



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Community Services | 330 C Street, S.W., Washington, DC 20201
www.acf.hhs.gov/ocs

Community Services Block Grant Information Memorandum

IM#: CSBG-IM-2021-159
DATE: November 5, 2020
TO: State, Territory, and Tribal CSBG Lead Agencies
SUBJECT: CSBG Grant Flexibilities amid COVID-19 Public Health Emergency
ATTACHMENT(S): N/A

PURPOSE: To provide states, territories, and tribes information regarding the flexibilities for Community Services Block Grant (CSBG) awards during the COVID-19 Public Health Emergency, the applicability of each flexibility and, where appropriate, the Office of Community Services (OCS) adoption of these flexibilities.

RELATED REFERENCES: The Office of Management and Budget (OMB) Memorandum M-20-11; OMB Memorandum M-20-17; OMB Memorandum M-20-26; ACF Information Memorandum, IM-ACF-OA-2020-01; Department of Health and Human Services Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 CFR Part 75 (Uniform Guidance); and Department of Health and Human Services Block Grant Regulations, 45 CFR Part 96; Community Services Block Grant Act, 42 U.S.C. § 9901 *et seq.*

ADMINISTRATIVE REQUIREMENTS UNDER STATE AUTHORITY

Recipients of Community Services Block Grant funds are generally exempted from the administrative requirements of the Uniform Guidance, except to extent that states are required to apply the cost principles (subpart E) to CSBG subrecipients pursuant to 42 U.S.C. 9916(a)(1)(B). Accordingly, OCS does not have the authority to implement grant flexibilities for those requirements that, for the eligible entities, have been effectively delegated to the state. OCS encourages states to afford eligible entities with all available flexibilities that would be useful in enhancing response during this public health emergency. Furthermore, states are encouraged to extend flexibilities as it relates to budgetary approvals and cost allocation plans as appropriate.

BACKGROUND

On March 9, 2020, OMB issued Memorandum M-20-11, *Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19)*. The flexibilities on M-20-11 were extended to support grantees performing research and services necessary to carry out the emergency response related to COVID-19. **The flexibilities allowed by M-20-11 expired on July 26, 2020.**

On March 19, 2020, OMB issued 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*, providing administrative relief for recipients and applicants of federal financial assistance impacted by COVID-19 due to loss of operations. These flexibilities are only applicable for grantees that experienced a loss of operational capacity and increased costs due to the COVID-19 crisis. On April 9, 2020, OMB issued Memorandum M-20-20, *Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)*, providing recipients of federal financial assistance with the authority to repurpose federal awards to provide medical supplies and equipment to hospitals, medical centers, and other local entities serving the public for COVID-19 response.

On June 18, 2020, 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*, providing an extension of two (2) of the flexibilities offered, and established the expiration dates for the flexibilities provided in M-20-17 and M-20-20 as June 16, 2020. Memorandum M-20-26 also established the expiration date for the flexibilities offered by M-20-11 as July 26, 2020.

States, territories, tribal CSBG lead agencies, and eligible entities are reminded that these flexibilities are available only to entities that are impacted by COVID-19 or providing human service activity, including economic support of persons, related to need arising due to COVID-19. For CSBG eligible entities, these flexibilities are permitted with the consent of the state CSBG authority.

OCS appreciates your continued engagement and partnership to address the public health and economic impacts of the COVID-19 pandemic. We are committed to providing useful guidance and support as we work together through this crisis.

ADMINISTRATIVE REQUIREMENTS UNDER FEDERAL AUTHORITY

OCS has summarized the two (2) flexibilities from M-20-17, which OMB extended, in the table below. Please note that OMB added restrictions to the flexibilities allowed in item 1. **There is no waiver of the cost principles.**

UPDATE TO THE COMPLIANCE SUPPLEMENT FOR FLEXIBILITIES

The compliance supplement for 2020 has been issued. OMB plans to amend the 2020 compliance supplement in the fall of 2020. The addendum will be posted to the OMB website, (<https://www.whitehouse.gov/omb/management/office-federal-financial-management/>). OCS will provide external auditors additional guidance for these flexibilities if necessary. Should auditors report a finding for action taken as a result of these flexibilities, OCS's expectation is that the state or the Administration for Children and Families (ACF) audit resolution process has the authority to issue a decision that considers these flexibilities.

GRANT FLEXIBILITY AND APPLICABILITY

<p>Grant Flexibility from OMB Memorandum M-20-26</p>	<p>Applicability to CSBG – For the purposes of this IM, all states, territories, and tribes directly funded by OCS are considered “CSBG grantees”</p>
<p>1. Allowability of Salaries and Other Project Activities.</p>	<p>Applicable to eligible entities insofar as the cost principles are applied to them by CSBG grantees.</p> <p>OCS encourages grantees to continue to follow their own policies and procedures regarding the charging of salaries and benefits to their currently active awards, consistent with the respective organization’s policies and to extend the flexibilities under M-20-26 to eligible entities. Grantees and eligible entities are permitted to amend/create emergency policies to put emergency contingencies in place that would permit such flexibilities. OCS will allow other allowable costs (program-related, allocable, and reasonable) that are necessary to resume activities supported by CSBG, consistent with the cost principles or other required policies.</p> <p>Under this flexibility, payroll costs that were paid with the Paycheck Protection Program loans or any other Federal CARES Act programs must not also be charged to CSBG or other current federal awards. CSBG grantees and eligible entities must maintain appropriate records and cost documentation to substantiate the charging of any salaries and project activity costs related to the interruption of operations or services.</p> <p>CSBG grantees and eligible entities must exhaust other available funding sources and implement steps necessary to reduce operational cost (such as initiating rent renegotiations) prior to charging CSBG during the public health emergency associated with the COVID-19 pandemic. The goal of this is to preserve CSBG funds for use as fully functioning operations resume. CSBG grantees and eligible entities should retain documentation of their efforts to exhaust other funding sources and reduce overall operational costs.</p> <p>To be clear, grantees and eligible entities are encouraged to continue to provide services to the greatest extent possible and in accordance with local laws, regulations, and guidance from local and state public health officials.</p> <p>This flexibility expired September 30, 2020¹.</p>

¹ Though this flexibility expired, OCS recommends that CSBG state lead agencies and eligible entities maintain this information for their records as this was an allowable flexibility for expenditures made between January 27, 2020 – September 30, 2020.

Grant Flexibility from OMB Memorandum M-20-26	Applicability to CSBG – For the purposes of this IM, all states, territories, and tribes directly funded by OCS are considered “CSBG grantees”
2. Extension of Single Audit submission.	<p>Applicable to CSBG grantees and eligible entities.</p> <p>CSBG grantees and eligible entities that had not filed their single audits with the Federal Audit Clearinghouse as of March 19, 2020, that have normal due dates from March 30, 2020, through June 30, 2020, may 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 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 3 months beyond the normal due date.</p> <p>The extension does not require CSBG grantees and eligible entities to seek approval for the extension by ACF or oversight agency for audit. However, CSBG grantees and eligible entities should maintain documentation of the reason for the delayed filing. CSBG grantees and eligible entities taking advantage of this extension could still qualify as a “low-risk auditee” under the criteria at 45 CFR 75.520(a) (2 CFR 200.520(a) (low-risk auditee criteria)</p> <p>CSBG grantees and eligible entities must separately identify the COVID-19 Emergency Acts expenditures on the Schedule of Expenditures of Federal Awards and audit report findings.</p>

Thank you for your attention and OCS looks forward to continuing to provide high-quality services to OCS grantees.

/s/
 Clarence H. Carter
 Acting Director
 Office of Community Services

/s/
 J. Janelle George
 Deputy Director
 Office of Community Services