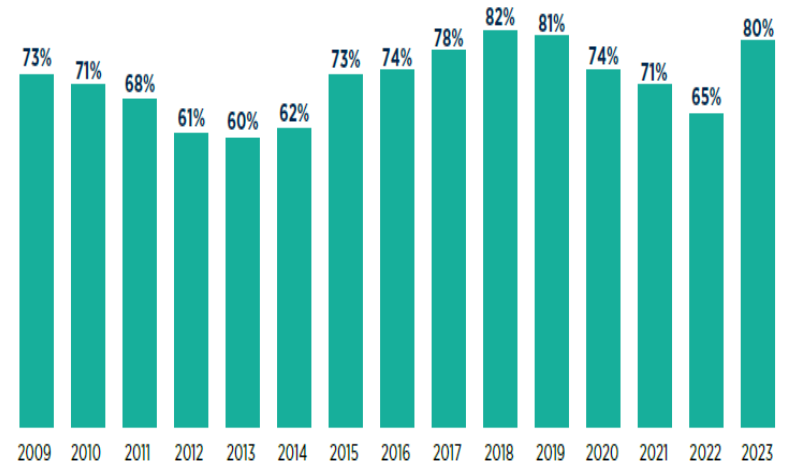
What are Virtual Cards?

Legacy solutions like checks and wires often require manual and paper-based processes. They also lack transparency into daily spending which can overwhelm workloads and restrict access to working capital.

Virtual cards offer a simple, secure, and entirely digital alternative. They can be generated through a company's Enterprise Resource Planning (ERP) and Accounts Payable (AP) systems, automating payments across the business and helping to reduce workload and improve cash flow.

A virtual card is a digital credit card that functions like a physical plastic card without the plastic. Companies paid with a virtual card are provided a single use, 16-digit card number to collect payment for invoice(s). Virtual cards can also be created for one-time purchases with a merchant that is not a regular business partner.

Digitization:

Virtual card transactions can be treated like physical card activity by automatically feeding into accounting systems.

Controls:

Virtual cards can be issued on-demand with spending limits, including length of time for use, exact payment amount and type of merchant, making it easier to understand where dollars are being spent during month-end reconciliation.

Security:

Singly use account that will prevent multiple authorizations.
Quickly terminate the account with no stop payment fees.
Exact authorization to the penny of an invoice.
Full control and visibility.

Better management of working capital:

Virtual card transactions can be paid at the end of the billing cycle, letting businesses extend days payables outstanding (DPO).

Enhanced data:

Gain greater visibility into spend providing actionable insights that can help businesses track and manage expenses, manage cash flow, improve operational efficiency, and identify new business opportunities.

Additional Website Information

REGIONS

Federal Government		
	Internet Crime Complaint Center	https://www.ic3.gov
	Federal Bureau of Investigation	https://www.fbi.gov
	Cybersecurity & Infrastructure Security Agency	https://www.CISA.gov
	Federal Trade Commission	https://www.ftc.gov
	National Security Agency	https://www.nsa.gov
	CISA, Homeland Security & Secret Service	https://www.stopransomware.gov
	US Postal Inspectors Service	https://www.uspis.gov

Regions		
	Stop Fraud	https://www.regions.com/stopfraud
	Doing More Today	https://www.doingmoretoday.com/
	Fraud Prevention	https://www.regions.com/fraudprevention

QUESTIONS

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

KNOW WHEN TO HOLD 'EM & WHEN TO FOLD 'EM

Keeping Local Records Straight & Suited Without Going Bust!
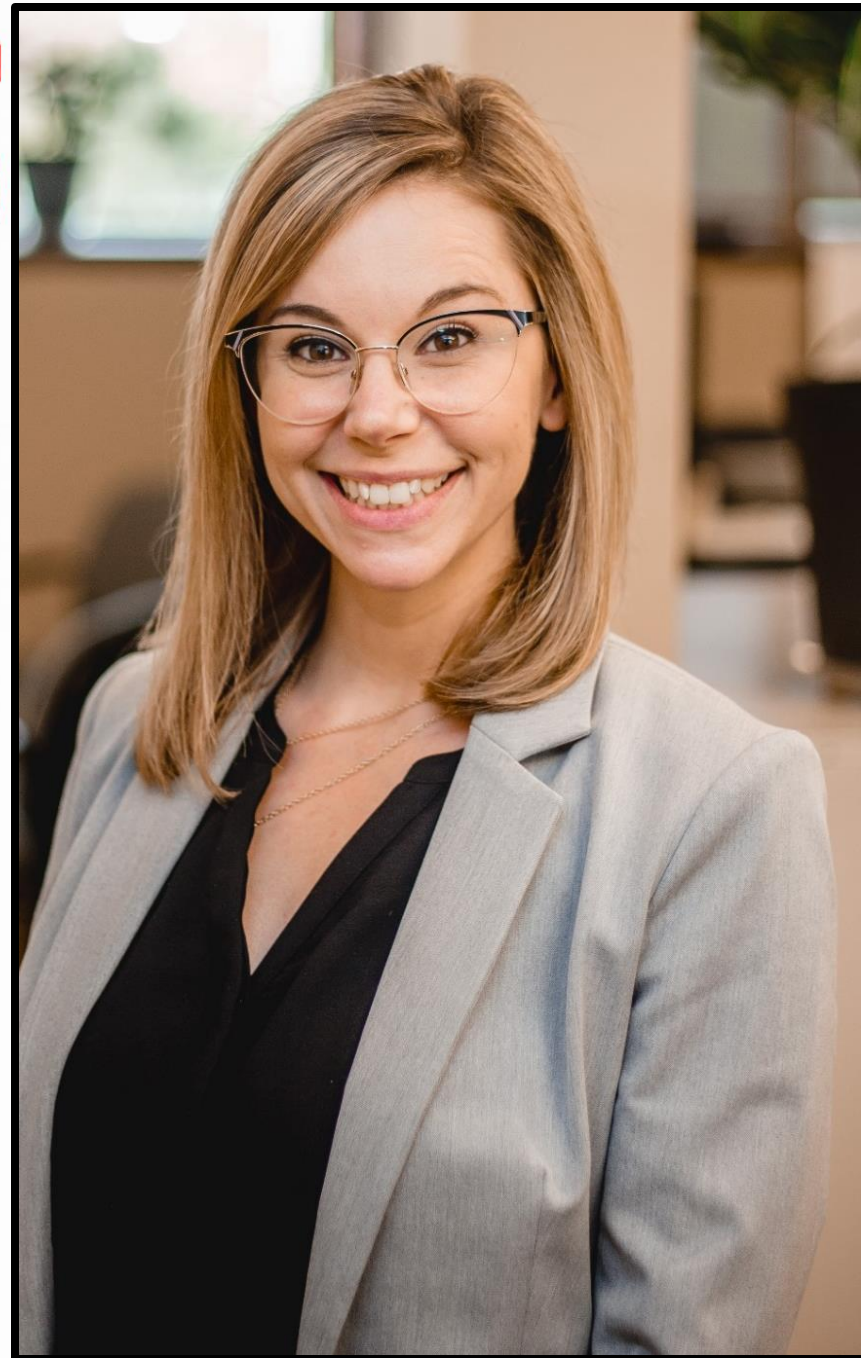
Records Management Consultant

- Lauterbach & Amen, LLP

- 5 years experience working with government agencies
  - Police/Fire Pension, Municipalities, Public Library Districts, Fire Protection Districts, and Park Districts

Professional Service Administrator

- Public Pension Funds

Educational and Membership Background

- B.S. in Business Management, Western Governor's University

- Member and Speaker, Illinois Public Pension Fund Association (IPPFA)

- Certified, Illinois Open Meetings Act Requirements

- Certified, Illinois Freedom of Information Act Requirements

The Deck

1) Background and Overview

2) Effective Strategies

3) Document Integrity

4) Maintaining Security

Why is There a Need to Maintain Records?

Audits

Internal Control

Financial

Transparency

Public

Larger Government

Historical Support

Flow of monetary funding & spending

Capture personnel or member information

Supporting documents for legal matters

Who's at the Table

What Agencies are Required to Retain Records?

Education Systems

K-12 Public School Districts

Post Secondary Schools (ie Universities and Junior College)

Education Boards

Government Agencies

Municipalities and Public Works

Local Government Boards
(i.e. City Council, Planning & Zoning)

Police/Fire Pension Fund

State Funded Pension Plans

Park Districts

Public Library Districts

Rules of the Game

Retention Schedules

All agencies of the state and local government, education systems and various corporations are required to follow a retention schedule

➢ **Retention schedules provide the required minimum retention period for a records series**

- Retention periods consider the usage of records by other agencies like the IRS

➢ **Each local government agency in Illinois should obtain an APP**

- For example: Municipality, Police Department, Fire Department and Pension Funds should have an APP specific to their agency

Rules of the Game

Records Retention Schedule

Application for Authority to Dispose of Local Records

➤ Retention periods are assigned to each records category per the Records Management Commission

➤ Records must be retained for the minimum recommended period but may be kept for a longer term per each agency's discretion

Note: If an agency is retaining a record, it may be subject to FOIA

Rules of the Game

Understanding an APP

- Application Number
- Item Number
- Records Series Title
- Recommended Retention Period

Other Items:
Volume, Annual Accumulation, Arrangement

Secretary of State
Local Records Unit
Margaret Cross Norton Bldg.
Springfield, Illinois 62756
Telephone (217) 782-7076

Local Records Commission
Of Cook County, Illinois

APPLICATION FOR AUTHORITY TO
DISPOSE OF LOCAL RECORDS

Application No. ▮▮▮▮

Page 1 of 10

AGENCY

ADDRESS

CITY   ZIP

PHONE

I hereby request authority to dispose of local government records according to the schedule below. I certify that any microfilm or digitized copies will be made in accordance with the standards of the Local Records Commission of Cook County and will be adequate substitutes for the original records.

Approval:
Local Records Commission
of Cook County, Illinois
County Building – Room 801
Chicago, Illinois 60602
(312) 603-7832

Zahra Ali
Chair
David Joens

Director, State Archives

January 10, 2023
Date

DECEMBER 9, 2022

Signature of Agency Head   Date
Pension Board Secretary

RECORDS LISTED ON THIS APPLICATION MAY BE DI

- After their individual retention period is complete,
- If they are correctly listed on a Records Disposal Certificate submitted Records Commission of Cook County thirty (30) days prior to disposa
- Providing any local, state, and federal audit requirements have been r
- As long, as they are not needed for any litigation either pending or an

THIS RECORDS RETENTION SCHEDULE DOES NOT RELIEVE LOCAL G
OF RETENTION REQUIREMENTS MANDATED BY OTHER STATE AND F
REGULATIONS. WHEN SUCH AN OBLIGATION DOES EXIST, THEN THE
PERIOD TAKES PRECEDENCE.

ANY RECORD ON THIS APPLICATION MAY BE MICROFILMED OR DIGI
DISPOSED OF IF THE RECORD IS MICROFILMED OR DIGITIZED IN AC
STANDARDS OF THE LOCAL RECORDS COMMISSION OF COOK COUNT
DIGITIZED RECORD IS RETAINED FOR THE PRESCRIBED RETENTION

DISPOSAL OF RECORDS AFTER MICROFILMING OR
MUST BE NOTED ON THE RECORDS DISPOSAL CER

THIS APPLICATION AND ANY RELATED RECORDS DISPOSA
ARE TO BE RETAINED PERMANENTLY.

APPLICATION FOR AUTHORITY
TO DISPOSE OF LOCAL RECORDS
(RECORDS RETENTION SCHEDULE)
(continued)

Application No. ▮▮▮▮

Page 3 of 10

Item No.	Record Series Title, Description and Recommendation
1.	APPLICATIONS FOR AUTHORITY TO DISPOSE OF LOCAL RECORDS AND LOCAL RECORDS DISPOSAL CERTIFICATES Dates: 2013- Volume: Negligible Annual Accumulation: Negligible Arrangement: Chronological Recommendation: Retain permanently.
2.	ACTUARIAL FUNDING POLICIES Dates: 2012- Volume: Negligible/1.83 G.B. Annual Accumulation: Negligible/.2 G.B. Arrangement: Chronological Recommendation: Retain permanently.
3.	ACTUARIAL REPORTS AND TAX LEVIES Dates: 1990- Volume: Negligible Annual Accumulation: Negligible Arrangement: Chronological Recommendation: Retain for seven (7) years, then dispose of.
4.	ADMINISTRATIVE FILES AND MISCELLANEOUS CORRESPONDENCE, INCLUDING EMAIL CLASSIFIED AS GENERAL CORRESPONDENCE AND NOT RELATED TO ANOTHER RECORDS SERIES; COPIES, REFERENCE MATERIALS, PUBLICATIONS, ETC. Dates: 1975- Volume: 1 ½ Cubic Feet/25 M.B. Annual Accumulation: Negligible/.1 M.B. Arrangement: Chronological Recommendation: Retain for one (1) year, then dispose of records no longer possessing any further administrative, fiscal, legal, and/or historical value.

Rules of the Game

Disposition of Records

*Illinois agencies **MUST** request approval from
the Records Management Division before pertinent documents
can be disposed of*

Rules of the Game

Disposition of Records

Disposal Certificate Example

➢ Compiled from APP and based on recommended retention periods

➢ Filed with the SOS Records Management Division for approval

Sample Records Disposal Certificate (DC):

Effective Strategies

Playing the right cards

Organize the Hand

Is there a right way to organize records?

Yes.

1. Grouping records by category
2. Maintaining the same organizational structure across the agency
3. Housing records in a centralized location
4. Using an alpha/chrono/numerical system

Discard...Often

Managing Tangible Records Volume

1. Dispose of eligible records frequently

2. Discard copies (if allowable depending on the series)

3. Avoid printing emails that add to the total volume

Discard...Often

Managing Digital Records Volume

1. Dispose of eligible records frequently

2. Avoid duplicating files...instead use short cuts

3. Name folders and sub-folders consistently with one owner of the record

4. Apply retention rules to email systems

Play by the Book

Records Retention Policies

Agency Information
Agency Name
Policy Effective/Adoption Date

Responsible Party:
Municipal Clerk
Finance Director

Authorized Individuals
Admins
Municipal Members (IT)

Purpose

The [AGENCY NAME] has adopted this Record Retention Policy ("Policy") in order to manage the retention and disposal of records in a systematic and consistent manner. Fundamental to this Policy is the Record Retention Schedule, which is attached as Exhibit A and incorporated by reference. The purpose of this Policy is to ensure the reasonable and good faith retention and disposal of records created by or under the control of the Agency. The overriding objective of the Agency is to retain all records in a digital format whenever feasible.

Record Retention

The Record Retention Schedule identifies the length of time that each type of record should be maintained, regardless of the format of the record. Any Agency employee or any other person who is in possession of records belonging to the Agency who is uncertain as to what records to retain or destroy, when to do so, or how to destroy them, must seek assistance from the Fund's Record Supervisor.

Record Supervisor

The Record Supervisor shall be an entity retained by the Agency or an employee appointed by the Fund's Executive Director and shall be responsible for administering and ensuring compliance with this Policy, including but not limited to the following:

- Ensuring the proper storage and retrieval of records and coordinating with outside vendors where appropriate.
- Destroying records whose retention period has expired.
- Periodically reviewing this Policy and the Records Retention Schedule and recommending changes to the Executive Director.
- Notifying the Executive Director of any noncompliance with this Policy.

Play by the Book

Record Retention Policies

Defines Records:

This section identifies every record type that an agency may encounter and is a direct list from the Secretary of State's Archives Division

Defines Non-Records:

This refers to transitory records and/or "reference materials"

Records

A record is defined as any material prepared or received by the Agency in the course of business. A record includes any format upon or in which the information is placed, stored, used or distributed, and paper. Electronic records must be managed in the same manner as paper records. Examples of records include but are not limited to:
- Appointment books and calendars
- Audio and video recordings

- Contracts
- Emails, chats, and text messages
- Invoices
- Correspondence
- Final memoranda and reports
- Board meeting minutes
- Participant and annuitant forms and applications
- Agency policies
- Investment reports
- Financial reports
- Accounting records
- Magnetic tape
- Postings on the Fund's website and postings on social media

Records shall be retained in accordance with the Record Retention Schedule. If a record fits within two or more categories, then it should be retained for the longest retention period that applies or is most analogous to the records in question. The Record Supervisor shall determine the appropriate category for any record. In general, a record should not be retained beyond the period indicated in the Record Retention Schedule. However, the Record Supervisor has discretionary authority to retain records longer than the periods prescribed in this Record Retention Schedule if there is a valid business reason (or a litigation hold or other special situation) that calls for continued retention.

Non-Records

Non-records are preliminary materials that are used to produce records, such as reminders, to-do lists, informal notes, and preliminary or interim drafts of correspondence or reports. Non-records also include spam, junk mail, advertisements, catalogs, trade journals, and other publications from third parties that require no action and extra copies of records preserved only for convenience or reference. Non-records do not need to be retained and can be destroyed or permanently deleted.

Play by the Book

Record Retention Policies

Storage of Records:

Records should be maintained in a manner that is secure and accessible

Destruction/Deletion:

Records, especially those with sensitive material, must be destroyed in a specific manner

---

Storage of Records

Records must be stored in a safe, secure, and accessible manner. Any documents that are essential to the Agency's business operations during an emergency must be duplicated and/or backed up at least once per week and maintained off site.

Destruction/Deletion

Tangible records should be destroyed by shredding or some other means that will render them unreadable. The Record Supervisor will specify how to destroy tangible records that cannot be shredded. Electronic records shall be deleted in the manner specified by the Record Supervisor and coordinated with the Fund's information technology vendor. When there are multiple copies of records, all should be destroyed after the appropriate retention period. Except when an original, fully executed hard-copy record exists, the electronic version of a record is considered the official version for record retention purposes.

Compliance

Every employee of the Agency is required to comply with this Policy. Training will be provided by the Records Supervisor annually to ensure familiarity with its provisions. Questions about this Policy should be directed to the Record Supervisor. An employee's failure to comply with this Policy may result in discipline, up to and including termination.

Document Integrity

Document Integrity

Tangible Records

➢ Water damage

➢ Fire damage

➢ Document integrity

➢ Accidental destruction

➢ Unauthorized use/access

Digital Records

➢ Storage method

➢ Cyber threats & robust security measures

➢ Accidental destruction

➢ Unauthorized use/access

➢ Rapid technological advancements

Document Integrity

Paper records are not

Waterproof

Fireproof

Resistant to human error

Resistant to mold

Document Integrity

Photo Credit: FOX 32 Chicago – Access Document Storage Facility (Bartlett, Illinois)

When agencies run out of physical storage space for tangible records, they often use a third-party storage facility to keep historical records but....disasters can still occur and are the responsibility of the agency to manage

Digital Records Conversion

Secure Internal Servers

Dedicated drive space

Restricted access

External Hard Drive

Multiple drives

Only used for select records

Cloud Based Application

Service fees

Security

Additional redundancy

Digital Records Conversion

Additional Cards in Play...

- Naming Conventions

- Records for Conversion

- File Types
  - Document, Image, Video, Audio
  - PNG, JPEG, PDF, MP4 & MP3

- Maintenance
  - Frequency
  - Responsibility

- Who Will Convert the Records
  - In-house
  - Third party
  - Pros and Cons

Maintaining Security

Protecting your hand from card sharks...

High Stakes

2023 Stats

2,207 Infrastructure Agencies Victimized

- **108 K-12 Schools Districts**
  - 1,899 Schools in total
  - Minneapolis Public Schools

- **72 Post Secondary schools**
  - University of Hawaii
  - Southern Arkansas University
  - Stanford

- **95 Government Agencies**
  - United States Department of Transportation
    - 237,000 current and former employees exposed

- **U.S. Marshall Service**
  - Investigations, Employee files
  - Data was made available for purchase on Dark Net

High Stakes

Total value received by ransomware attackers, 2019 - 2023

Year	Value
2019	$220M
2020	$905M
2021	$983M
2022	$567M
2023	$1.1B

https://www.chainalysis.com/blog/ransomware-2024/

© Chainalysis
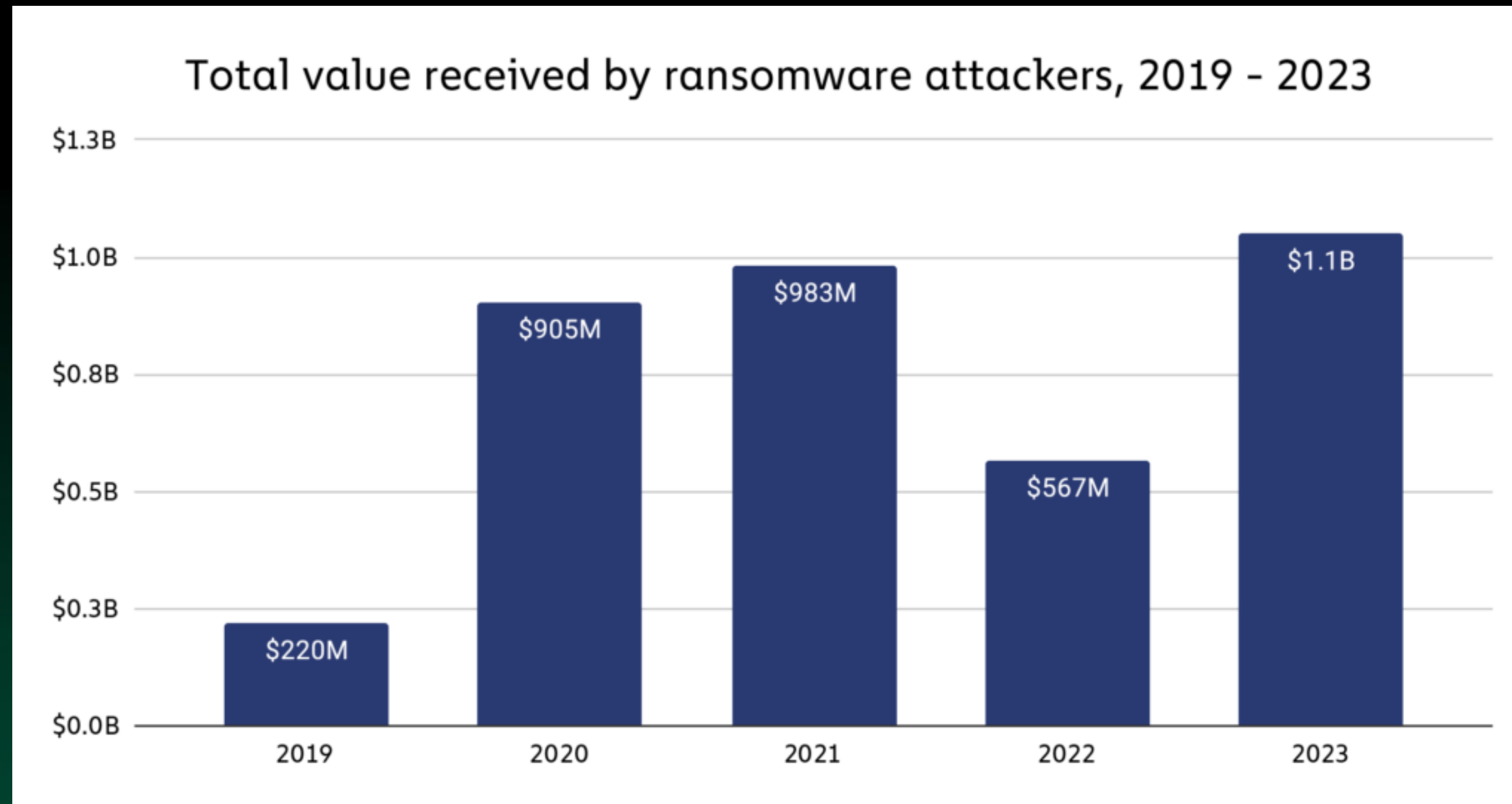
Case Study

Case Study - Ransomware

- **Players**
  - City of Dallas
  - Cybercrime gang "Royal"

- **Date of the Event**
  - May 3, 2023

- **Payout**
  - $8.5 Million

- **The Game**
  - Ransomware Delivery
  - Data Exfiltration

- **The Outcome**
  - 27, 000 city employees, retirees and dependents effected

Protecting Your Hand

Secure Digital Document Transfers

Ensure sensitive information is not intercepted by an unauthorized third party/cyber criminal

➢ Encrypted document transfer platforms for <u>high volume</u> data sharing

➢ Encrypted options for lower volume data sharing <u>via email</u> provider

Lauterbach & Amen, LLP

668 N. River Road

Naperville, IL 60563

(630) 393-1483 Phone

www.lauterbachamen.com

Building Stronger Teams

Part I

Strategies for Engagement, Growth, and Future Success

FACT

Working on teams is not always easy

Teams are more than just people working together

Difficult People Exist
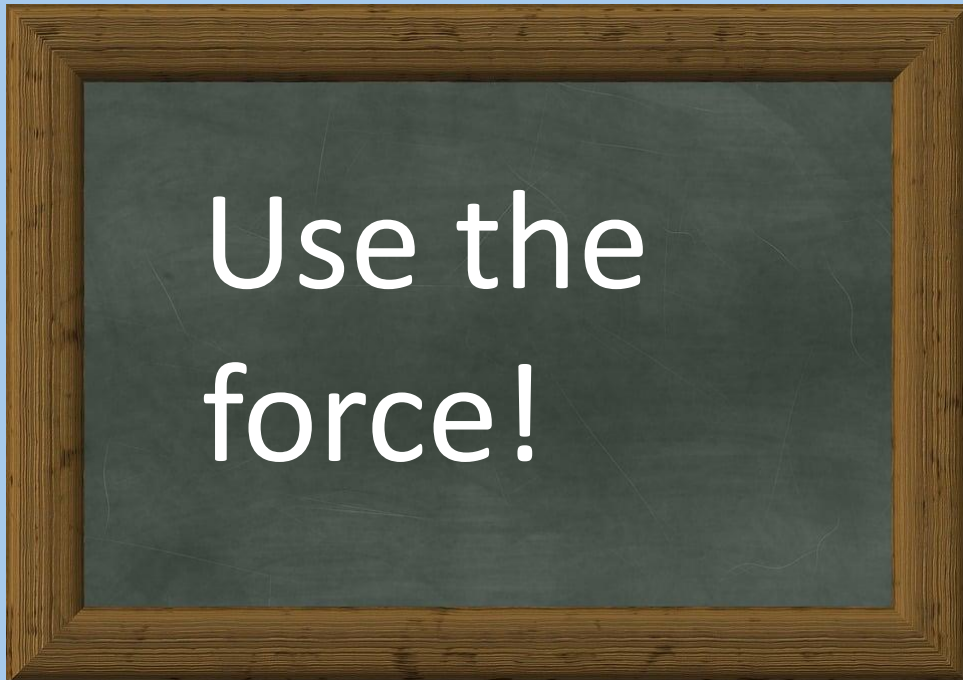
What is culture?
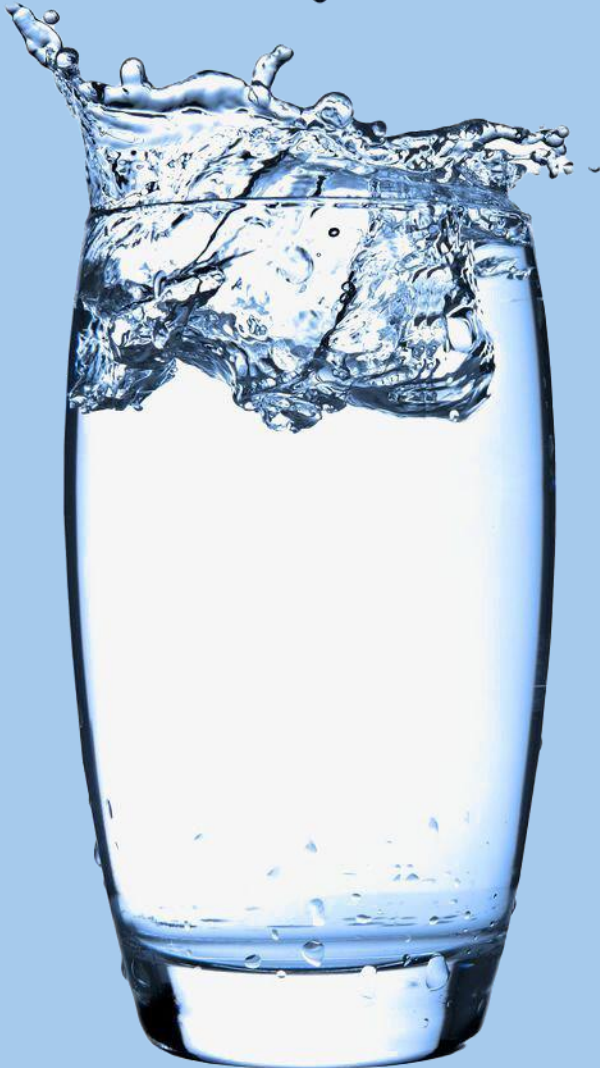
The set of behavioral norms and unwritten rules that shape how individuals get work done within their experience.

How do Culture and Team Dynamics Connect?

How do we address misalignments between organizational culture and team dynamics to enhance overall performance?

Why do we care?

Conflict is not always bad.

It might lead to innovation if handled well.

Conflict is often about:

- *Unmet Needs*

- *Miscommunication*

- *Clashing Values*
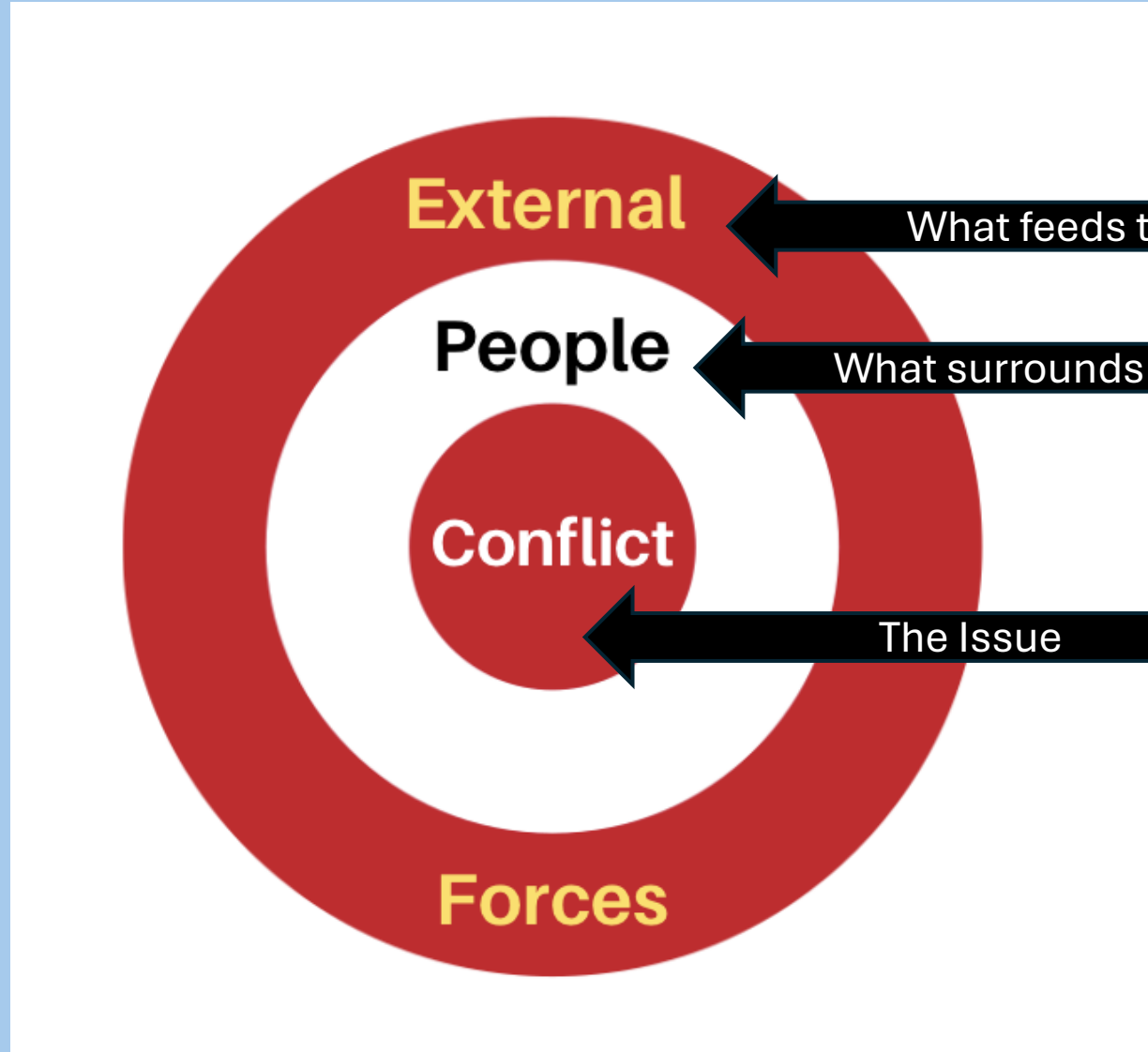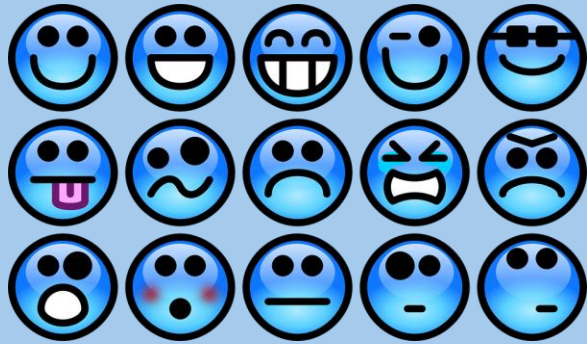
Activity

1. Agree on a real conflict, for example, team members are struggling with communication because of different work styles

2. Map the conflict
   - Write the conflict in the center
   - Map out who is part of the conflict (the people)
   - List systemic issues that might contribute to the problem
   - Note emotions that may come up
   - List potential negative outcomes if the conflict is not resolved.
   - What are the potential resolution strategies?
   - What are the action items?

Conflict Mapping

Information	Description	Sample Reflection Questions	Notes
Identify common source(s) of conflict on the team	*Describe each one*	What is happening? Who is involved?	
Categorize the conflict (Communication gaps, unclear expectations, etc.)	*Classify into categories*	Which category best fits this conflict? Are multiple factors involved?	
Small Groups analyze the root cause	*Analyze underlying causes including system or process issues*	What patterns or behaviors are reinforcing the conflict	
Determine the impact on team and negative outcomes if the conflict is not resolved	*Describe how this impacts team performance or dynamics*	How has this conflict changed team communication or productivity	
Develop resolution strategies	*Brainstorm strategies to minimize or resolve conflict*	How can trust be rebuilt? What steps can improve the situation	
Create an action plan	*List 1-2 immediate actions you can take to address issues*	What is one thing you can implement immediately to address the conflict?	

Culture change often *requires investments* in time and effort to put in place the right people, processes, and incentives *to implement and sustain the transformation.*

"Culture is the most important predictor of where a company is going" –Malcolm Gladwell

Bridging Conflicts and Culture
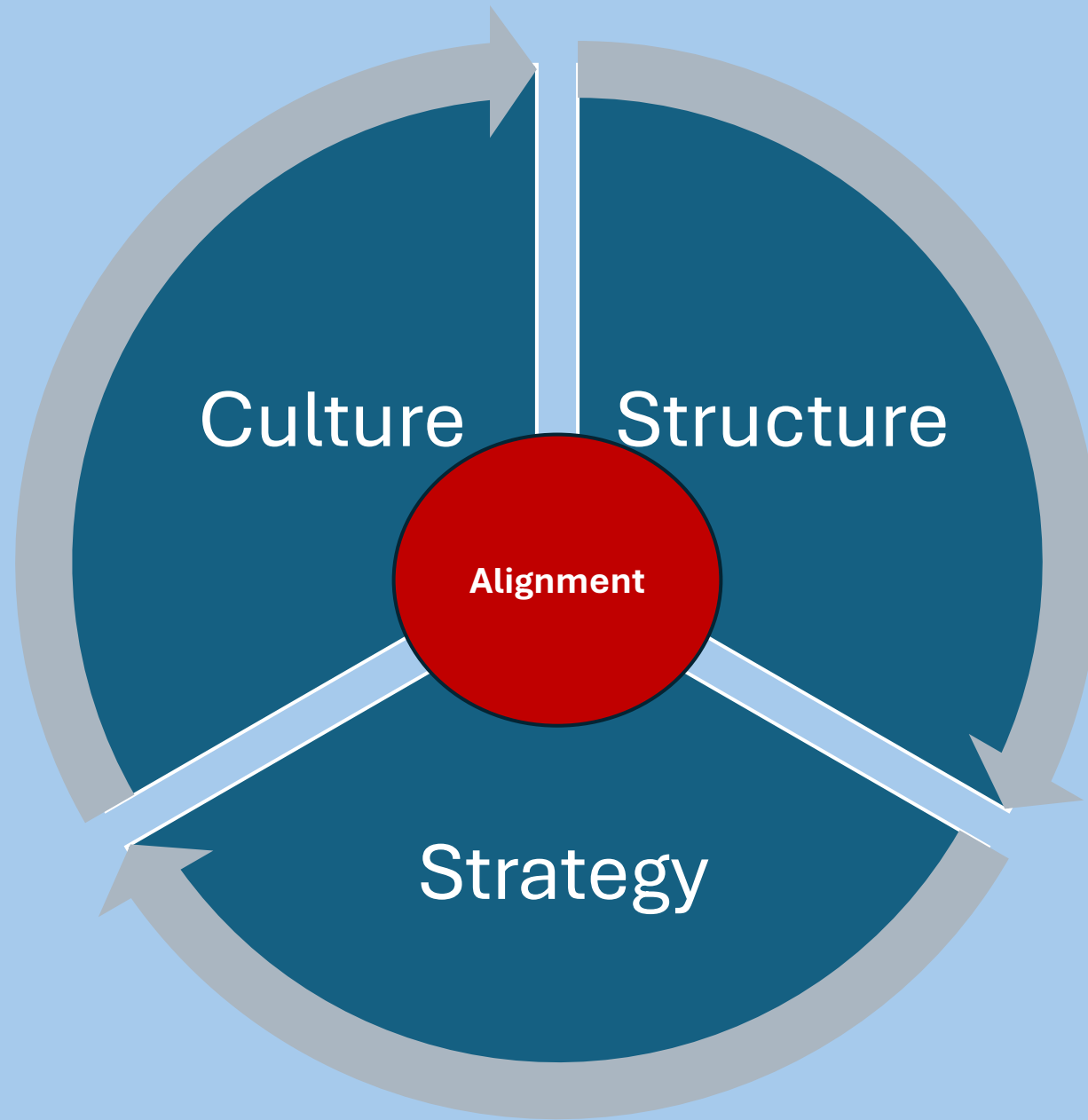
People learn and develop when change matters personally and professionally.

Cultural Evolution SHIFT

See current state

Highlight the vision

Inspire thoughts and actions

Feed engagement and alignment
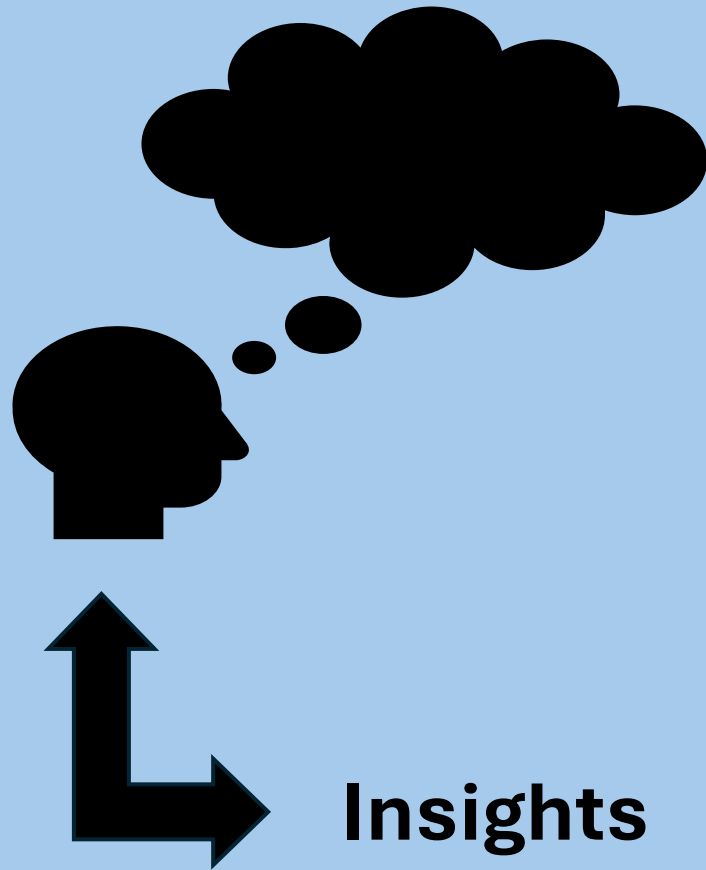
Track and transform

High Functioning Teams

Create a list of the characteristics of high functioning teams.

- How can teams embed these characteristics in their daily work?

- What barriers might exist? How can they be overcome?
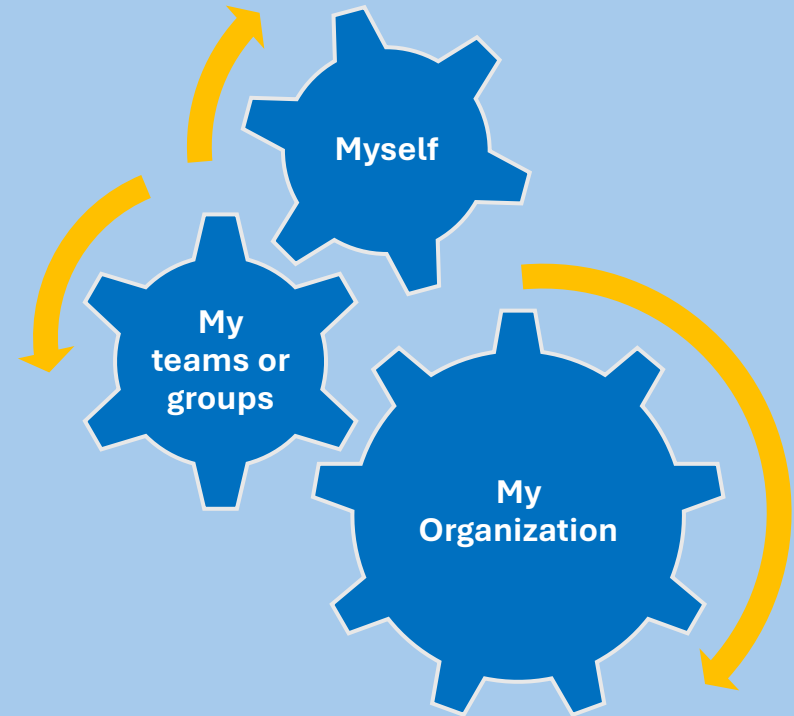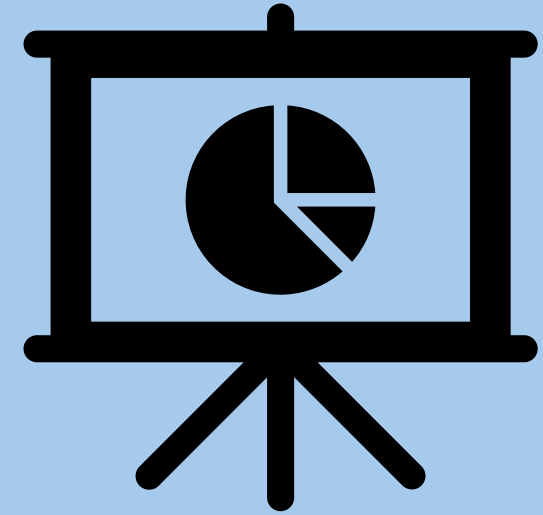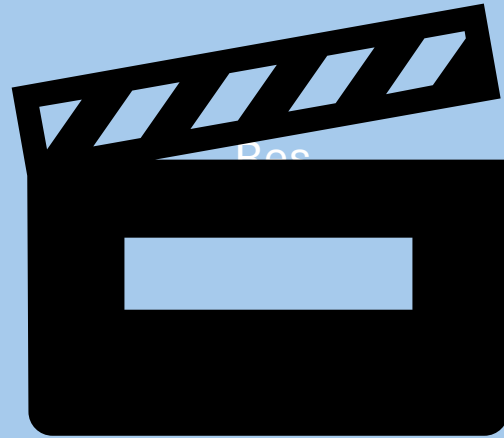
Consider your Feelings and Emotions

What shadow do you cast?

Self-Awareness

Becoming aware with conscious knowledge of your own *character*, *feelings*, *motives*, and *desires*.
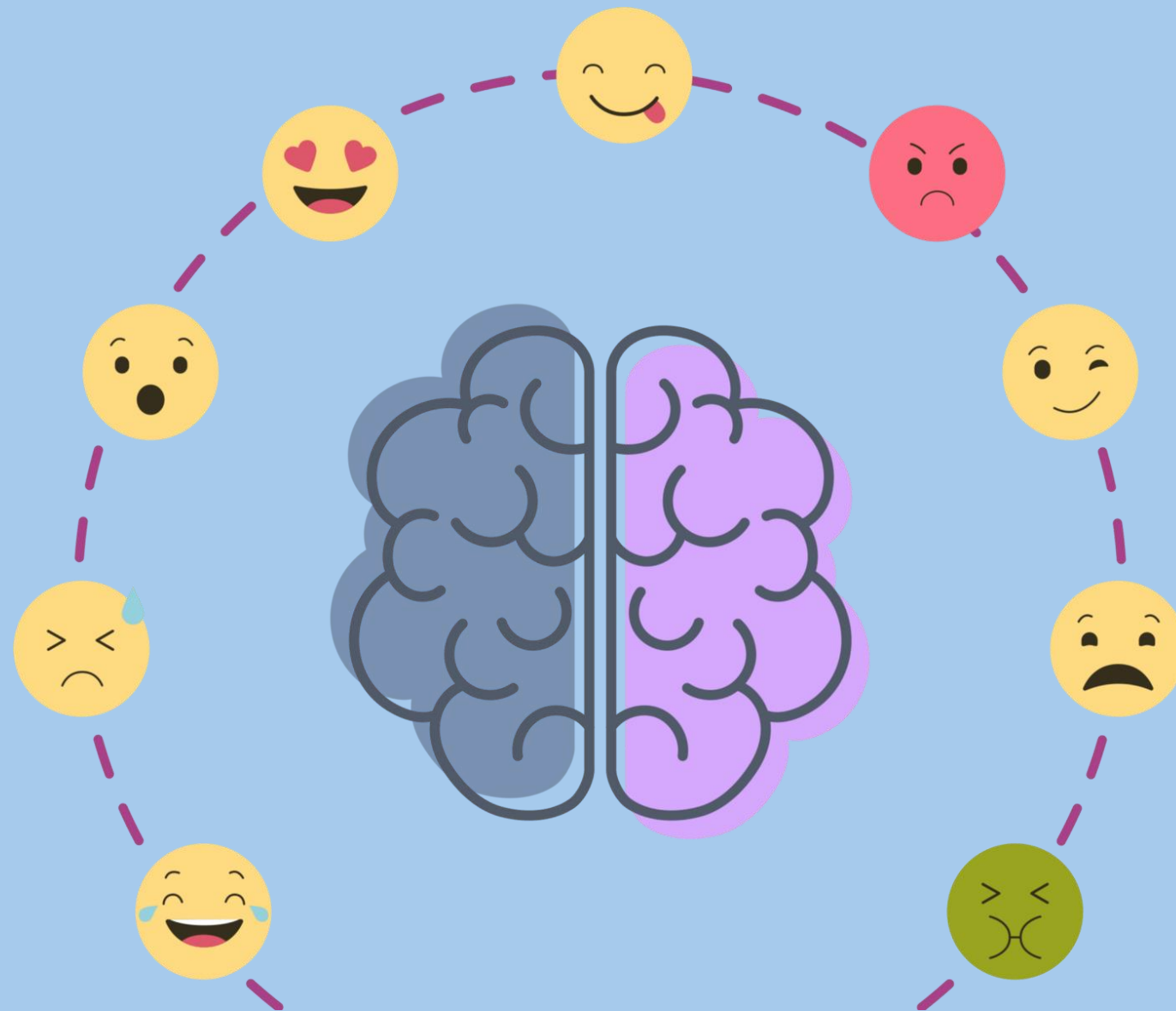
Self-awareness

Self-regulation

Social awareness

Relationship Management

Emotional Intelligence

When someone is not self aware, what are some of the behaviors you might observe?

Without emotional awareness, we are unable to fully understand motivations and needs, or to communicate effectively.

Trigger

1. Think of a recent situation where you were triggered emotionally (frustrating email, etc.)

2. **Map your emotional response:**
- What was the trigger? (What set you off)?
- What was the immediate emotion (What did you feel)?
- What was the impact on your behavior (How did you react)?
- Alternative response (What could you have done differently)?

Often the values we hold drive our thinking and help us succeed or fail.

Trigger
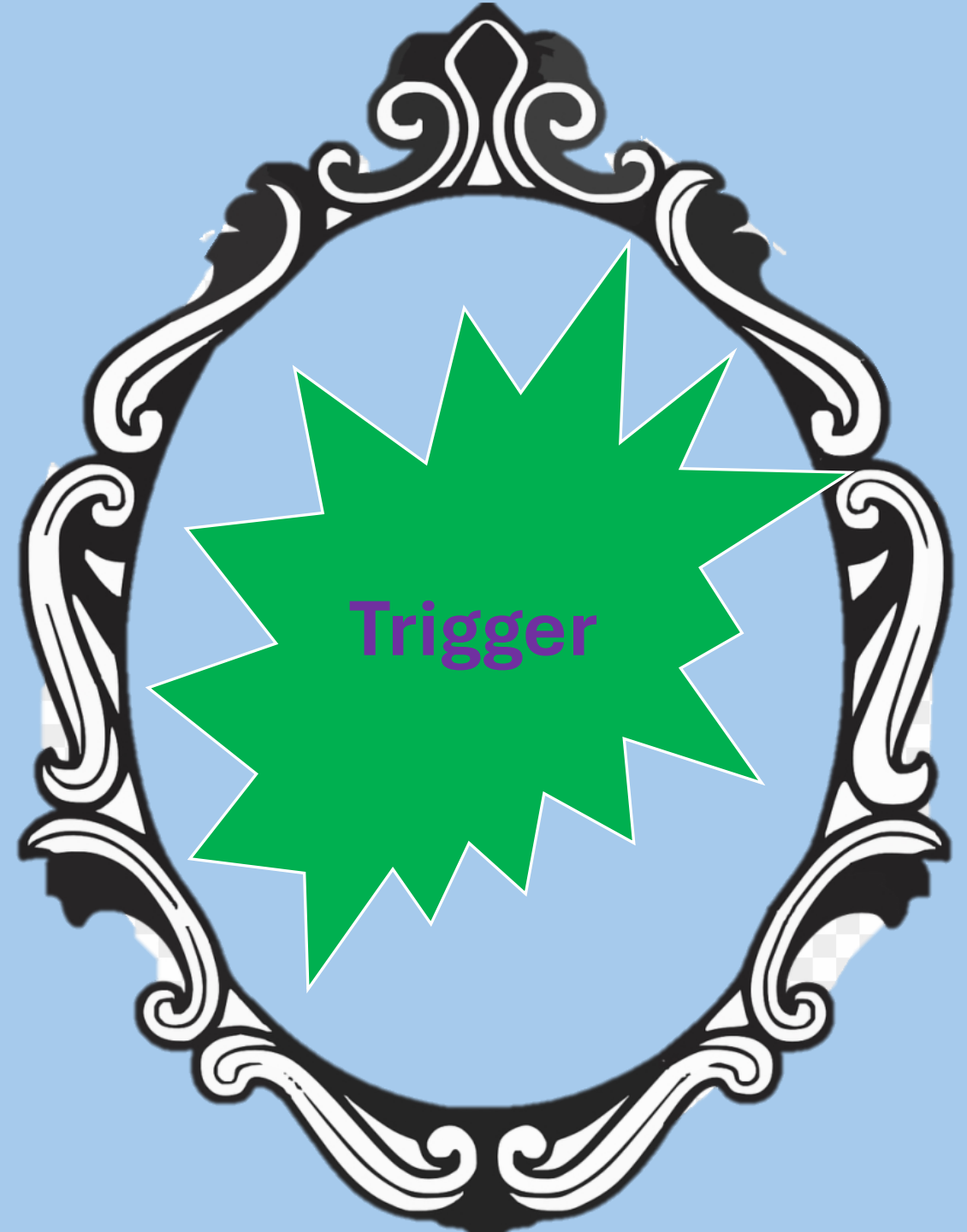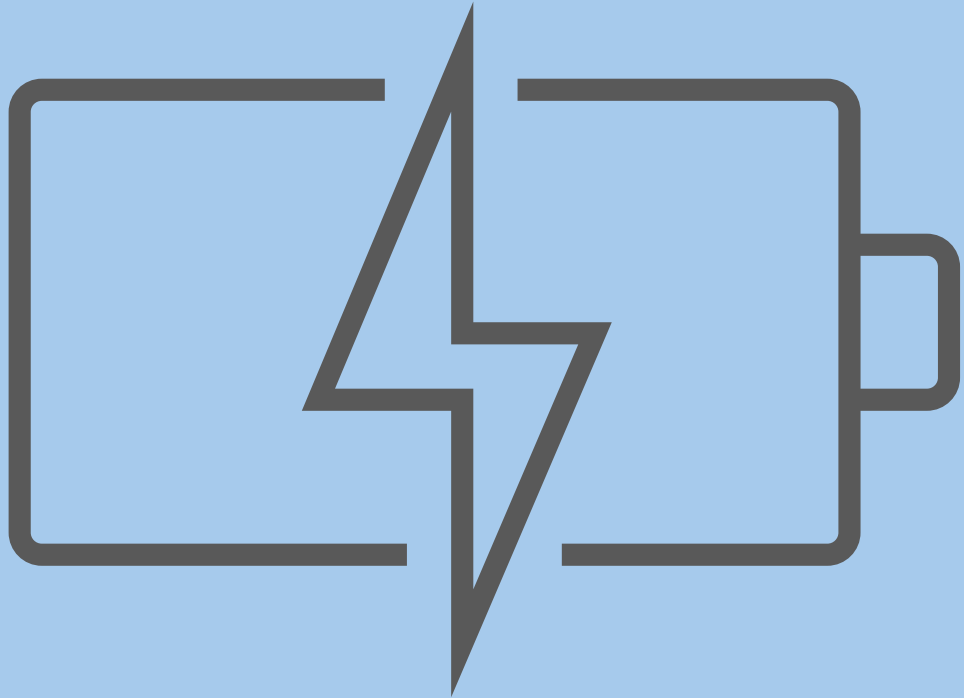
Where is your energy when you make the best decisions?

THE MOST EFFECTIVE OF ALL HUMAN FEARS THAT PREVENT THE DEVELOPMENT OF FULL POTENTIAL ARE THE
FEAR OF FAILURE AND THE
FEAR OF SUCCESS.

THE MOST EFFECTIVE OF ALL
HUMAN FEARS THAT PREVENT
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THE MOST EFFECTIVE OF ALL HUMAN FEARS THAT PREVENT THE DEVELOPMENT OF FULL POTENTIAL ARE THE FEAR OF FAILURE AND THE FEAR OF SUCCESS.

The Amazing Impact of Curiosity

Confirmation Bias: Supporting only incoming information from people and data that supports our belief, perception and desire

Cognitive Dissonance: Supporting only incoming information from people and data that supports our belief, perception and desire

Good decision making requires balanced, rational and emotional inputs. Short term feelings of anger, fear or anxiety will derail great outcomes and give us tunnel vision

Sometimes when we assume incoming information is biased or wrong, we protect ourselves from really hearing it.

Tools for success
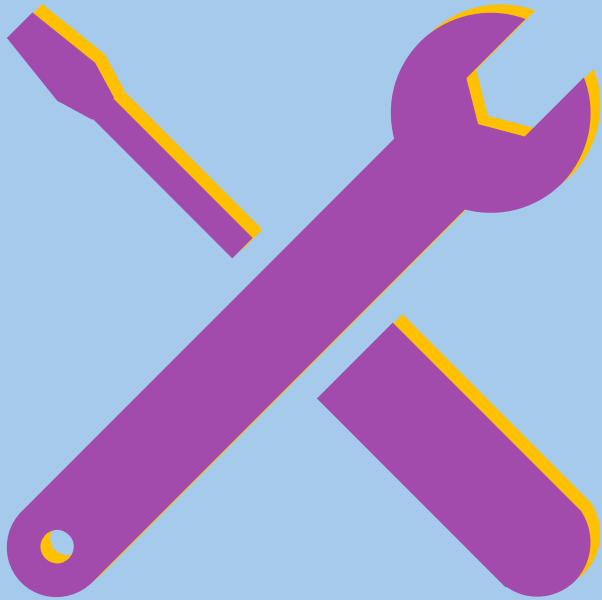
1. Separate the information by making a list.

2. Start to recognize when facts are being used selectively and you are forming biases.

3. When delivering a message STOP and ask yourself: *Would I feel or hear that I am respected and valued if this were delivered to me in the same way I feel like delivering it right now?*

Think about a difficult situation you had with another person where you felt slighted or dismissed.

- How did it make you feel?

- How did you handle and resolve it?

- How did you feel when it was over?

Was there anything you did or contributed to the situation that impacted its escalation?

- Was there anything you could have done differently to impact the outcome?

- Anything you failed to notice?

In the fire:

- Is what I am feeling right and is the way I want to respond helping or hurting the person, outcome or decision?

If the action or decision may be hurtful or damaging, can you:

- Delay: until you have control over it enough that it will not cloud your rational thinking: NO HOT DECISION MAKING!

- Fully weigh facts vs. feelings – are the facts grounded in reality?

- Find a person you can trust to help you think through the words you want to use.

If the feelings and emotions persist, check the following:

Are you hungry, sleep deprived, feeling needy or angry?

If Yes, try this:
- Find tactics to quiet your mind
- Seek another perspective
- Act on what you can vs, what you cannot control – know the difference
- Change your narrative from "what if", "I can't" or "they won't" to how can I
- Consider positive affirmations

Building Stronger Teams

Part II

**Strategies for Engagement, Growth, and Future Success**

Workplace Myths

1. The smartest or loudest person in the room makes the best and most productive team member.

2. Our moods don't matter, we are here to get a job done.

3. People work best under pressure.

Which of these myths has impacted your team and what can be done about it?

High Functioning Teams

1. Make decisions for the greater good
2. Are aligned on goals and priorities
3. Assume positive intent
4. Have real, open and respectful conversations
5. Own decisions
6. Walk their talk
7. Are aware of their shadow and impact
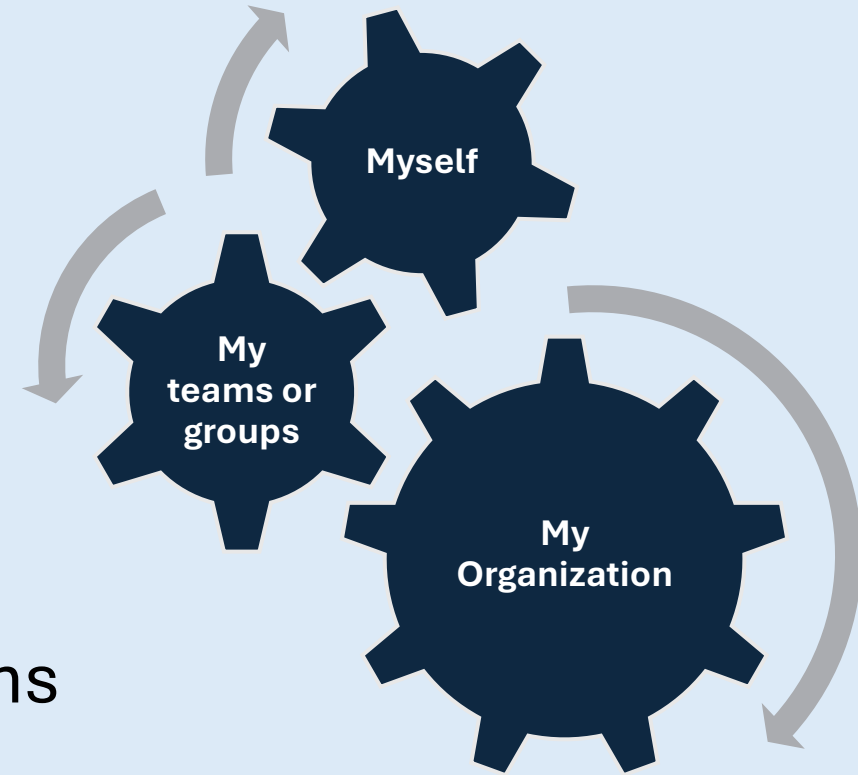
Strategic Planning for Engagement

Start with clear actionable strategies that align goals to values

Section	Questions to Consider	Responses
Team Challenges	What obstacles limit engagement? Consider communication, motivation, alignment with goals, or external factors.	
Actions	What strategies can increase buy-in? Think about leadership behaviors, incentives, team-building exercises, or cultural changes. What is the responsibility of leaders vs. peers?	
Resources	What support do you need? Identify tools, training, leadership backing, or budget considerations.	

Increasing Engagement Activity

Objective: Develop creative engagement strategies for improving team morale through collaboration and problem-solving.

Think about how you would address low morale on a team due to high workload, lack of recognition and limited career growth opportunities Some team members feel unheard, and engagement is dropping.

Design a plan to improve team morale.

Consider:

1. Immediate quick wins
2. Long-term engagement strategies
3. Leadership involvement vs. peer-driven initiatives

Key Consideration:

- Strategy must be practical and inclusive of both leadership and team-driven efforts.

The SCARF Model by David Rock

S Status: The relative importance of an individual in a group

C Certainty: The ability to predict future events

A Autonomy: The sense of control over events and choices

R Relatedness: The feeling of connection and belonging

F Fairness: The perception of fair exchanges and treatment

- Teams are not cohesive just because we put people together

- Leadership and teamwork are two qualities every organization wants to do well

- Just because you have a team does not mean the team is healthy or well functioning

Understanding others starts with understanding you.

SCARF explains what *drives engagement and motivation:* **why** people **react** in certain ways. When we know, it is easier to understand how those factors help them make decisions

Behavior styles shape *decision-making***:** Different personality and communication styles impact how individuals **perceive** engagement challenges and **respond** to them.
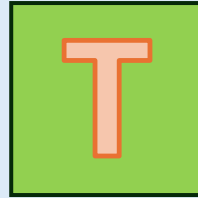
If I am right, then you are_____!

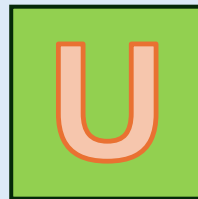# Brace Yourself

It doesn't mean what you think
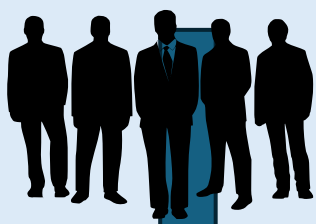
S STOP

T THINK

F FOCUS

U UNDERSTAND

Source: Circle Limit by MC Escher, 1960

"My daddy is the one with the longest ponytail."

Reflect

How might I be relying on position power vs. relationship power to influence others?

How might I be more effective at empowering others and bringing out the best in them?
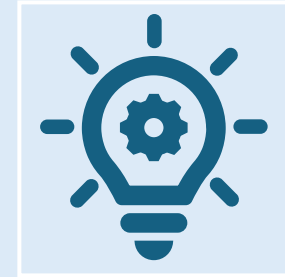
What habits do I have that may not be effective for my success and what do I need to do to change them?

I'm sorry what?

On Listening

What is it saying?

What is it saying to you?

Quieting Your Mind

Where do you need to be more present ?

How does it translate

Policies
Legends
Accountability

How do you equip teams with the right skills for tomorrow?

Competency Modeling

Current Competencies	Future Competencies Needed	Gaps	Development Actions
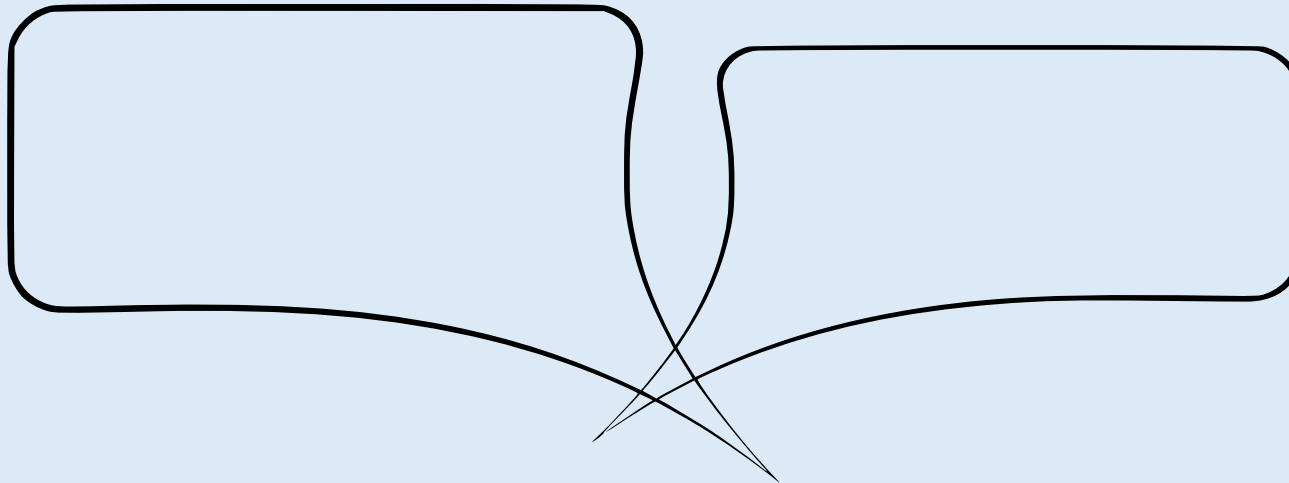
Feedback is a critical mechanism for supporting the development actions identified.
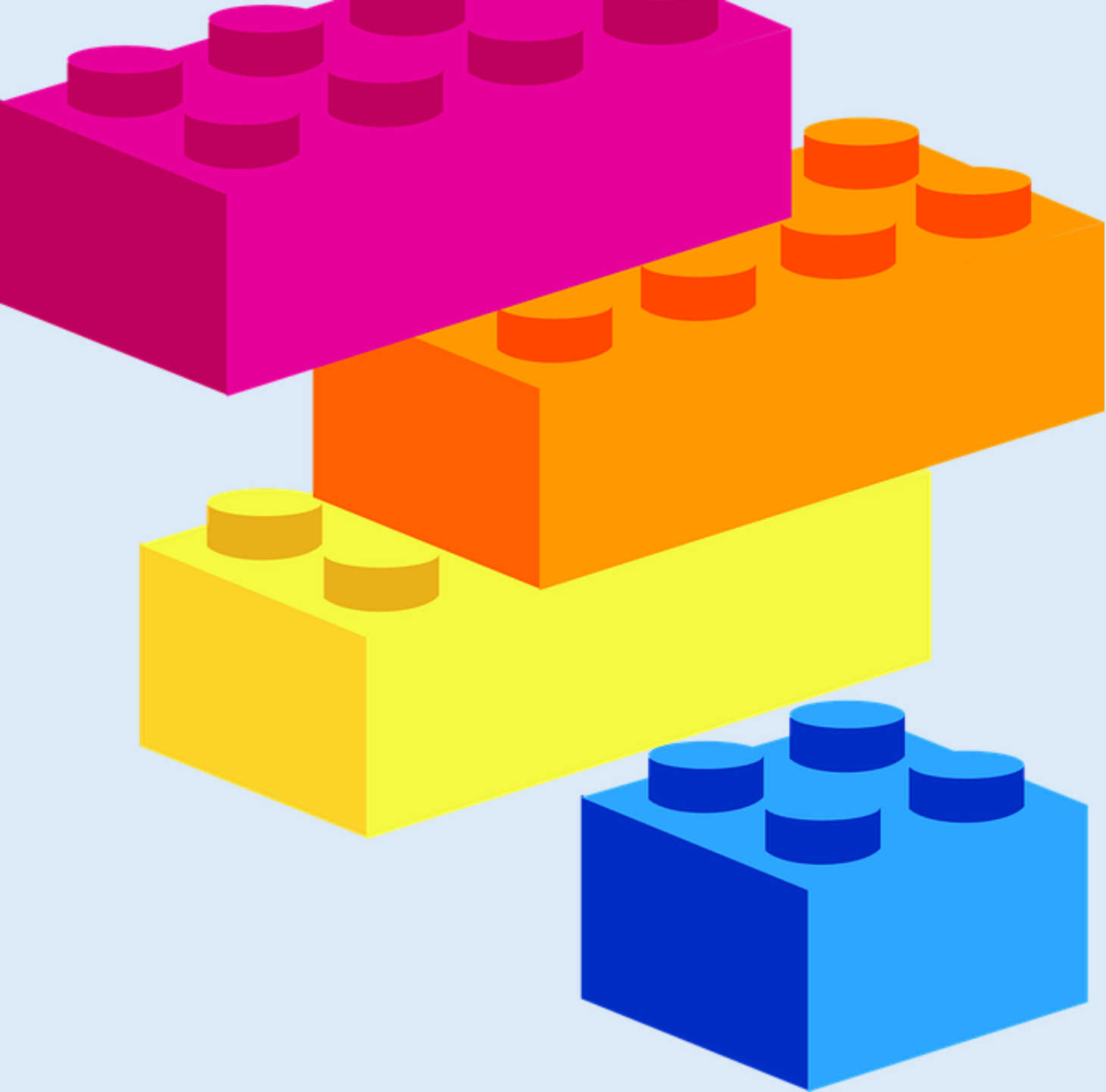
Feedback

Effective feedback ensures development actions don't become static plans but are living, evolving processes.

Continuous Feedback Matters

- Frequent
- In real time
- Highly *motivating*
- Improves productivity
- Recognizes accomplishments
- Strengthens relationships and builds trust
- Prepares for new responsibilities

Look what I made.
What do you think?

Feedback Models

Situation-Behavior-Impact Model

Situation-Behavior-Impact Model (SBI)

Ask for input. Describe the **Situation** where the observed behavior occurred. The more specific you can be about the what, when, where, the better.

Help the individual understand exactly the **Behavior** you're talking about. Think of playing back a video, using only words to describe what you saw and/or heard.

Share with the individual the **Impact** of the behavior on you and/or others. Impact is what you or others experienced.

Coaching Framework

Current State
- Where are you?

Desired State
- Where do you want to go?

Action Plan
- How will you get there?

Progress Check
- Follow up and check in

Corrective Action Plan (if needed)
- Agree to plan and explain consequences if behavior persists

Grow Model

Goal – Reality- Options- Will

Focuses on future development and outcomes.

- **Goal:** What is the individual aiming to achieve?
- **Reality:** Where are they now, and what is working or not working?
- **Options:** What could be done to close the gap?
- **Will:** What action will they commit to moving forward?

Integrates feedback with forward-thinking solutions rather than pointing out past mistakes.

Radical Candor

Care personally: Show that your feedback comes from a place of genuine support.
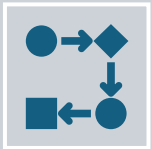
Challenge directly: Be upfront and specific about what needs to change.

Balances empathy with honest feedback

What Would You Do?

1. Jon does great work independently but has a terrible time working in a team environment.

2. Mary is an excellent performer from a job perspective but struggles with communication.

3. Gina joins every meeting late but contributes well.

How Leadership Contributes to Accountability...or Not

Leaders who abuse power   Have teams that are not accountable

Leaders who are insecure   Use threats and lectures to accomplish goals

Leaders who do the work for their teams   Have teams that never grow

Accountability Blueprint

Behaviors/ Actions	Measurement	Role	Support Mechanisms
What Behaviors or actions need accountability?	How will you measure the accountability?	What roles are responsible for ensuring accountability	What support mechanisms will you implement?
Meeting deliverable dates/deadlines	*Project completion rate (% delivery on time)*	***Team Lead:** Reviews and checks on task completion every week* ***Individual Team Members:** Self-monitor progress and provide updates during meetings* ***Peer Accountability:** Team members flag potential risks or delays early*	*Monthly coaching sessions to address performance gaps* *Real-time feedback loops using the SBI model* *Anonymous suggestion method to report process inefficiencies*

Plan for Stronger Teams

Conflict is manageable with structured processes

Emotional intelligence builds better teams

High functioning teams need continuous engagement and feedback

What will you take back to your team?

What did you learn that will help you do one thing differently?

Brad Cole – Legislative Update

https://iml.org/file.cfm?key=28455

https://iml.org/file.cfm?key=28458

https://iml.org/file.cfm?key=23363

Grants – How to Get Them, and Then What?

Denise Cappis, Hope Wheeler, and Adam Pulley

February 11, 2025

Learning Objectives

- Learn the basics of grant writing

- Become aware of grant compliance requirements and internal controls related to them

- Know what auditors will be testing in relation to grants

- Understand how grants are recorded in the financial statements

Grant Writing

Research • Apply • Manage

Research
- Identify Opportunities
- Evaluate Requirements
- Make Recommendations

Apply
- Gather Program Data
- Create Financial Budget
- Compile Application Packet

Manage
- Monitor Deadlines
- Record Applications and Awards
- Review Status

Research Opportunities

Read the entire RFP

Review previously funded applications

Are you qualified to apply

Contact Program Manager

Does it fit your needs

Proceed or find another opportunity

Which Funding Opportunities Make Sense for You

- Mission supported

- Does the burden to your staff outweigh the award

- Don't create a program just to get grant funding

- Most grants offset expenses, not 100% of a program

- Read and **negotiate** your contract before signing

Grant Application

Again, read the entire RFP

Create an outline of requirements

Assign tasks to members of the team

Create narrative, budget and other requirements

Stay on track for your deadline

Review before submitting

Application Tips

Proposal

Font size/type, page limits
Proofread
Relevant writing style
Ask for critiques

Narrative

Be realistic
Make sure personnel is qualified
Showcase your experience
Justify your requested expenses

Grant Management

Add deadlines to your calendar

Keep a list of allowable expenses for reference

Keep grant portals/platforms updated
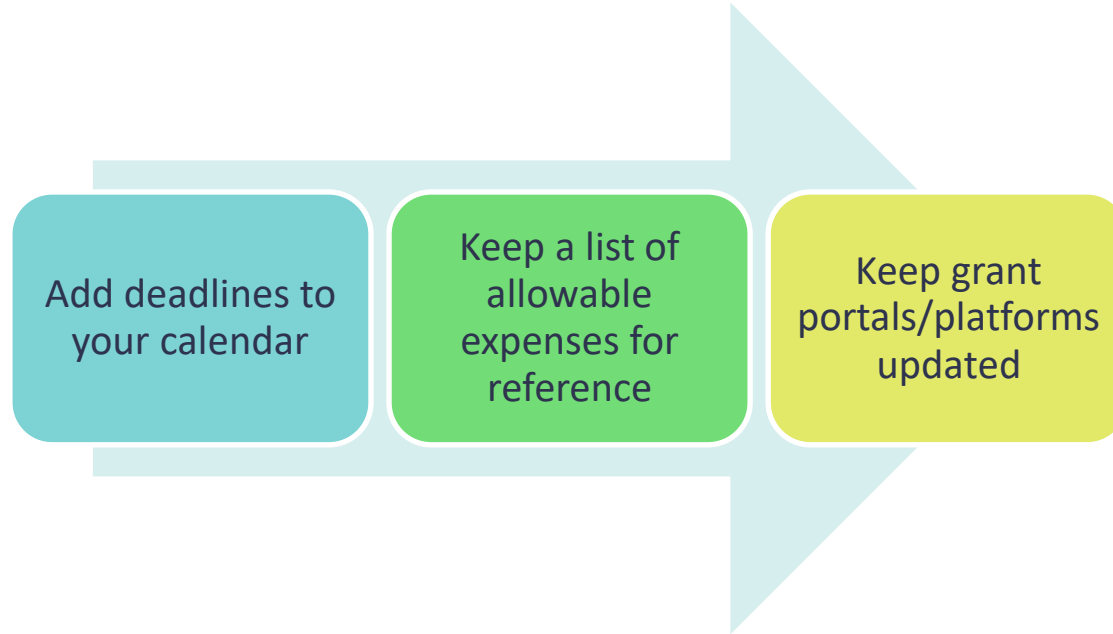
The Importance of Grants Compliance

Why is Grant Compliance important?

Improper Grant Compliance

Loss of funding

Bad press

Audit Findings
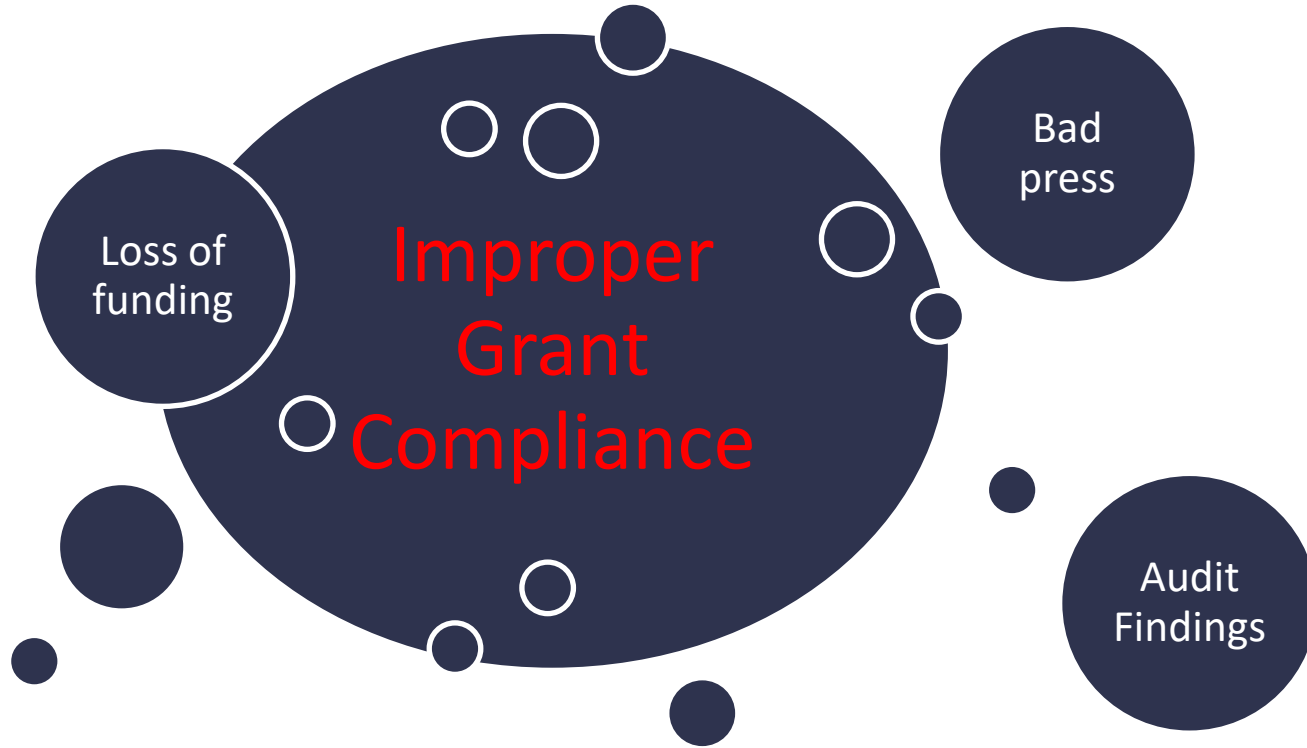
Sources of Grant Compliance Requirements

2 CFR Part 200 Uniform Guidance

Statutory and National Policies

Other Agency Federal Regulations

State Statutes / County Code / City Ordinances

Terms and Conditions of Awards

Uniform Guidance Administrative Requirements (Federal)
2 CFR Part 200

Uniform Guidance

Split into 6 subparts

Subpart A – Acronyms and Definitions

Subpart B – General Provisions

Subpart C – Pre Federal Award Requirements

<mark>Subpart D – Post Federal Award Requirements</mark>

Subpart E – Cost Principals

Subpart F – Audit Requirements

Specific Compliance Requirements in Subpart D

- A. Allowable activities
- B. Allowable costs, including indirect costs
- C. Cash management
- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, and earmarking
- H. Period of performance
- I. Procurement and suspension/debarment
- J. Program income
- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions

Applicability of Compliance Requirements
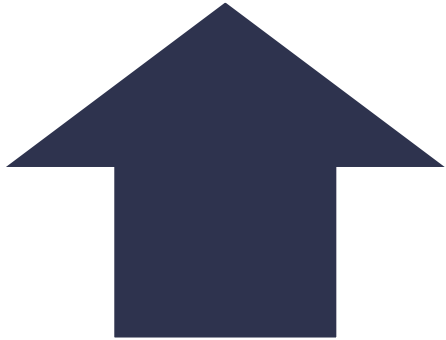
Some compliance requirements are more general and same rules apply to all grants

- Cash Management
- Equipment Standards

Some compliance requirements are very grant specific

- Eligibility
- Special Tests and Provisions

Cash Management (200.305)

Payment on *Advance* basis:

Recipient maintains or demonstrates the willingness to maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity

Recipient has a financial management systems that meet the standards for fund control and accountability

Limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient 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 recipient for direct program or project costs and the proportionate share of any allowable indirect costs. Recipient must make timely payment to contractors in accordance with the contract provisions.

Payment on *Reimbursement* Request basis:

Preferred method when recipient does not have processes for minimizing the time lapsing between the transfer of funds and disbursement for program expenditures

When the non-Federal entity requests payment by reimbursement.

Agency and pass through agencies must make payment within 30 calendar days after receipt of the billing, unless the request is reasonably believed to be improper.

Equipment and Real Property Management (200.313)

Equipment Property Standards

- Equipment 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
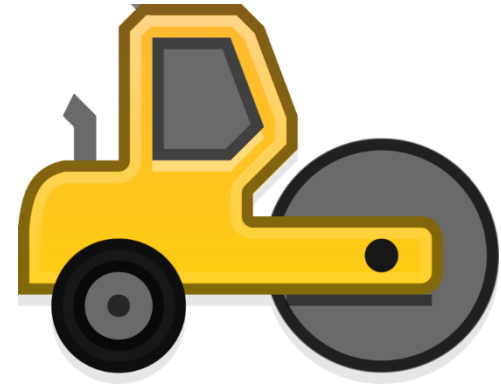
Equipment Use Standards

Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed,

- whether or not the project or program continues to be supported by the Federal award,
- and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.

Equipment Use Standards

When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

- (i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
- (ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

Equipment Management Requirements

Property records maintained that include required information:

- description of the property
- a serial number or other identification number
- the source of funding for the property
- who holds title, the acquisition date and cost of the property,
- percentage of federal participation in the project costs for the federal award under which the property was acquired
- the location, use and condition of the property
- and any ultimate disposition data, including the date of disposal and sale price of the property

Equipment Management Requirements

Requirements for equipment management (continued):

- physical inventory of the property taken and the results reconciled with the property records at least once every two years
- control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property
- adequate maintenance procedures developed to keep the property in good condition
- disposition rules

Procurement (200.318-327)

Procurement (200.318-327)

- **§200.318   General procurement standards.**
- **§200.319   Competition.**
- **§200.320   Methods of procurement to be followed.**
- **§200.321   Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.**
- **§200.322   Domestic preferences for procurements.**
- **§200.323   Procurement of recovered materials..**
- **§200.324   Contract cost and price**
- **§200.325   Federal awarding agency or pass-through entity review.**
- **§200.326   Bonding requirements.**
- **§200.327   Contract provisions.**

Procurement Procedures - §200.318(a)

- Must have and use documented procurement procedures:

  o consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward.

  o The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.

Individual Conflict of Interest (200.318(c)(1))

Need to have documented policy stating that:

No

-employee,

-officer,

-member of governing board

-or agent, advisor, consultant, attorney, accountant or shareholder

may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

Procurement Records (200.318(i))

For ALL procurements:

- Detail history of the procurement [different for each procurement method]
- Rationale for method of procurement
- Selection of contract type
- Contractor selection or rejection
- Basis for contract price

Competition (200.319)

All procurement transactions must be conducted in a manner providing <u>full</u> and <u>open</u> competition consistent with the standards of this section.

- In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Competition (200.319)

Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

Procurement

Uniform Guidance allows for 5 acceptable procurement methodologies

Methods of Procurement (200.320)

Method	Dollar Threshold
Micro-purchase	Not to exceed micro-purchase threshold ($0 - $10,000)
Small purchase procedure	Greater than micro-purchase, not to exceed the Simplified Acquisition Threshold ($10,001 - $249,999)
Sealed bid	Greater than the Simplified Acquisition Threshold ($250,000 and greater)
Competitive proposal	Greater than the Simplified Acquisition Threshold ($250,000 and greater)
Noncompetitive proposal (Sole Source)	Greater than micro-purchase threshold ($10,000 and greater)

Micro-Purchases (200.320(a))

Characteristics

- Acquisitions that, in aggregate, do not exceed micro-purchase threshold
- Micro-purchase threshold set by Federal Acquisition Regulation (FAR) at 48 CFR, Subpart 2.1
  - Subject to change
  - Currently $10,000

Requirements and Documentation

- No quotes required if price is reasonable
- Distribute equitably among qualified suppliers
- **Must** document:
  - Evidence the price was considered reasonable
  - If documented procedures note that the reviewer/approver is to look at price reasonableness along with allowability, that would satisfy this documentation

Small Purchases (200.320(b))

Characteristics	Requirements and Documentation

• Acquisitions more than micro-purchases but not greater than simplified acquisition threshold
• Simplified Acquisition Threshold set by FAR at 48 CFR, Subpart 2.1
  • Subject to change
  • Currently $250,000
	• Price or rate quotations **must** be obtained from adequate number of sources (at least 2)
	• Can be informal – phone call or web search
	• All quotations, including phone calls, web searches, etc., **must** be documented and kept on file
	• Price does not need to be deciding factor but all quotes need to be kept in procurement records

Sealed Bids (200.320(c))

Characteristics

- Procurements more than simplified acquisition threshold
- The following should be present:
  - A complete, adequate, and realistic specification or description is available
  - Two or more bidders are willing and able to compete
  - Procurement lends itself to a firm fixed price contract and the selection can be made principally on basis of price

Requirements and Documentation

- Bids **must** be solicited from an adequate number of known suppliers, providing sufficient response time
- Local and tribal governments **must** be publicly advertised bids
- Invitation for bids **must** define the items or services in order for bidders to properly respond
- All bids will be opened at time and place prescribed in invitation – local and tribal governments **must** be opened publicly
- Firm fixed price contract made in writing to the lowest responsive and responsible bidder
- Any or all bids may be rejected if there is a sound documented reason

Competitive Proposals (200.320(d))

Characteristics
• Procurements more than simplified acquisition threshold • Normally conducted with more than one source submitting an offer • Either a fixed price or cost-reimbursement type contract is awarded • Generally used when conditions not appropriate for sealed bids

Requirements and Documentation
• **Must** identify all evaluation factors and their relative importance. • **Must** be solicited from an adequate number of qualified sources • **Must** have a <u>written</u> method for conducting technical evaluations of the proposals and selecting recipients • Contracts **must** be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered

Noncompetitive Procurements (200.320(f))

Characteristics

- Procurement through the solicitation of a proposal from only one source
- May be used only when:
  - The item is available only from a single source
  - The public exigency or emergency will not permit a delay resulting from competitive solicitation
  - Federal awarding agency or pass-through entity expressly authorizes its use in response to a written request
  - After solicitation of a number of sources competition is determined inadequate

Requirements and Documentation

- Justification of the use of sole source needs to be documented
- Document any research on availability from multiple sources
- Retain documentation of authorization
- Document any initial solicitations from multiple sources which are concluded to be inadequate, and document why

Cost or Price Analysis (200.324)

Non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold ($250,000) including contract modifications.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

Suspension and Debarment

Contracts over $25,000, look up vendor on the EPLS site BEFORE contracting-(www.sam.gov)

or add in the clause in the procurement contract

Keep documentation

Best practice recommendation is to do this on every procurement with federal funds!

Procurement Checklist

- Procurement Checklist developed to help aid in ensuring compliance

Period of Performance (200.309)

Period of Performance (POP)

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance

Any costs incurred before the Federal awarding agency or pass-through entity made the Federal award must be authorized by the Federal awarding agency or pass-through entity.

Subrecipient Monitoring
(200.330-332)

Subrecipient Monitoring
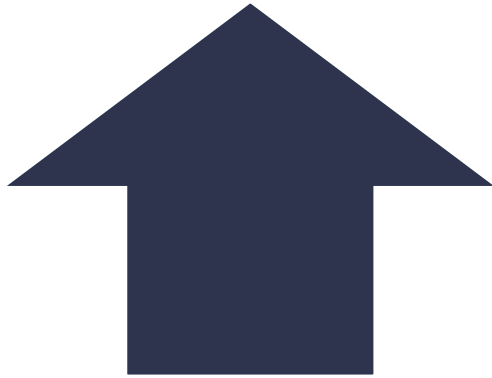
Subaward is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship
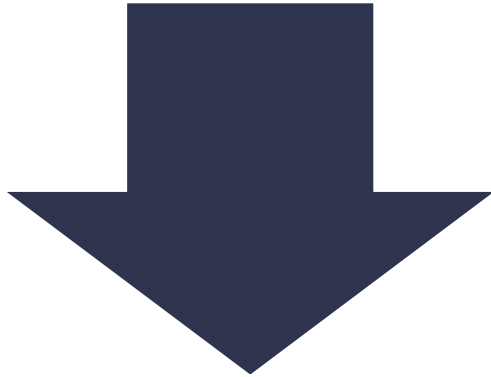
Subrecipient:

determines eligibility,

has performance measured in relation to objectives of program,

has responsibility for programmatic decision making;

and uses the Federal funds to carry out a program for a public purpose

Subrecipient Monitoring

Subaward must contain specific information as outlined in UG

Subrecipient name and UEI; FAIN; federal award date; subaward POP dates

Requirements so that the subaward is used in accordance with terms and conditions of original federal award

Description of performance or financial reports due

Indirect cost rate – either an approved rate, negotiated rate, or deminimis rate

Appropriate terms and conditions concerning closeout of the subaward

Subrecipient Monitoring

Pass-through entities _must_ monitor activities of the subrecipient (DOCUMENT):

Reviewing financial and programmatic reports

Verify that audit is being performed (if necessary) and following up on audit findings and deficiencies

Issuing management decision on audit findings

Subrecipient Monitoring

Additional monitoring tools that may be used depending on risk assessment of sub-recipient:

- Providing training and technical assistance
- On-site reviews of program operations
- Arranging for agreed upon procedures

Internal Controls over Compliance

Internal Controls

*Organizations must **establish** and **maintain** effective internal controls over grant awards to ensure grant compliance.*

How Do You Achieve Effective Grant Compliance?

- Read through grant agreement for terms and conditions
- Identify compliance requirements
- Verify proper internal controls over compliance
- Document policies and procedures
- Utilize tools and checklists
- Obtain proper training and proper resources

Internal Control Questions

- Control Environment
  - What is management's attitude about internal control?

- Risk Assessment
  - How did you determine that (control activity) was necessary to verify compliance?

- Control Activities
  - How are you certain your organization is in compliance with (insert specific compliance requirement)?

- Monitoring
  - What is the process used to ensure the (control activity) is performed correctly and consistently?
  - Auditors cannot be part of the auditee's internal controls!

- Information and Communication
  - How and when do you notify people the (control activity) is required?

Internal Control Key Items

Segregation of Duties

Documentation

Reviewer/approver should be someone with knowledge of compliance requirements

Essentially would be able to catch non-compliance

Checklists

Develop checklists for all aspects of the grant process, such as:

Grant application process	Preparation for the single audit	Subrecipient risk assessment and monitoring	Submission of financial and program reports	Grant close-out

Internal Control Examples

- Allowable Use of Funds and Period of Performance
  - Site coordinators purchase goods and services for grant purposes
  - Program Manager approves all purchases prior to being paid and recorded (ensuring allowable AND in POP) (documented!)

- Cash Management:
  - Accounting professional prepares the invoice for reimbursement request
  - Director of Finance reviews and approves (documented!)
  - Develop a checklist if this process is electronic; include initials and signatures and dates

Internal Control Examples

- Property and Equipment:
    - Program Director takes annual inventory of property and equipment purchased with federal funds (documented!)
    - Accounting Specialist reconciles with accounting records (documented!)

    - Accounting Specialist ensures all required detail of grant funded equipment is included on the depreciation schedule
    - Finance Director reviews the depreciation schedule (documented!)

Internal Control Examples

- Procurement:
  - Finance department solicits bids for service
  - Board reviews and approves bids over $250,000

  - Completion of procurement checklist for any purchase over micro-purchase threshold by procurement team member
  - Review of checklist by appropriate team member (documented!)

  - Suspension and debarment: Should be part of above checklist, but check of sam.gov in procurement process with screen shot saved in procurement file

Internal Control Examples

- Reporting:

Financial Reports:

   o Accounting Specialist prepare monthly report based on G/L detail

   o Program Director and Director of Finance review and approve

Performance Reports:

   o Program Director prepares quarterly report

   o Department Head reviews and approves

What is the Compliance Supplement?

2 CFR Part 200 Appendix XI

OMB Compliance Supplement used as audit program for testing

Identifies the existing important compliance requirements that the federal government expects to be considered as part of a single audit

Compliance Supplement (Part 2)

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
10.000 (no matrix)												
10.500	Y	Y	N	N	N	Y	Y	N	N	Y	Y	N
10.511	Y	Y	Y	N	Y	Y	N	N	N	Y	N	N
10.512	Y	Y	Y	N	Y	Y	N	N	N	Y	N	N
10.514	Y	Y	Y	N	N	N	N	N	N	Y	Y	N
10.515	Y	Y	Y	N	N	N	N	N	N	Y	Y	N
10.516	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.517	Y	Y	Y	N	N	N	N	N	N	Y	Y	N
10.520	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.521	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.542	Y	N	N	Y	N	N	N	Y	N	Y	N	N
10.551/10.561 (SNAP Cluster)	Y	Y	N	N	N	Y	N	Y	N	N	Y	Y
10.553/10.555/10.556/ 10.559/10.582 (Child Nutrition Cluster)	Y	Y	N	Y	N	N	N	Y	N	Y	N	Y
10.557	Y	Y	Y	Y	N	N	Y	Y	N	N	N	N

Compliance Supplement (Part 3)

Part 3 lists and describes:

| the 12 types of compliance requirements, except for Special Tests and Provisions | the related audit objectives that the auditor must consider, as applicable, in a single audit |

Designed to test against the requirements listed within 2 CFR Part 200, subpart D and E

Common Single Audit Findings

Procurement

- Inadequate support for sole source vendor
- Lack of supporting documentation in the vendor file (i.e. vendor selection, 3 quotes for small purchases, cost analysis)
- Lack documentation to support contractor's suspension and debarment status
- Lack of suspension/debarment check

Subrecipient Monitoring

- Subaward does not contain required information
- Subs are not monitored timely (in accordance with pass-through entity procedures)
- Lack of written procedures over subrecipient process

How Grants are Recorded in the Financial Statements

Four Types of Non-Exchange Transactions (GASB 33)

- *Derived tax revenues* – assessments imposed on exchange transactions by the govt itself (use/sales taxes)

- *Imposed tax revenues* – property taxes/fines

- *Government mandated* – revenues provided by a government at another level for a specific purpose (fed gov makes state gov do something), some shared revenues

- *Voluntary transactions* – grants/private donations, some shared revenues

Voluntary Non-Exchange Transactions (GASB 33)

- **Revenue recognition** for voluntary non-exchange transactions typically involves recognizing revenue *when all eligibility requirements are met.* These transactions are characterized by the receipt of resources without directly giving value in return.

- Key points to consider:

  - **Eligibility Requirements**: Revenue is recognized when the recipient meets all eligibility requirements stipulated by the provider (often expenditure driven for grants).

  - **Timing**: If the resources are received before the eligibility requirements are met, they should be recorded as unearned revenue (a liability) until the requirements are fulfilled (DIFFERENT FROM UNAVAILABLE REVENUE, used to be called deferred revenue)

  - **Measurement**: The amount of revenue recognized should be measured at the fair value of the resources received.

Financial Statements: Full accrual vs modified accrual

- <u>Government-wide statements</u> – when earned (full accrual)
- <u>Fund statements</u> (modified accrual):
  - Measurable
  - Available – collectible within the current period or _____ days after year end to pay for current period liabilities.
    - Should have a documented "availability" policy
    - If not available on the modified accrual basis, need to recognize a deferred inflow of resources. If earned on govt wide level, need GASB 34 entry to reduce deferred inflow and recognize revenue.
- Unearned revenue can exist in both GW and fund financial statements

Audit Preparation Best Practices on Grants

Proper accounting for federal and state grants

Summarize each grant revenue account and identify where it should be reported in both the intergovernmental revenue schedule and schedule of federal expenditures, if applicable.

Ensure you understand if grants should be recorded as current year revenue, unearned revenues, or as deferred inflows of resources (unavailable revenue). If you're unsure, contact your auditor. Also ensure that you have properly restricted any fund balance for recognized grants with restrictions.

Audit Preparation Best Practices (Continued)

Grant Receivables

- Review subsequent receipts (after year end) for proper inclusion of all grant receivables at year end
- Look at receipt date of subsequent receipts to determine if "unavailable revenue" in the fund financial statements
- Review listing of receivables recorded by grantor and note when related expenditures were incurred, with support

Questions?

Thank you!