



ADMINISTRATION FOR
CHILDREN & FAMILIES

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DATE: July 24, 2020

FROM: Ben Goldhaber *Ben Goldhaber*
Deputy Assistant Secretary for Administration
and Chief Grants Management Officer
Administration for Children and Families

TO: Administration for Children and Families (ACF) Recipients and Subrecipients

SUBJECT: **Information Memorandum: IM-ACF-OA-2020-02:**
Important Updates to Administrative Flexibilities identified in IM-ACF-OA-2020-01

ACF continues to be deeply concerned for the health and safety of people involved in ACF programs and about the effects on the human service enterprise throughout the U.S. of novel Coronavirus Disease 2019 (COVID-19).

On June 18, 2020, the Office of Management and Budget (OMB) issued memorandum [M-20-26 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](#). M-20-26 extends two of the flexibilities made available under M-20-17.

OMB rescinded [M-20-17 Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by COVID-19 due to Loss of Operations](#), which expired June 16, 2020. Any requests for use of the flexibilities specified in M-20-17 that were submitted to ACF **prior to June 16, 2020** are actionable EXCEPT for the SAM registration flexibility as it was only applicable to registrants with active registrations that expired before May 16, 2020.

On March 30, 2020, ACF issued [IM-ACF-OA-2020-01: ACF grant flexibilities in conducting human service activities related to or affected by COVID-19](#) implementing M-20-17. That IM is **no longer applicable and is replaced** by this Information Memorandum IM-ACF-OA-2020-02. Additionally, the June 8, 2020 update to “[Item 6. Allowability of Certain Costs not Normally Chargeable to Awards](#)” is **no longer applicable**. To the extent permitted by law, and in accordance with 45 CFR §75.102 *Exceptions*, ACF is implementing M-20-26 through this IM.

OMB’s M-20-26 retains and extends two flexibilities: (See **Appendix A** for more details)

Item 1. Allowability of Salaries and Other Project Activities

- Formerly Item 6 in M-20-17
- Formerly Item 5 in IM-ACF-OA-2020-01
- Now extended through September 30, 2020

Information Memorandum: IM-ACF-OA-2020-02:

Important Updates to Administrative Flexibilities identified in IM-ACF-OA-2020-01

- Due to the limited funding resources provided for each Federal award to achieve its own public performance goals, OMB added restrictions to the flexibilities allowed under *Allowability of salaries and other project activities*, which are described in greater detail in the Appendix.

Item 2. Extension of Single Audit Submission and COVID-19 Emergency Acts Fund Reporting

- Formerly Item 13 in M-20-17
- Formerly Item 12 in IM-ACF-OA-2020-01
- Now extended up to December 31, 2020 to allow a responsible transition to normal operations.

Additionally, although specific flexibilities and guidance may be rescinded, general cost principles that take into account the circumstances prevailing at the time the decision was made to incur the cost as a factor in determining reasonable costs still apply.

Appendix A describes the two flexibilities extended under this IM to recipients affected by the loss of operational capacity due to this emergency. **These exceptions are time-limited and will expire on September 30, 2020 or sooner, should OMB withdraw the authority.** (Note: With regard to Item 2, certain audits with normal due dates from March 30 to September 30 may have extensions allowing submission up to December 31, 2020).

Appendix A – Administrative Relief Exceptions for COVID-19

ACF Program Offices and Office of Grants Management are required to maintain records on the level of particular exceptions provided to recipients. Recipients must maintain appropriate records and documents to support the charges against the Federal awards.

1. Allowability of Salaries and Other Project Activities. ([45 CFR §75.403](#), [45 CFR §75.404](#), [45 CFR §75.405](#), [45 CFR §407](#), [45 CFR §75.430](#), [45 CFR §75.431](#), [45 CFR Part 75 Subpart E – Cost Principles](#); [2 CFR §200.403](#), [2 CFR §200.404](#), [2 CFR § 200.405](#), [2 CFR § 200.407](#), [2 CFR §200.430](#), [2 CFR §200.431](#), [2 CFR Part 200 Subpart E – Cost Principles](#))

To the extent permitted by law, ACF will allow recipients to continue to charge salaries and benefits to their currently active awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Recipients will be permitted to amend or create emergency policies in order to put emergency contingencies in place. ACF will allow other allowable costs (e.g., program-related, allocable, reasonable) that are necessary to resume activities supported by the award to be charged to their awards, consistent with applicable Federal cost principles and the benefit to the project. In order to avoid subsequent disallowances or disputes based on unreasonableness or non-allocability, the recipient may seek the prior written approval of their cognizant agency or from ACF for indirect costs in advance of the incurrence of special or unusual costs. ACF will evaluate the recipients' 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 recipient. Payroll costs paid with Paycheck Protection Program (PPP) loans or any other Federal CARES Act programs must not also be charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice. ACF will require recipients to maintain appropriate records and cost documentation as required by [45 CFR §75.302](#) ([2 CFR §200.302](#)) (financial management) and [45 CFR §75.361](#) ([2 CFR §200.333](#)) (record retention), 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 program goals, ACF reminds recipients to exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs (such as rent negotiations) during this pandemic period in order to preserve Federal funds for an eventual ramping-up effort. Recipients should retain documentation to 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. ([45 CFR §75.512](#); [2 CFR §200.512](#))

As permitted under M-20-26, in its capacity as the cognizant or oversight agency, ACF will 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 [45 CFR §75.501](#) ([2 CFR §200.501](#)) (audit requirements), to six (6) months beyond the normal due date. The due date for audits with

Information Memorandum: IM-ACF-OA-2020-02:
Important Updates to Administrative Flexibilities identified in IM-ACF-OA-2020-01

normal due dates from July 31, 2020 through September 30, 2020 are extended to three (3) months beyond the normal due date. This extension does not require individual recipients and subrecipients to seek approval for the extension by ACF 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 [45 CFR §75.520\(a\)](#) ([2 CFR §200.520\(a\)](#)) (low-risk auditee criteria). 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.

Next Steps

ACF is continuing to monitor the situation to identify ways the Agency can help recipients, and to publish any additional information pertaining to the public health emergency declaration at ACF's webpage, [Stay Safe and Be Informed about COVID-19](#). Please also see program-specific guidance for more information related to a Federal award.

Inquiries

Please direct all inquiries to your assigned Grants Management Specialist and Project Officer.