



Department of Transportation
Office of the Senior Procurement Executive
Financial Assistance Policy and Oversight Division

No. FAPL- 2020-02
Date 3/23/2020

FINANCIAL ASSISTANCE POLICY LETTER

This Office of the Senior Procurement Executive Policy Letter is issued under the authority of the Senior Procurement Executive of the Department of Transportation

Subject:

Memorandum from the Office of Management and Budget (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

References:

- Office of Management and Budget (OMB) Memorandum for the Heads of Executive Departments and Agencies, 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, dated March 19, 2020.*”
- Office of Management and Budget (OMB) Memorandum for the Heads of Executive Departments and Agencies, M-20-11, “*Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19), dated March 9, 2020.*”
- 2 CFR 200 – “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”

When is this Financial Assistance Policy Letter (FAPL) Effective?

The Office of the Senior Procurement Executive Policy Letter is effective immediately.

When Does This FAPL Expire?

The exceptions provided by OMB are time limited and expand the scope of M-20-11 to include recipients affected by the loss of operational capacity and increased costs due to the COVID-19 crisis.

OMB will reassess these exceptions within 90 days of the issuance of M-20-17.

Who is the Point of Contact?

Contact Audrey Clarke, Associate Director, Office of the Senior Procurement Executive, Financial Assistance Policy and Oversight Division, at 202-366-4268 or by email at: audrey.clarke@dot.gov.

What is the Purpose of this FAPL?

In M-20-11, the Office of Management and Budget identified several areas where applicants and recipients for Federal financial assistance directly affected by the Novel Coronavirus (COVID-19) may be provided some short-term relief from administrative, financial management and audit requirements under 2 CFR 200 without compromising grantee accountability requirements. The scope of the M-20-11 was narrowly crafted to provide flexibility to grant recipients performing essential research and services necessary to carry out the emergency response related to COVID-19. This memorandum provides similar administrative relief listed in M-20-11 to an expanded scope of recipients/applicants affected by the loss of operational capacity and increased costs due to the COVID-19 crisis.

DOT 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 the COVID-19 (for both recipients with COVID-19 related grant and other types of Federal grants). The actions include:

1. Flexibility with SAM registration/recertification for applicants.
2. Flexibility with application deadlines.
3. Waiver for Notice of Funding Opportunities (NOFOs) Publication.
4. No-cost extensions on expiring awards.
5. Abbreviated non-competitive continuation requests.
6. Allowability of salaries and other project activities.
7. Allowability of costs not normally chargeable to awards.
8. Prior approval requirement waivers.
9. Exemption of certain procurement requirements.
10. Extension of financial, performance, and other reporting.
11. Extension of currently approved indirect cost rates.
12. Extension of closeout.
13. Extension of Single Audit submission.

What is the Background?

As with previous natural disaster or public health emergency declarations, OMB has worked with Federal Agencies to determine where affected applicants and recipients may be provided some short-term relief from administrative, financial management and audit requirements on financial assistance awards.

What is the Guidance?

Attached to this policy letter is the OMB guidance concerning short-term relief for applicants and recipients for Federal financial assistance directly affected by the Novel Coronavirus (COVID-19) due to Loss of Operations. If an agency takes any of the above actions, the following should be considered:

- Financial assistance program staff should consult with the Office of the General Counsel or their Operating Administration's Office of the Chief Counsel before determining that class exceptions under the guidance or exceptions issued on a case-by-case basis are applicable to any award. Some exceptions described in the guidance may be precluded by specific programs' authorizing legislation or be inappropriate for specific programs or recipients.
- Exceptions must be applied consistently. Best practices may include development of policy documents to ensure that each applicant/recipient receives the appropriate consideration, and post appropriate documentation on the agency's website.
- Maintain appropriate documentation in the award file, and require recipients to maintain appropriate records and documentation requirements to support any charges against the Federal awards, particularly for items 6 and 7 noted in the guidance.



Audrey Clarke, Ph.D.
Associate Director,
Financial Assistance Policy and Oversight
Attachment



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

March 19, 2020

M-20-17

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Margaret Weichert
Deputy Director of Management

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

On March 9, 2020, OMB issued M-20-11, “*Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly impacted by the Novel Coronavirus (COVID-19)*,” to provide agencies with additional flexibilities for grants assisting the response to COVID-19. The scope of the M-20-11 was narrowly crafted to provide flexibility to grant recipients performing essential research and services necessary to carry out the emergency response related to COVID-19.

This memorandum provides similar administrative relief listed in M-20-11 to an expanded scope of recipients affected by the loss of operational capacity and increased costs due to the COVID-19 crisis. Many of the operational impacts and costs are unknowable at this point, as they will depend on the spread of the coronavirus and response dictated by public health needs. This memorandum provides short term relief for administrative, financial management, and audit requirements under 2 CFR Part 200, *Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards*, without compromising Federal financial assistance accountability requirements. As program managers are considering administrative 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, the flexibilities provided within this memorandum, agencies are reminded of their existing flexibility to issue exceptions on a case-by-case basis in accordance with 2 CFR § 200.102, *Exceptions*. M-20-11 shall continue to apply, and Appendix A describes the exceptions granted under this memorandum to recipients affected by the loss of operational capacity. These exceptions are time limited and will be reassessed by OMB within 90 days of this Memo.

Questions regarding the above administrative relief provisions should be directed to Office of Federal Financial Management Grant link at 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 the COVID-19 (for both recipients with COVID-19 related grant and other types of Federal grants). Awarding agencies are required to maintain records on the level of particular exceptions provided to recipients. For items 6 and 7, awarding agencies must require recipients to maintain appropriate records and documentation to support the charges against the Federal awards.

1. Flexibility with SAM registration. (2 CFR § 200.205)

Awarding agencies can relax the requirement for active System for Award Management (SAM) registration at time of application in order to expeditiously issue funding. At the time of award, the requirements of 2 CFR §0200.205, *Federal award agency review of risk by applicants*, continue to apply. Current registrants in SAM with active registrations expiring before May 16, 2020 will be afforded a one-time extension of 60 days.

2. Flexibility with application deadlines. (2 CFR §200.202)

Awarding agencies may provide flexibility with regard to the submission of competing applications in response to specific announcements, as well as unsolicited applications. As appropriate, agencies should list specific guidance on their websites and/or provide a point of contact for an agency program official.

3. Waiver for Notice of Funding Opportunities (NOFOs) Publication. (2 CFR § 200.203)

For competitive grants and cooperative agreements, awarding agencies can publish emergency Notice of Funding Opportunities (NOFOs) for less than thirty (30) days without separately justifying shortening the timeframe for each NOFO. Awarding agencies would still be required to document and track NOFOs published for less than thirty (30) days under this emergency waiver.

4. No-cost extensions on expiring awards. (2 CFR § 200.308)

To the extent permitted by law, awarding agencies may extend awards which were active as of March 31, 2020 and scheduled to expire or up to December 31, 2020, automatically at no-cost for a period of up to twelve (12) months. This will allow time for recipient assessments, the resumption of many individual projects, and a report on program progress and financial status to agency staff. Project-specific financial and performance reports will be due 90 days following the end date of the extension. Awarding agencies will examine the need to extend other project reporting as the need arises.

5. Abbreviated non-competitive continuation requests. (2 CFR § 200.308)

For continuation requests scheduled to come in from April 1, 2020 to December 31, 2020, from projects with planned future support, awarding agencies may accept a brief statement from recipients to verify that they are in a position to: 1) resume or restore their project activities; and 2) accept a planned continuation award. Awarding agencies should post any specific instructions on their website. Awarding agencies will examine the need to extend this approach on subsequent continuation award start dates as recipients have an opportunity to assess the situation.

6. 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 currently active Federal awards consistent with the recipients' policy of paying salaries (under expected 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. 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 requirements of records* to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services.

7. Allowability of Costs not Normally Chargeable to Awards. (2 CFR § 200.403, 2 CFR § 200.204, 2 CFR § 200.405)

Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR § 200.403, *Factors affecting allowability of costs*, 2 CFR § 200.404, *Reasonable costs*, and 2 CFR § 200.405, *Allocable costs*. Awarding agencies may allow recipients to charge full cost of cancellation when the event, travel, or other activities are conducted under the auspices of the grant. Awarding agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel. 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 cancellation or other fees related to interruption of operations or services. As appropriate, awarding agencies may list additional guidance on specific types of costs on their websites and/or provide a point of contact for an agency program official.

8. Prior approval requirement waivers. (2 CFR § 200.407)

Awarding agencies are authorized to waive prior approval requirements as necessary to effectively address the response. All costs charged to Federal awards must be consistent with Federal cost policy guidelines and the terms of the award, except where specified in this memorandum.

9. Exemption of certain procurement requirements. (2 CFR § 200.319(b), 2 CFR § 200.321)

Awarding agencies may waive the procurement requirements contained in 2 CFR § 200.319(b) regarding geographical preferences and 2 CFR § 200.321 regarding contracting small and minority businesses, women's business enterprises, and labor surplus area firms.

10. Extension of financial, performance, and other reporting. (2CFR §0200.327, 2 CFR § 200.328)

Awarding agencies may allow grantees to delay submission of financial, performance and other reports up to three (3) months beyond the normal due date. If an agency allows such as delay, grantees will continue to draw down Federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the postponed period. In addition, awarding agencies may waive the requirement for recipients to notify the agency of problems, delays or adverse conditions related to COVID-19 on a grant by grant basis (2 CFR 200.328(d)(1)).

11. Extension of currently approved indirect cost rates. (2 CFR § 200.414 (c))

Awarding agencies may allow grantees to continue to use the currently approved indirect cost rates (i.e., predetermined, fixed, or provisional rates) to recover their indirect costs on Federal awards. Agencies may approve grantee requests for an extension on the use of the current rates for one additional year without submission of an indirect cost proposal. Agencies may also approve grantee requests for an extension of the indirect cost rate proposal submission to finalize the current rates and establish future rates.

12. Extension of closeout. (2 CFR § 200.343)

Awarding agencies may allow the grantee to delay submission of any pending financial, performance and other reports required by the terms of the award for the closeout of expired projects, provided that proper notice about the reporting delay is given by the grantee to the agency. This delay in submitting closeout reports may not exceed one year after the award expires.

13. Extension of Single Audit submission. (2 CFR § 200.512)

Awarding agencies, in their capacity as cognizant or oversight agencies for audit, should allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of the date of the issuance of this memorandum that have fiscal year-ends 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*, to six (6) 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 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*.

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/>