

Appendix One: Glossary

The following terms are widely used in various DCEO functions, including grants administration and the monitoring and reporting process. In order to standardize the monitoring and reporting process and clearly communicate with internal and external parties, the following definitions are provided and should be considered DCEO policy.

- **A-133 Audit/Single Audit:** A program-specific audit of federal funds in which auditors examine both the financial statements and the entity's compliance requirements of its federal financial assistance program for a specified period of time. See also the *Single Audit Act of 1984* and the *Single Audit Act Amendments of 1996*.
- **Accountability:** A mutual responsibility shared by stakeholders to accomplish organizational objectives and maximize the effectiveness of program management.
- **Accounting Closeout:** A final financial grant report required by most programs for the closing of a grant cycle and reconciling all financial requirements.
- **Accrual Basis:** Method of accounting that recognizes the financial effect of transactions, events and interfund activities when they occur, regardless of the timing of the related cash flows; therefore, revenues are recognized when earned and expenses are recognized when incurred.
- **Administrative Costs:** Expenses that consist of all direct and indirect costs associated with the management of an organization's programs.
- **Advanced Funds:** Program funds distributed to the grantee in advance of earning the funds, prior to the costs being incurred, and normally not based upon a payment schedule. For example, a lump sum payment at the beginning of a program year or an advance of working capital. See also "Reimbursement Based Funds" and "Scheduled Payment Funds".
- **Adverse Opinion:** A type of opinion an auditor may express in an independent audit report that states the financial statements do not present fairly the financial position, results of operations, or cash flows of the entity in conformity with accounting principles generally accepted in the United States of America or with an other comprehensive basis of accounting.
- **Agreed Upon Procedures (AUP):** An attestation service provided by a certified public accountant resulting in the issuance of a report detailing the findings noted as a result of specific procedures performed on a pre-determined subject matter.
- **Allowable Costs:** Expenditures under a program that are specifically permitted (or not specifically prohibited) by law, regulation, or guidance from federal accounting standards, or other authoritative sources.
- **Application Fulfillment:** The process of an entity obtaining and completing a formal application for a DCEO program and providing all necessary documentation for the application to be considered for funding by a specific DCEO program area. In most cases, the entity will receive the forms by mail from the program unit for which an

Application Request was completed. In a few cases, the entity may receive the forms online.

- **Application Library:** Electronic storage area for grant opportunity submissions through eGrants. All applications, supporting documents and correspondence from both the applicant and DCEO are stored in this data warehouse. Both potential and funded grantee documents are stored in individual file areas for reference by DCEO staff only.
- **Appropriation:** A statutory authorization granted by the legislative body to an agency allowing it to incur obligations and make expenditures for specific purposes within a specified period of time and generally for a maximum dollar amount.
- **Audit:** The highest level of assurance service provided by a certified public accountant. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and an assessment of the accounting principles used, significant estimates made by management and the overall financial statement presentation. An audit is performed to determine whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United State of America, or an other comprehensive basis of accounting. See “External Audit” and “Independent Audit”.
- **Auditee:** The entity being audited. See “Audit”.
- **Audit Finding:** A deficiency in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse found during the audit process that is reported in the audit report. A deficiency found during a Single Audit is reported in the Schedule of Findings and Questioned Costs. See also “A-133 Audit/Single Audit.”
- **Authorized Designee:** An individual authorized to submit materials required by a Grant Agreement or contract on behalf of an entity.
- **Authorized Signatory:** An individual authorized to execute a binding document on behalf of an entity.
- **Award:** Support from an outside entity to provide financial assistance and cost reimbursement to aid or support a specified function or project. For purposes of this glossary, awards are received by DCEO from external funding sources. Also see “Grant”.
- **Budget:** A plan of proposed expenditures and the proposed means for financing them during a specified period of time. Budgets are based upon analyses and projections in an attempt to predict future revenue and expenditure activities.
- **Business Agent:** See “Registered Agent.”
- **Capital Grant:** Grants or contributions used to purchase, construct, or renovate capital assets associated with or used in a program reported under a specific function.
- **Capital Outlay:** A disbursement of funds for the acquisition of assets of a depreciable dollar value that have useful lives extending beyond a single reporting period.
- **Cash Basis:** An other comprehensive basis of accounting under which revenues are recorded when received and expenditures are recorded when paid.
- **Cash Management:** Efficient management of cash designed to minimize the time between the receipt of revenues and the subsequent expenditures. See “Excess Cash”.
- **Cash Match:** Amount of an entity’s own cash funds required to be expended on a program in order to receive supplemental funding from another entity. The required

match may equal the funding received from the provider (such as the grantor) or may be a percentage or ratio of those funds.

- **Checklist:** A monitoring instrument, tool or other device designed to provide guidance for program and fiscal monitors to ensure they have not omitted any critical steps in determining compliance with program and financial requirements. Also known as 'review instrument', 'program review instrument', 'financial review instrument', 'fiscal review instrument' or 'monitoring tool'.
- **Chief Fiscal Officer/Chief Financial Officer:** The individual charged with responsibility for fiscal oversight of an entity's financial activities.
- **Closeout:** The final activities and reconciling of documents and grantee requirements at the end of a grant cycle, as determined by the Grant Agreement.
- **Closeout Coordinator – at Grantee:** The individual at the grantee level responsible for ensuring proper program closeout.
- **Closeout Coordinator – at DCEO:** The DCEO individual responsible for ensuring proper program closeout, including mailing and collecting financial grant closeout packages.
- **Cognizant Agency:** The federal agency providing the predominant amount of direct funding to a recipient unless OMB assigns a specific cognizant agency. The cognizant agency has oversight over the recipient in many areas including Cost Allocation Plan approval. See "Cost Allocation Plan".
- **Corrective Action:** Action taken by an auditee that corrects identified deficiencies, produces recommended improvements, or demonstrates that audit findings are invalid or no longer exist due to process changes in the subsequent periods to the audit.
- **Cost Allocation Plan:** Identification, accumulation, and distribution of allowable direct and indirect costs to cost objectives by program. The plan also identifies the allocation methods used for distribution to cost objectives on the basis of relative benefits received. Allocation must also be made to nongrant activities. The purpose of a cost allocation plan is to summarize, in writing, the methods and procedures an entity will use to allocate costs to various programs, grants, contracts and agreements.
- **Deficiency:** Existing issues that may hinder management and employees from detecting problems in a timely manner. May result in the inability to initiate, authorize, record, process or report financial data reliably in accordance with Generally Accepted Accounting Principles (GAAP).
- **Deliverables:** Tangible and/or measurable outcome produced by a project, including documents, plans, reports, or workshops.
- **Desk Review:** A review of information prior to, or instead of, conducting a physical onsite review with the objectives of determining grantee progress and status and identifying potential issues and concerns requiring attention or discussion.
- **Direct Costs:** Costs that can be identified specifically with a particular final objective and can be charged directly to an account. See also "Indirect Costs."
- **Disclaimer of Opinion:** A statement issued by a certified public accountant disclaiming any opinion regarding an entity's financial statements due to an inability to gather certain relevant facts in relation to the financial statements and including the reason for the disclaimer.

- **eGrants System:** System utilized by DCEO and its grant applicants to facilitate the registration of the business entity, the potential grantee application for funding, and the DCEO processing of approved awards to final obligation. It has also been designed to track various components for DCEO staff to assist in the monitoring and administration of programs and grants from the time of application to closeout.
- **Eligibility Criteria:** Conditions established by the provider of resources stipulating matters such as the qualifying characteristics of grantees, time requirements, allowable costs and other contingencies.
- **Excess Cash:** Cash in excess of the amount needed to support operations. An entity with a large amount of, or frequently recurring amount of excess cash may not have proper cash management procedures. See also “Cash Management”
- **Executed:** A grant agreement signed by both parties and the terms of the agreement are in force and legally binding. Also known as ‘fully executed’.
- **Expenditure:** Exchange of an asset or incurrence of a liability for an asset, goods received or services rendered.
- **Expenditure Reporting:** Grantee’s financial reporting of expenditures incurred in the normal course of business. Expenditure reports may be required as part of the Reporting process, or during Monitoring. Format and content of the reports and reporting periods will vary by program.
- **External Audit:** See “Audit”
- **External Audit Unit (EAU):** The DCEO Office of Accountability unit responsible for reviewing independent third-party audits performed by certified public accounting firms reporting on the financial statements of DCEO fund grantees.
- **Federal Awarding Agency:** The federal agency that provides an award directly to the recipient. Also referred to as the federal funding agency.
- **Financial Statements:** Formal records of a business’ financial activities which provide an overview of a business’ profitability and financial condition in both short and long term. Financial statements include a balance sheet and income statement, and often include a statement of cash flows.
- **Finding:** See “Audit Finding”
- **Fiscal Monitor:** DCEO staff responsible for monitoring a program grantee’s financial activity. See “Monitor”.
- **Fiscal Review:** Monitoring conducted internally by designated individuals responsible for oversight of grantee financial accountability and reporting.
- **Fiscal Year:** A 12-month period used for calculating annual financial reports in businesses and other organizations. For the federal government, the year beginning on October 1 and ending on September 30. For the State of Illinois, the year beginning on July 1 and ending on June 30. A grantee operates under a fiscal year that best represents its business cycle. Also known as a ‘financial year’.
- **General Ledger:** A book, file or other device which contains the accounts necessary to reflect in summary or in detail the financial position and the results of operations of an entity or fund.
- **Grant:** Support from an outside entity to provide financial assistance and cost reimbursement to aid or support a specified function or project. A contribution made by

one entity to another organization or individual. For purposes of this glossary, grants are given by DCEO to eligible applicants. Also see “Award”.

- **Grant Administrator:** An individual at the grantee level responsible for the overall administration of the grant.
- **Grant Agreement, or Grant Contract:** A standardized legally-binding agreement, inclusive of an approved application with program and budget components and supporting terms and conditions.
- **Grant Contract:** See “Grant Agreement”
- **Grant Cycle:** The time period (start date to end date) during which funds may be obligated and used for the purposes of a specific grant agreement.
- **Grant End Date:** The point during the grant period at which the grantee can no longer obligate funds.
- **Grant Funds Recovery Act, or Illinois Grant Funds Recovery Act (30 ILCS 705):** An Illinois state statute applicable to all grants, requiring that all unused funds are returned to the funding agency. Any grant funds that have been misspent, improperly held, or not expended or legally obligated by the end of the grant agreement are subject to action of recovery by the Attorney General.
- **Grant Management:** The oversight and monitoring of project resources, activities, and program results, initiated by a grant manager and supported by various program staff, as needed.
- **Grant Monitoring:** The ongoing activities of the funding agency to determine the extent to which a grantee is complying with the provisions of the grant, and to determine the progress being made towards accomplishment of the goals, objectives, and activities in the approved grant agreement application.
- **Grant Period:** See “Project Period” or “Grant Cycle”
- **Grant Program:** See “Program”
- **Grant Program Manager:** A DCEO employee responsible for overseeing the implementation of a grant program with a particular grantee, or a group of grantees. In general, the grant manager is the primary point of contact for a grantee.
- **Grant Reporting:** The submission of reports by the grantee in a format established by the funding Agency. Grant reporting may include narratives, progress summaries, financial reports, expenditures, photographic evidence, marketing materials, etc.
- **Grant Start Date:** The point during the grant period at which the grantee can begin to obligate funds.
- **Grantee:** The entity to which a grant is awarded. For the purposes of this manual, grantee defines any organization receiving program funds. See also “Recipient” and “Subrecipient”
- **Grantee Deliverables List:** The list of deliverables and expected work products a grantee must submit in accordance with the grant agreement. See also “Deliverables”
- **Grantee Reporting System (GRS):** DCEO’s grantee electronic financial management system.
- **Grantor:** The issuer of grant awards.

- **Independent Audit:** See “Audit”
- **Indirect Costs:** A cost incurred for common or joint objectives that cannot be readily identified with a particular cost objective. Indirect costs are allocated based on a cost allocation plan. Examples include the cost of executive salaries, payroll, accounting, personnel, depreciation, general telephone expenses, general travel, and supplies. See “Cost Allocation Plan”.
- **Indirect Cost Rate:** The ratio, expressed as a percentage, of an organization’s total indirect costs to its direct cost base. When a rate is established for a specific activity or program, the rate represents the ratio of the total indirect costs allocated to the activity or program to the direct cost base of the activity or program. See “Cost Allocation Plan”.
- **Infrastructure Assets:** Long-lived capital assets normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets include items such as roads, bridges, tunnels, drainage systems, waterways, water and sewer systems, dams, and lighting systems. The cost of infrastructure includes all labor, material and professional services to construct the asset, together with insurance, interest (for proprietary funds only), and other indirect costs incurred during the period of construction, to place the asset into its intended use.
- **In-Kind (non-cash) Match:** Amount of an entity’s own in-kind (payment through goods, services, or commodities instead of cash) contributions required to be expended on a program. The required match may equal the funding received from the provider (such as the grantor) or may be a percentage of those funds.
- **Internal Controls:** Process designed, by an entity’s management and other internal personnel, to provide reasonable assurance regarding achievement of various management objectives including the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.
- **Loan:** The temporary provision of money borrowed to be repaid at a later date usually with interest.
- **Management Letter:** Letter from auditor to auditee identifying issues not required to be disclosed in the Audit Report, but representing the auditor’s concerns and suggestions noted during the audit.
- **Matching Funds:** See “Cash Match” and “In-Kind Match”
- **Materiality:** The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America and includes both qualitative and quantitative factors.
- **Material Weakness:** A significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. See also “Significant Deficiency”
- **Memorandum of Understanding (MOU):** A legal agreement between two parties that outlines the terms and details of the agreement including each party’s requirements and responsibilities. While the MOU is lacking the formal binding nature of a contract, it is given weight in a court of law should one party fail to meet the obligations of the memorandum.
- **Monitor:** See “Program Monitor” and “Fiscal Monitor”
- **Monitoring:** See “Grant Monitoring”

- **Monitoring Onsite Visit:** A physical visit by DCEO program monitors or fiscal monitors to perform monitoring. See also “Site Visit”
- **Monitoring Tool:** See “Checklist”
- **Monitoring Unit (MU):** The DCEO unit within the Division of Accountability that monitors grantees, independently of the DCEO Bureaus and programs. Formerly known as the Grants Monitoring Unit (GMU).
- **Non-Allowable Costs:** Program expenditures specifically prohibited by law, regulation, guidance from federal accounting standards, or other authoritative sources.
- **Non-Profit Organization:** Any corporation, trust, association, cooperative, or other organization which (1) is operated primarily for scientific, education, service, charitable, or similar purposes in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operation. The term “non-profit organization” excludes educational institutions; hospitals; State, Local, and federally recognized Indian Tribal Governments, and non-profit organizations listed in OMB Circular A-122, Attachment C.
- **OMB (Office of Management and Budget) Circulars:** Federal guidance for the administration of grants, cost principles, and audit requirements.
- **Operating Grant:** Program-specific operating grants and contributions are revenues that arise from government mandated and voluntary non-exchange transactions with other governments, organizations, or individuals that can be used for operating purposes and are restricted for use in a particular function of the State. Grants and contributions should be considered “operating” if they are restricted solely for “operating” purposes, or if the entity has the discretion to use them for either operating or capital purposes.
- **Onsite Visit:** See “Site Visit”
- **Partially Advanced Funds:** A portion of the program funds are distributed to the grantees in advance of earning the funds. The remaining funds are distributed on a reimbursement basis. See also “Advanced Funds” and “Reimbursement Based Funds.”
- **Pass-Through Entity:** A non-federal entity that provides a federal award to a subrecipient to carry out a federal program. For example, DCEO would be considered a pass-through entity when granting federal funds to a grantee who has applied for funding.
- **Program:** Projects or services created to issue grant funding for grantees based on specific industries, missions, or topics. Funding streams are restricted for use in a particular program to accomplish certain goals and objectives of the Department, the State of Illinois, and/or the federal government based on enabling legislation and statute.
- **Program Coordinator:** See “Program Staff”
- **Program Monitor:** DCEO staff responsible for monitoring a program grantee’s compliance with programmatic rules and regulations and fulfillment of all requirements.
- **Program Review or Programmatic Review:** Monitoring conducted internally by designated individuals responsible for oversight of a grantee’s compliance with programmatic requirements.
- **Program Staff:** DCEO staff responsible for coordinating grant programs or working with a specific grantee. The staff works under the direction of a grant manager.

- **Project Engineer:** A DCEO employee or contract worker who monitors and manages certain program requirements in situations where specific skills and expertise are necessary.
- **Project Completion Date:** The end of the project period.
- **Project Period:** The time period (start date to end date) during which funds may be used for the purposes of a specific grant agreement. This is not always the same as the grant cycle.
- **Project Start Date:** The commencement of the project period.
- **Qualified Opinion:** A type of opinion an auditor may express in an independent audit report when there is some limitation on the audit (scope limitation) or when one or more items in the financial statements are not presented in accordance with generally accepted accounting principles or an other comprehensive basis of accounting. The limitation or exception must be significant, but not so material as to overshadow an overall opinion on the financial statements.
- **Questioned Costs:** A program expenditure questioned by auditors as to whether it is allowable in accordance with program requirements. Often questioned due to the lack of adequate supporting documentation, or as to whether the cost was necessary or reasonable. A questioned cost is not owed to the grantor unless or until it becomes a disallowed cost.
- **Receipts:** Payments received by an entity within a fiscal year or grant year.
- **Recipient:** A non-federal entity expending federal awards received directly from a federal awarding agency to carry out a federal program. For example, DCEO would be considered a recipient when it uses grant funds received to compensate personnel.
- **Registered Agent:** The individual at the grantee level who has registered on the eGrants System for a DCEO program through the Application Request process. This individual may or may not be the Authorized Signatory or Authorized Designee.
- **Reimbursement Based Funds:** Program funds distributed to the grantee after the related expenses have occurred and documentation has been provided to the grantor to support the expenses. See also “Advanced Funds” and “Scheduled Payment Funds”.
- **Request for Proposal (RFP):** Invitation for an entity, through a bidding process, to submit a proposal on a specific product or service.
- **SAS 114:** Required communication from auditor to those charged with governance. Must include issues related to the financial statement audit that are significant and relevant to the responsibilities of those charged with governance, an overview of the audit scope and timing, and any significant findings. Those charged with governance are the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the organization, including the financial reporting process. For entities with a board of directors, includes the term board of directors or audit committee.
- **Scheduled Payment Funds:** Program funds distributed to the grantee on a scheduled payment plan as determined in the grant agreement. See also “Reimbursement Based Funds” and “Advanced Funds”
- **Schedule of Findings and Questioned Costs:** The section of a Single Audit Report that includes audit findings, significant deficiencies, questioned costs, and other issues.

- **Scope Limitation:** During an independent audit, a restriction placed upon the auditors that precludes them from providing an unqualified opinion on the financial statements.
- **Scope of Work:** The goals, objectives, activities, and timelines included in an approved grant agreement, to be monitored and upheld as part of the grantee's obligation.
- **Segregation of Duties:** Internal control concept in which individuals do not have responsibility for overlapping activities. For example, an employee responsible for record-keeping should not also have custody of the assets.
- **Significant Deficiency:** A deficiency, or combination of deficiencies, in the internal controls that adversely affects an entity's ability to initiate, authorize, record, process or report financial data reliably. As a result there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.
- **Significant Issues:** Substantive matters important to the procedures performed, evidence obtained, or conclusions reached and include but are not limited to significant matters, audit findings, audit adjustments, disagreements among members of the engagement team, significant changes in the assessed level of risk, and anything other than an unqualified opinion in the audit report.
- **Single Audit Act of 1984:** The Act, as amended in 1996, and the Office of Management and Budget (OMB) Circular A-133 impose uniform, and rigorous, requirements for conducting and reporting audits on state and local governmental units and nonprofit organizations that receive federal financial assistance above a specified amount (currently \$500,000). See OMB Circular No. A-133 "*Audits of States, Local Governments, and Non-Profit Organizations*" Subpart C for additional information.
- **Site Visit:** A physical visit to the grantee's location by fiscal or program monitors, program staff or a grant manager to review a grantee's performance, compliance, financial position or activity, and/or provide as-needed technical assistance to the grantee. See also "Monitoring Onsite Visit"
- **Statute:** A law enacted by a legislative body.
- **Subgrant:** A formal arrangement between a grantee and another entity to provide services or project components as part of the overall grant project.
- **Subgrantee or Subrecipient:** A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards received directly from a federal awarding agency.
- **Support Services:** Services such as transportation, child care, dependent care, housing, and needs-related payments necessary to enable an eligible individual to participate in grant authorized activities.
- **Tax Incentive:** A government incentive program offering a tax credit.
- **Technical Assistance:** Services provided to grantees to aid in achieving the highest level of performance and ensuring all program and fiscal requirements are met. These services may include consulting services, sharing of knowledge and ad hoc support.
- **Trial Balance:** A list of the account balances recorded in the general ledger. A trial balance taken immediately after all adjustments have been posted is called an *adjusted trial balance*. A trial balance taken immediately after closing entries have been posted is designated a *post-closing trial balance*. A trial balance may be prepared at any time.

- **Unqualified Opinion:** An opinion, issued by an independent certified public accountant, stating the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in conformity with accounting principles generally accepted in the United States of America or an other comprehensive basis of accounting. Also referred to as a clean opinion.