TO: Mission Area Chief Financial Officers and Staff Office Directors  
Mission Area Chief Operating Officers

FROM: Lynn Moaney  
Acting Chief Financial Officer

SUBJECT: Federal Financial Assistance Program Requirements Related to the American Rescue Plan

The Office of Management and Budget (OMB) released OMB Memorandum M-21-20 Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources on March 19, 2021. M-21-20 covers multiple topics related to the implementation of the 2021 American Rescue Plan (ARP). The Office of the Chief Financial Officer (OCFO) has already issued a memo entitled Transparent and Robust Reporting of American Rescue Plan Supplementals and Expenses which covered aspects of financial reporting and internal controls. This memorandum will focus on requirements that pertain to Federal Financial Assistance.

Reporting and Tracking

- Deliverable due April 15, 2021:
  Agencies and staff offices shall provide a plan to the Office of the Chief Financial Officer (OCFO) to validate and improve award descriptions. Thereafter, every quarter close, agencies shall submit a status update including a summary of the quality of award descriptions to OCFO. The Plan outline, found at the OCFO SharePoint Site here, must be completed by each agency or staff office who received ARP funds. Please see Section I below.

- Tracking flexibilities:
  Agencies should track all flexibilities being granted to recipients as outlined below and in Appendix 3 of M-21-20. This applies to all financial assistance, not just those awards funded by ARP. This also includes tracking awards that support Executive Order 14008, Tackling the Climate Crisis at Home and Abroad. Agencies must use the tracking sheet found at the OCFO SharePoint Site here.

Requirements related to regulations in 2 CFR:

A. Agencies must apply the requirements of Title 2 of the Code of Federal Regulations, Grants and Agreements (2 CFR), including the 2 CFR Part 25 requirement that federal fund recipients and subrecipients register in SAM.gov to the maximum extent authorized by law.

B. Agencies must apply 2 CFR requirements to grants and cooperative agreements awarded to for-profit entities, with limited exceptions.
C. In accordance with 2 CFR §§ 200.301 and 200.329, agencies must measure the recipient's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices. The reports should enable USDA to articulate the outcomes and minimize burden to recipients.

D. USDA does not have any new programs funded by the ARP, however should this change, agencies must submit their proposed implementation plan of 2 CFR to OMB for approval, by emailing such plans to ARP.implementation@omb.eop.gov, prior to submitting an Assistance Listing for review. Please see M-21-20 for requirements should an agency need to seek an exception from applying 2 CFR Part 200 to the program.

   o As no new programs are funded by ARP, USDA Agencies must complete DATA Act reporting under existing Program Activities listed in the President’s Budget within each funding Treasury Account Symbol (TAS).

Managing Flexibilities

E. Agencies should apply, where appropriate, the flexibilities for recipients in 2 CFR, including those identified in M-21-20 Appendix 2: Achieving More Equity-Oriented Results for Financial Assistance, which highlights sections in 2 CFR Part 200 that are of particular importance for an equity-oriented approach to achieving results.

F. Agencies should apply, where appropriate, the flexibilities provided in M-21-20 Appendix 3, Disaster Relief Flexibilities to Reduce Burden for Financial Assistance, as well as other flexibilities as permitted by law. Agencies should innovate using the flexibilities described above, consistent with statutory authority and by identifying synergies across programs and agencies that alleviate burden for recipients. Agencies must keep a list of all awards that support this objective.

Requirements related to other Federal mandates

G. As outlined in Section 5 of Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, agencies should include ARP programs in their ongoing processes for agency equity as well as service assessments and agency action plans.

   o Dr. Dewayne Goldman in the Office of the Secretary is the USDA Equity Team lead. The team is comprised of many USDA agencies and staff offices. The USDA Equity Teams is engaging in equity assessments for ARP programs. Further guidance on these equity assessments will be forthcoming.

H. Consistent with Executive Order 14008, agencies should consider, where appropriate, how the implementation of ARP funding could increase the benefits that flow to disadvantaged communities and invest in opportunities that help revitalize energy communities.

I. For all Federal financial assistance (including loans), agencies are required to establish detailed and accurate award descriptions at the time of award. Agencies shall establish processes to validate that award descriptions provide the following
information: specificity about the award purpose, activities to be performed, deliverables and expected outcomes, intended beneficiary(-ies) and subrecipient activities (if known or specified at the time of award). Refer also to M-18-16, M-18-24, M-20-21, and M-21-03. This is a deliverable discussed on the first page of this memo. See Reporting and Tracking, Deliverable due April 15, 2021.

J. Consistent with the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, agencies should use Federal data to assess the effectiveness and equitable delivery of such programs and suggest improvements.

K. To reduce recipient reporting burden and consistent with OMB M-19-16 Centralized Mission Support Capabilities for the Federal Government (April 26, 2019), agencies are required to consult with the relevant Quality Service Management Organization (QSMO) prior to developing new or modernized technology, or consider an existing provider, to support execution of ARP.

Ensuring Robust and Transparent Reporting

L. Agencies are reminded of: (1) the subaward reporting requirements located at 2 CFR Part 170, Reporting Subawards and Executive Compensation Information; and (2) agencies’ responsibilities to implement processes that support the overall quality of subaward data, including actions agencies are expected to take when recipients are non-compliant with these reporting requirements. This is part of the 2020 and 2021 Compliance Supplement Addenda as one of the areas auditors are required to review in COVID-19 grants and cooperative agreements programs.

M. OCFO will work with agencies to consider the following data elements in their Data Quality Plan pertaining to their testing plan and identification of high-risk reported data: plain English financial assistance award descriptions, DEF Code, and award outlays.

Appendices

Agencies and Staff Offices receiving ARP funding must read and implement the three appendices found in M-21-20.

Appendix 1: Management of Payment Integrity Risks Related to American Rescue Plan Funding

Payment Integrity requirements are outlined in this appendix. Guidance on these requirements will be included when OCFO issues payment integrity for Agency Financial Report reporting.

OMB anticipates continued collaboration with the Pandemic Response Accountability Committee (PRAC) to include joint communications on issues related to ARP relief that will raise awareness on specific challenges and opportunities for payment integrity.

Appendix 2: Achieving More Equity-Oriented Results for Financial Assistance:

This appendix emphasizes requirements established in 2 CFR Part 200, with a focus on extending requirements to for-profit entities. Agencies may consider
deviations in applying 2 CFR Part 200 to for-profit entities in the following areas:
  o Cost sharing or matching
  o Equipment
  o Intellectual Property
  o Indirect costs
  o Audits (agencies should consider whether Single Audit or some other audit is most appropriate)

Federal awarding agencies must develop a set of standard terms and conditions that are clear and transparent for awards to for-profit organizations.

Appendix 3: Disaster Relief Flexibilities to Reduce Burden for Financial Assistance

Pursuant to 2 CFR § 200.201, OMB is allowing Federal awarding agencies the authority to grant the following exceptions to recipients affected by the pandemic as they deem appropriate and to the extent permitted by law. These exceptions apply not only to recipients with COVID-19 related Federal financial assistance awards, but also to recipients with assistance awards not related to COVID-19. Federal awarding agencies must specifically consider exceptions that can advance racial equity and support for underserved communities. Further, Federal awarding agencies are required to maintain records of particular exceptions provided to recipients.

I. Flexibility with SAM registration/recertification: Current registrants in SAM with active registrations expiring between April 1, 2021 and September 30, 2021 will automatically be afforded a one-time extension of 180 days. (2 CFR § 25.110)

II. Waiver for NOFO Publication: Awarding agencies may publish emergency and competitive NOFOs for grants and cooperative agreements for less than 30 days without separately justifying shortening the timeframe for each NOFO. Awarding agencies are still required to document and track NOFOs published for less than 30 days under this emergency waiver. (2 CFR § 200.204)

III. Pre-award costs: Awarding agencies may allow necessary pre-award costs that are incurred: (i) from March 15, 2021 through the Public Health Emergency Period; and (ii) prior to the effective date of a Federal award. (2 CFR § 200.210, 2 CFR § 200.458)

IV. No-cost extensions on expiring awards: To the extent permitted by law, awarding agencies may extend awards that were active as of March 31, 2021 and scheduled to expire prior or up to December 31, 2021, automatically at no cost for a period of up to 12 months. 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. (2 CFR § 200.309)

V. Abbreviated non-competitive continuation requests: For non-competitive continuation requests scheduled between April 1, 2021 and December 31, 2021, awarding agencies may accept a brief statement
from recipients to verify that they are in a position to: (i) resume or restore their project activities and (ii) accept a planned continuation award. Agencies must post any specific instructions on their website. Agencies must examine the need to extend this approach on subsequent continuation award start dates as recipients have an opportunity to assess the situation. (2 CFR § 200.309)

VI. Waivers from prior approval requirements: 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. (2 CFR § 200.407)

VII. Exemption of certain procurement requirements: 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. Awarding agencies must require recipients to maintain appropriate records and documentation to support the charges against the Federal awards. (2 CFR § 200.319(b), 2 CFR § 200.321)

VIII. Extension of financial and other reporting: Awarding agencies may allow recipients to delay submission of financial, performance and other reports up to three months beyond the normal due date. If an agency allows such a delay, recipients may continue to draw down Federal funds without the timely submission of these reports. These reports, however, must be submitted at the end of the extension 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 an award by award basis. (2 CFR § 200.328, 2 CFR § 200.329, 2 CFR § 200.329(e)(1))

IX. Extension of Single Audit submission: 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, 2021, to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 to six months beyond the normal due date. 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). (2 CFR § 200.501)

X. Flexibility with application deadlines: Awarding agencies may provide flexibility with regard to the submission of competing applications in response to specific announcements, as well as unsolicited applications, presuming these exceptions do not negatively impact underserved
communities. As appropriate, agencies should list specific guidance on their websites and provide a point of contact for an agency program official. (2 CFR § 200.204)

XI. **Extension of closeout:** 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. Upon receipt of all final reports, awarding agencies have six months to close out the award. (Guidance to Federal Agencies and Recipients) (2 CFR § 200.344)

XII. **Flexibility for the Management requirement related to Physical Inventories:** Awarding agencies may provide grantees up to a 12-month extension for the biennial physical inventory of equipment purchased under a Federal award. (2 CFR § 200.313 (d)(2))

Questions concerning the information provided in this memo should be directed to Tyson Whitney at 202-720-8978 or tyson.whitney@usda.gov.

cc: DATA Act Points of Contact
Federal Financial Assistance Committee