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OFFICE OF MANAGEMENT AND BUDGET  
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M 20-26

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Michael Rigas  
Acting Deputy Director of Management 

SUBJECT: Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations

As part of the Administration's aggressive response to the COVID-19 crisis, OMB issued three memoranda<sup>1</sup> directing that all Federal departments and agencies marshal all legally available federal resources to combat the crisis. In accordance with the authority in 2 CFR § 200.102(a), *Exceptions*, the OMB memoranda provided class exceptions allowing Federal awarding agencies to grant various administrative, financial and audit requirement flexibilities to their recipients.

The flexibilities provided in the three memoranda are meant to provide short-term administrative, financial and audit requirements under the 2 CFR 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, without compromising Federal financial assistance accountability requirements. The flexibilities and current expiration dates are June 16, 2020 (for M-20-17 and M-20-20) and July 26, 2020 (for M-20-11).

As the Country is now recovering from the Coronavirus pandemic and some areas are starting the re-opening process, the ramp-up effort is also starting for the performance of Federally-funded projects. In addition, during the Coronavirus pandemic, many recipients learned the capabilities and are now getting the experience to perform the objectives of the Federal programs remotely with limited access to their physical office. However, due to the uncertainty of the re-opening phase and the speed of the ramp-up effort, this memorandum provides an extension of item 1, *Allowability of salaries and other project activities* (item 6 in M-20-17) through September 30, 2020 and item 2, *Extension of Single Audit submission* (item 13

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<sup>1</sup>(1) OMB M-20-11, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19)* (March 09, 2020); (2) OMB M-20-17, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations* (March 19, 2020); and, (3) OMB M-20-20, *Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)* (April 9, 2020).

in M-20-17) through December 31, 2020 to allow a responsible transition to normal operations. In light of the limited funding resources provided for each Federal award to achieve its own public performance goals, OMB added restrictions to the flexibilities allowed in item 1, *Allowability of salaries and other project activities*.

Appendix A describes the two flexibilities extended under this memorandum to recipients affected by the loss of operational capacity due to the COVID-19 pandemic. All flexibilities provided in this memorandum are time limited and will expire on September 30, 2020. M-20-17 and M-20-20 are rescinded. M-20-11 expires on July 26, 2020.

As program managers are considering the extension of the administrative and financial relief, they should be prudent in their stewardship of Federal resources, which includes giving consideration to potential offsets—*e.g.*, reduction in training and travel. In addition, agencies are reminded of their existing flexibility to issue exceptions on a case-by-case basis in accordance with 2 CFR § 200.102, *Exceptions*.

Questions regarding the above administrative relief provisions should be directed to the Office of Federal Financial Management at [GrantsTeam@omb.eop.gov](mailto:GrantsTeam@omb.eop.gov). OMB will continue to provide updates and additional information as the situation unfolds. For the latest information, sign up for the Grants Community of Practice by clicking at: <https://www.performance.gov/CAP/grants/>

## Appendix A – Administrative Relief Exceptions for COVID-19 Crisis

Federal awarding agencies are authorized to take the following actions, as they deem appropriate and to the extent permitted by law, with respect to the administrative provisions that apply to recipients grantees affected by COVID-19 (for both recipients with COVID-19 related grants and other types of Federal grants). Awarding agencies are required to maintain records on the level of particular exceptions provided to recipients. Awarding agencies must require recipients to maintain appropriate records and documentation to support the charges against the Federal awards.

### **1. Allowability of Salaries and Other Project Activities.** (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

Awarding agencies may allow recipients to continue to charge salaries and benefits to active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances—based on subsequent progress reports and other communications with the grantee. Under this flexibility, payroll costs paid with the Paycheck Protection Program (PPP) loans or any other Federal CARES Act programs must not be also charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 – *Financial management* and 2 CFR § 200.333 - *Retention requirement of records* to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services. Due to the limited funding resources under each federal award to achieve its specific public program goals, awarding agencies must inform recipients to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs (such as rent renegotiations) during this pandemic period in order to preserve Federal funds for the ramp-up effort. Recipients should retain documentation of their efforts to exhaust other funding sources and reduce overall operational costs.

### **2. Extension of Single Audit Submission and COVID-19 Emergency Acts Fund Reporting.** (2 CFR § 200.512)

Awarding agencies, in their capacity as cognizant or oversight agencies for audit, may allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of March 19, 2020 that have normal due dates from March 30, 2020 through June 30, 2020 to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 – *Audit Requirements*, up to six (6) months beyond the normal due date. Audits with normal due dates from July 31, 2020 through September 30, 2020 will have an extension up to three (3) months beyond the normal due date. No further

action by awarding agencies is required to enact this extension. This extension does not require individual recipients and subrecipients to seek approval for the extension by the cognizant or oversight agency for audit; however, recipients and subrecipients should maintain documentation of the reason for the delayed filing. Recipients and subrecipients taking advantage of this extension would still qualify as a “low-risk auditee” under the criteria of 2 CFR § 200.520 (a) – *Criteria for a low-risk auditee*.

Additionally, in order to provide adequate oversight of the COVID-19 Emergency Acts funding and programs, recipients and subrecipients must separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards and audit report findings.

To receive the latest information on grants, including COVID-19 update, sign up for the Grants Community of Practice by clicking at: <https://www.performance.gov/CAP/grants/>