




FEMA

July 13, 2020

MEMORANDUM FOR: All States, Territories, Tribal Governments, Local Governments, and All Other Non-Federal Entities Receiving FEMA Financial Assistance

FROM: Bridget E. Bean 
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SUBJECT: Administrative Relief and Other Flexibilities for Recipients and Subrecipients of FEMA Financial Assistance for Response to or Direct Impacts from Novel Coronavirus (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*. This was the fourth¹ OMB-issued memorandum specifically providing COVID-19 related class exceptions under the authority of 2 C.F.R. § 200.102(a), *Exceptions*, allowing Federal awarding agencies to grant various administrative, financial, and audit requirement flexibilities to their recipients.

The flexibilities offered by the first three memoranda were meant to provide short-term relief of certain requirements of 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, without compromising Federal financial assistance accountability requirements.

Status of OMB Memoranda

The exceptions granted under the first three memoranda were time-limited with OMB stipulating it would evaluate the need for extensions. Memorandum M-20-26 provides the following end dates for those memoranda:

- M-20-11, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19)*, will expire July 26, 2020.
- 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*, expired on June 16, 2020. However, two specific exceptions are extended and now authorized under M-20-26 (see Extension of Certain Exceptions, below).
- M-20-20, *Repurposing Existing Federal Financial Assistance Programs and Awards to*

¹ See Table A, Summary of Office of Management and Budget and Federal Emergency Management Agency Administrative Relief Memoranda for Response to or Direct Impacts from COVID-19.

Support the Emergency Response to the Novel Coronavirus (COVID-19), expired on June 16, 2020.

- 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*, will expire September 30, 2020.

Status of FEMA Memoranda:

Following issuance of the OMB Memoranda, the Federal Emergency Management Agency (FEMA) issued implementing guidance specific to FEMA awards.² In accordance with OMB's dates, FEMA's guidance is amended or rescinded as follows:

- *Short Term Administrative Relief for Recipients and Subrecipients of FEMA Financial Assistance Directly Impacted by the Novel Coronavirus Disease 2019 (COVID-19) per OMB Memorandum M-20-11* will expire July 26, 2020 with expiration of OMB M-20-11.
- *Short Term Administrative Relief for Recipients and Subrecipients of FEMA Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) Due to Loss of Operations* has expired as of June 16, 2020 with expiration of OMB M-20-17.
- *Explanation of FEMA's Implementation of OMB Memorandum M-20-20 to Support the Emergency Response to the Novel Coronavirus (COVID-19)* has expired as of June 16, 2020 with expiration of OMB M-20-20.
- *Clarification of Applicability of OMB Memorandum M-20-20 to FEMA's Non-disaster Grants* has expired as of June 16, 2020 with expiration of OMB M-20-20.
- This memorandum, *Administrative Relief and Other Flexibilities for Recipients and Subrecipients of FEMA Financial Assistance for Response to or Direct Impacts from Novel Coronavirus (COVID-19)*, implements the extensions under OMB M-20-16 and will expire September 30, 2020 with expiration of OMB M-20-26.

Extension of Certain Exceptions

OMB Memorandum M-20-17 provided exceptions to allow Federal awarding agencies to offer flexibilities for the allowability of salaries and other project activities and single audit submissions; those exceptions are extended by OMB Memorandum M-20-26 with added restrictions and guidance (**in bold**).

1. Allowability of Salaries and Other Project Activities (2 C.F.R. §§ 200.403, 200.404, 200.405): FEMA will allow recipients and subrecipients to continue to charge salaries and benefits to currently active FEMA awards consistent with the recipients' and subrecipients' policies of paying salaries under unexpected or extraordinary circumstances from all funding sources, Federal and non-Federal. FEMA may allow other costs to be charged to FEMA awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. FEMA may also evaluate the recipient's and/or subrecipient's ability to resume the project activity in the future and the appropriateness of future funding, as done under

² See Table A, Summary of Office of Management and Budget and Federal Emergency Management Agency Administrative Relief Memoranda for Response to or Direct Impacts from COVID-19.

normal circumstances based on subsequent progress reports and other communications with the recipient or subrecipient.

Recipients and subrecipients are required to maintain appropriate records and cost documentation in accordance with 2 C.F.R. § 200.302, *Financial management* and 2 C.F.R. § 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.

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 FEMA awards as it would result in the Federal government paying for the same expenditures twice.

Due to the limited funding resources under each FEMA award to achieve its specific public program goal, recipients and subrecipients must 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 activities associated with the resumption of the performance of federally-funded projects. Recipients and subrecipients 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 C.F.R. § 200.512): Where FEMA is the cognizant or oversight agency for audit, it will allow recipients and subrecipients that had not filed their single audits with the Federal Audit Clearinghouse as of March 19, 2020 and that had 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 C.F.R. § 200.501, *Audit Requirements*, up to six (6) months beyond the normal due date. Audits with normal due dates from July 1, 2020 through September 30, 2020 may be extended up to three (3) months beyond the normal due date, i.e., until December 31, 2020 at the latest. This extension does not require recipients or 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 COVID-19 Emergency Acts funding and programs, recipients and subrecipients must separately identify COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards and audit report findings.

Recipients and subrecipients should maintain a copy of this guidance with any other appropriate records and cost documentation in their grant files (as required by regulations including 2 C.F.R. §§ 200.302, 200.333, 200.403(g)). If you have questions about any of the OMB or FEMA administrative relief memoranda for response to or direct impacts from COVID-19, please contact the FEMA program office for your grant. This guidance may be updated at a later date.

Attachment:

- 1) 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*

**Table A: Summary of Office of Management and Budget and Federal Emergency Management Agency
Administrative Relief Memoranda for Response to or Direct Impacts from COVID-19**

OMB Memoranda	Issued	Status	FEMA Memoranda	Issued	Status
<i>OMB M-20-11, Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19)</i>	3/9/20	Expires 7/26/20	<i>Short Term Administrative Relief for Recipients and Subrecipients of FEMA Financial Assistance Directly Impacted by the Novel Coronavirus Disease 2019 (COVID-19) per OMB Memorandum M-20-11</i>	4/17/20	Expires 7/26/20
<i>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</i>	3/19/20	Expired 6/16/20	<i>Short Term Administrative Relief for Recipients and Subrecipients of FEMA Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) Due to Loss of Operations</i>	3/27/20	Expired 6/16/20
<i>OMB M-20-20, Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)</i>	4/9/20	Expired 6/16/20	<i>Explanation of FEMA's Implementation of OMB Memorandum M-20-20 to Support the Emergency Response to the Novel Coronavirus (COVID-19)</i>	4/29/20; Updated 6/11/20	Expired 6/16/20
			<i>Clarification of Applicability of OMB Memorandum M-20-20 to FEMA's Non-disaster Grants</i>	6/11/20	Expired 6/16/20
<i>OMB 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</i>	6/18/20	Expires 9/30/20	<i>Administrative Relief and Other Flexibilities for Recipients and Subrecipients of FEMA Financial Assistance for Novel Coronavirus (COVID-19) Response or Direct Impacts</i>	7/13/20	Expires 9/30/