



Memorandum Extending COVID 19 Flexibilities Pursuant to OMB Memorandum M-20-26

Date: June 19, 2020

From: Mark Walther, Director, Office of Acquisition and Assistance, Bureau for Management (M/OAA)

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

The Memorandum from the Director, M/OAA, dated May 8, 2020 (Revised) authorized a number of administrative flexibilities for USAID assistance in response to the COVID-19 pandemic, pursuant to OMB Memorandum 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.” At the time of issuance, OMB stated that it would reassess those flexibilities around June 17, 2020. OMB has now completed that reassessment and issued OMB 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.” All flexibilities provided in this memorandum are time limited and will expire on September 30, 2020.

OMB memorandum M-20-26 provides expiration dates for the previous OMB memoranda related to the COVID-19 pandemic and the flexibilities provided by those memoranda:

- OMB memorandum M-20-11 expires July 26, 2020
- OMB memorandum M-20-17 expired June 16, 2020
- OMB memorandum M-20-20 expired June 16, 2020

However, due to the uncertainty of the re-opening phase and the speed of the ramp-up effort, OMB Memorandum M-20-26 provides an extension of the “Allowability of salaries and other project activities” (item 6 in M-20-17) through September 30, 2020, and the “Extension of Single Audit submission” (item 13 in M-20-17) through December 31, 2020. This will allow a responsible transition to normal operations. Because of the limited funding resources provided for each Federal award to achieve its own public performance goals, OMB has added restrictions to the flexibilities allowed in “Allowability of salaries and other project activities.”

To be clear, the following administrative flexibilities provided by OMB Memorandum M-20-17 are no longer available on an Agency-wide basis:

- Flexibility with SAM registration. (2 CFR 200.205)
- Flexibility with application deadlines. (2 CFR 200.202)
- Waiver for Notice of Funding Opportunities (NOFOs) Publication. (2 CFR 200.203)
- No-cost extensions on expiring awards. (2 CFR 200.308)
- Abbreviated non-competitive continuation requests. (2 CFR 200.308)
- Allowability of Costs not Normally Chargeable to Awards. (2 CFR 200.403, 2 CFR 200.404, 2 CFR 200.405)
- Prior approval requirement waivers. (2 CFR 200.407)
- Budget transfers among direct cost categories. (2 CFR §200.308(e))
- Exemption of certain procurement requirements. (2 CFR 200.319(b), 2 CFR 200.321)
- Extension of financial, performance, and other reporting. (2 CFR 200.327, 2 CFR 200.328)
- Extension of currently approved indirect cost rates. (2 CFR 200.414 (c))
- Extension of closeout. (2 CFR 200.343)

Although there is no longer government-wide administrative flexibility provided for the areas listed above, USAID still has the flexibility to issue exceptions and deviations on a case-by-case basis in accordance with 2 CFR 200.102 and 2 CFR 700.4.

Pursuant to OMB Memorandum M-20-26, USAID takes the following actions listed in Appendix A with respect to the administrative provisions that apply to recipients affected by the loss of operational capacity. In no circumstance can costs exceed the amount obligated in the award. The agency will not reimburse any such costs. Recipients must ensure that all costs associated with any potential repatriation, termination and close-out costs are budgeted and available within the obligated amount of the award.

1. “Allowability of salaries and other project activities” (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

Recipients may continue to charge salaries and benefits to 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 may charge other costs to their awards as necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the award. Prior to incurring such costs recipients must notify the AO and the AOR of these costs. In no circumstances can cost exceed the amount obligated in the award. The Agency will not reimburse any such costs. Recipients must ensure that all costs associated with any potential repatriation, termination and close-out costs are budgeted and available within the obligated amount of the award.

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. Due to the limited funding resources under each federal award to achieve its specific public program goals,

recipients must exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs. Recipients must retain documentation of their efforts to exhaust other funding sources and reduce overall operational costs.

USAID will continue to evaluate the recipient's ability to resume project activities in the future and the appropriateness of future funding, based on subsequent progress reports and other communications with recipients.

Recipients must 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.

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

When USAID is the cognizant or oversight agency for the audit, USAID allows recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of 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 USAID is required to enact this extension. This extension does not require individual recipients and subrecipients to seek approval for the extension by USAID; 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.