

DATE: 3/29/21
TO: CAOs
FROM: GATU/GOMB

RE: 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

The federal Office of Management and Budget has issued additional guidance related to the ongoing efforts responding to the COVID-19 crisis and the implementation of the American Rescue Plan Act of 2021 (ARP, Public Law 117-2). OMB publication M-21-20 (dated 3/19/2021) outlines the steps required to promote accountability, deliver effective and equitable relief and implement sound financial management.

[M-21-20, Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of Taxpayer Resources.](#)

Per the memo, federal agencies are required to improve the overall award and administration of financial assistance programs to achieve more equitable results; take steps to strengthen payment integrity to minimize the risk of waste, fraud and abuse; and ensure robust and transparent reporting.

The Grant Accountability and Transparency Act adopts federal guidance and regulations for grants in Illinois regardless of the source of funding. Therefore, the federal requirements and flexibilities articulated in M-21-20 apply equally to state funded grants awarded by State of Illinois agencies.

Per the guidance, “agencies must apply the requirements of title 2 of the Code of Federal Regulations, Grants and Agreements to Federal financial assistance funded thorough the ARP to the maximum extent authorized by law.”

Please see below key points from M-21-20 ordered along the same structure to focus state agency resources to drive compliance and maximize utilization of funds.

Precepts

- Requirements of 2 CFR apply to all financial assistance programs with limited exceptions.
- Agencies should work with GATU to identify and record allowable exceptions.
- Previous guidance and memos continue to apply.
- Funding specific to ARP must be tracked accordingly.
- Performance measures must be established and tracked.
- Payment integrity risks should be identified and mitigated as appropriate.
- Agencies are encouraged to lessen grantee burden and promote equity using the flexibilities listed, consistent with statutory authority by identifying synergies across programs and agencies.

Equity-Oriented Results for Financial Assistance

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

Consistent with 2 CR 200, awarding agencies are required to administer programs in a manner that promotes fair and equitable administration of financial assistance and takes a risk-based, data-driven approach that balances compliance requirements with demonstrating successful results. OMB reminds agency of the following requirement that are of particular importance for administering crisis relief funds.

1. Program Planning and Design.
Per 2 CFR 200.202, a program must be designed with clear goals and objectives that facilitate the delivery of meaningful results.
2. Public Availability of NOFOs.
Per 2 CFR 200.203, for discretionary grants, agencies are required to post NOFOs. Please refer to the flexibilities section regarding posting times and exceptions.
3. Performance Reporting.
As required by 2 CFR 200.301 and 329, awarding 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. Awarding agencies must collect performance reports in a manner that enables the government to articulate the outcomes of financial assistance.
4. Risk Management.
Agencies are required to maximize use of risk management approaches to direct technical assistance and administrative relief for crisis response to funding recipients. Agencies may adjust terms and conditions of awards based on risk of achieving intended outcomes (2 CFR 200.206).
5. Case-by-Case Exceptions.
2 CFR 200.102 allows federal awarding agencies to grant case-by-case exceptions for awards, except when otherwise required by law or where OMB or other approval is expressly required. State agencies should continue to use the exceptions process in place and flag time-sensitive awards for expedited review where appropriate.
6. Innovative Funding Approaches.
Agencies are encouraged to take, to the extent authorize by law, innovative administrative approaches to increase efficiency and effectiveness across programs (e.g. braiding and blending funds). (2 CFR 200.102, 200.201(b) and 200.333)
7. Procurement of Common or Shared Goods (including IT).
As reflected in 2 CFF 200.318, awarding agencies should encourage recipients to enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

8. Financial Assistance Awards to For-Profit Organizations.
Awarding agencies are expected to following requirements of 2 CFR 200 for financial assistance awards to for-profit organizations to the maximum extent authorized by law. Uniform Guidance provides requirements for all awards from program design to closeout and includes audit requirements under the Single Audit Act of 1996. Fee and profits are not allowable. Awarding agencies must develop a set of standard terms and conditions that are clear and transparent for awards to for-profit organizations. Defer to GATA audit thresholds for for-profit organization audits.
9. Other Types of Federal Financial Assistance.
Agencies should apply the requirements of 2 CFR 200 to all types of financial assistance awards funded through ARP, including the application of those provisions that guidance would typically apply on to grants and cooperative agreements.
10. Use of Single Audit to Drive Accountability and Transparency.
Non-federal entities with \$750,000 or more in federal expenditures are required by the Single Audit Act Amendments of 1996 and 2 CFR 200 Subpart F to have an annual audit of their federal awards. Consistent with 2 CFR 200.519, agencies must perform a risk analysis of ARP program and request GOMB/GATU designate any higher risk programs as Single Audit major programs.

Disaster Relief Flexibilities

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

“Agencies should apply, where appropriate, the flexibilities provided in

Appendix 3: Disaster Relief Flexibilities to Reduce Burden for Financial Assistance, as well as other flexibilities as permitted by law.”

Pursuant to 2 CF 200.201, OMB is allowing the following exceptions to recipients affected by the pandemic as the awarding agency deems appropriate and the extend permitted by law. These exceptions apply not only to recipients with COVID-19 related financial assistance, but also to recipients with assistance awards not related to COVID-19. Awarding agencies must specifically consider exceptions which can advance racial equity and support for underserved communities Awarding agencies are required to maintain records of particular exceptions provided to recipients.

1. Flexibility with SAM Registration /Recertification. Awarding agencies may relax the timing of the requirement for active SAM registration at time of application to expeditiously issue funding. At the time of award, the requirement of 2 CFF 200.206, awarding agency review of risk posed by applications, continue to apply. Current registrants in SAM with an active registration expiring between 4/1/21 – 9/30/21 will automatically be afforded a one-time extension of 180 days (2 CFR 25.110)
2. Waiver of NOFO Publication. Awarding agencies may publish emergency and competitive NOFOs for grants and cooperative agreements for less the 30 days without separately justifying shortening the timeframe for each NOFO. Awarding agencies must

still document and track NOFOs published for less than 45 days under this emergency waiver (2 CFR 200.204).

3. Pre-award Costs. Awarding agencies may allow necessary pre-award costs that are incurred (i) from 3/15/21 through the Public Health Emergency Period and (ii) prior to the effective date of the award (2 CFR 200.210, 2 CF 200,458)
4. No-Cost Extensions on expiring awards. To the extent permitted by law, awarding agencies may extend awards that were active as of 3/31/21 and scheduled to expire prior or up to 12/31/21, automatically at no cost for a period of up to 12 months. Agencies are responsible for identifying the appropriation and following necessary filing and obligation steps with the Comptroller. Project-specific financial and performance reports will be due 90 days following the end of the extension. Awarding agencies will examine the need to extend other project reporting as the need arises (2 CFR 200.309)
5. Abbreviated Non-competitive Continuation Requests. For non-competitive continuation requests scheduled between 4/1/21 and 12/31/21, awarding agency 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 examine the need to extend this approach on subsequent continuation award state dates as recipients have an opportunity to assess the situation (2 CFR 200.309). As with no-cost extensions, state agencies are responsible for verifying appropriation authority and following obligation and filing requirements.
6. Waivers from Prior Approval Requirements. Awarding agencies are authorized to waive prior approval requirements as necessary to effectively address the response. All costs charted to awards must be consistent with cost policy guidelines and the terms of the award, except where specified in this memorandum. (2 CFR 200.407)
7. Exemption of Certain Procurement Requirements. Awarding agencies may waive the procurement requirements in 2 CF 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 requirement recipients to maintain appropriate records and documentation to support the charges agency the awards (2 CFR 200 319(b) and 2 CFR 200.321.
8. Extension of Financial and Other Reporting. Awarding agencies may allow recipients to delay submission of financial, performance and other reports to 3 months beyond the normal due date. If the agency allows such a delay, recipients may continue to draw down funds without the timely submission of these reports. These reporting, however, must be submitted at the end of the extension period. In addition, awarding agencies may waive the requirements 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 20.329, 2 CFR 200.329(e)(1))

9. Extension of Single Audit Submission. Awarding agencies in a cognizant capacity for audit, should allow recipients and subrecipients that have not yet filed their single audit with the FAC as of 3/19/21 that have FYEs through 6/30/21, to delay the completion and submission of the Single Audit reporting package requirement under Subpart F of 2 CFR 200.501 to 6 months beyond the normal due date. No further action by awarding agencies is requirement to enact this extension. Individual recipients and subrecipients do not need to seek approved for this extension, 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 “lost-wide auditee” under the criterial of 2 CF 200.520(a) (2 CFR 200.501)
10. Flexibility with Application Deadlines. Awarding agencies may provide flexibilities with regard to the submission of competing applications in response to specific announcements, as well as unsolicited application, presuming these exceptions to not negatively impact underserved communities. (2 CFR 200.204)
11. Extension of Closeout. Awarding agencies may allow the grantee to delay submission of any pending financial, performance and other reports requirement by the terms of the award for the closeout or expired projects, provided that proper notice about the reporting delay is given by the grantee to the agency. The delay in submitting closeout reports may not exceed one year after the award expires. Upon receipt of all final reports, awarding agencies have 6 months to close out the award. (2 CFR 200.344).
12. 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 an award (2 CFR 200.313(d)(2))

Please be alert for updates from your federal awarding agencies related to M-21-20 or other federal updates impacting ARP. As indicated above, additional program-specific flexibilities may be set by the federal awarding agency. State agencies are required to comply with program-specific requirements and all provision of state law, including procurement and appropriation authority.

Additional COVID-related funding is being released directly from federal agencies. Applicable federal authoritative sources will dictate if additional flexibilities will be allowed under those funds. Questions regarding M-21-20 can be directed to your CAO or GATU. As additional federal guidance and clarification regarding ARP is provided, additional technical assistance will be provided.