

March 27, 2020

OMB Provides Broad COVID-19 Single Audit Extension

Summary: *OMB has issued additional guidance to Federal agencies related to areas where relief may be provided to both recipients with COVID-19 related grants and other types of federal grants including a 6-month extension from the original due date for the submission of the Single Audit reporting package.*

Background

The Novel Coronavirus (COVID-19) is having an impact in many areas including the Single Audit. This alert summarizes [OMB Memorandum M-20-17](#).

OMB Memorandum

The U.S. Office of Management and Budget (OMB) issued the memorandum, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations* (OMB Memo). As in [OMB Memorandum M-20-11](#) discussed in NFP alert 2020-02, this additional OMB memo provides similar administrative relief to an expanded scope of recipients affected by the loss of operational capacity and increased costs due to the COVID-19 crisis. Details of certain short term relief for administrative, financial management, and audit requirements under 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are provided below.

Single Audit Submission Deadline

The OMB memo states the following and provides a 6-month extension:

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 (March 19, 2020) that have fiscal year ends 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, to six (6) months beyond the normal due date. No further action by awarding agencies is required to enact this extension. 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) – Criteria for a low-risk auditee.

The extension applies to all entities with fiscal year ends through June 30, 2020 and neither federal agencies or recipients or subrecipients have to take any action for the 6-month extension to become effective.

Auditors should remind clients that they need to maintain documentation of files that includes the reason for the delayed filing.

We do want to note that if an engagement is completed and ready to file and all parties have the ability to approve the data collection form submission, please submit the reporting package now.

Flexibility Provided to Awarding Agencies

The memo is intended to provide guidance to **federal agencies** relating to areas where relief may be provided to recipients.

The actual process that will be utilized by awarding agencies to issue guidance in response to the flexibility provided in OMB Memo is unclear. It is clear though that awarding agencies will be required to maintain records on the level of certain exceptions provided.

The following is a summary of the flexibility provided by OMB to awarding agencies.

Allowability of Salaries and Other Project Activities

The OMB Memo notes that awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries under unexpected or extraordinary circumstances from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs that are necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project to be charged to Federal awards. Awarding agencies will be able to evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding based on subsequent progress reports and other communications with the grantee. 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 support all salaries and other project activities costs related to the interruption of operations or services.

Allowability of Costs Not Normally Charged to Awards

Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR sections 200.403, 200.404, and 200.405. Awarding agencies must advise recipients that there is no guarantee that additional funds will be available later to carry out the event or travel if the cancellation fees or other fees leave a shortage of funds. Recipients must maintain appropriate records and cost documentation to substantiate the charging of cancellation and other fees related to the interruption of operations or services. Recipients should check awarding agency websites for additional information for specific costs and if uncertain check for a point of contact at the agency.

Other Areas of Flexibility Provided to Awarding Agencies:

In addition to the administrative relief items noted above, the OMB Memo also addresses these other areas:

- Flexibility with SAM registrations
- Flexibility with application deadlines
- Waiver for Notice of Funding Opportunities
- Publication No-cost extension on expiring awards
- Abbreviated non-competitive continuation request
- Prior approval requirement waivers
- Exemption of certain procurement requirements
- Extension of financial, performance, and other reporting
- Extension of currently approved indirect cost rates
- Extension of closeouts

Looking Forward

The OMB Memo acknowledges the uncertainty of many of the operational impacts and costs relating to COVID-19 that cannot be determined at this point and notes that the exceptions are time limited and will be reassessed by OMB within 90 days of M-20-17's issuance.