

ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
	1. Log No. ACF-IM-HS-21-01	2. Issuance Date: 04/14/2021
	3. Originating Office: Office of Head Start	
	4. Key Words: Coronavirus Aid; COVID-19; Fiscal Flexibilities; Fiscal Year (FY) 2021	

**INFORMATION MEMORANDUM**

**TO:** All Head Start and Early Head Start Agencies and Delegate Agencies

**SUBJECT: UPDATED CORONAVIRUS DISEASE 2019 (COVID-19) FISCAL AND ADMINISTRATIVE FLEXIBILITIES**

**INFORMATION:**

On May 21, 2020, the Office of Head Start (OHS) issued Information Memorandum (IM) [ACF-IM-HS-20-03 Coronavirus Disease 2019 \(COVID-19\) Fiscal Flexibilities](#). It described how OHS would implement each provision in the Administration for Children and Families’ (ACF) IM-ACF-OA-2020-01 ACF Grant Flexibilities in Conducting Human Service Activities Related to or Affected by COVID-19. IM-ACF-OA-2020-01 has been rescinded.

On March 19, 2021, the Office of Management and Budget (OMB) issued administrative relief guidance, [M-21-20 Appendix 3 – Disaster Relief Flexibilities to Reduce Burden for Financial Assistance](#). It outlines flexibilities and waivers affecting grant applications, no-cost extensions, extension of certain deadlines, procurement, prior approvals, and single audit submissions. The following is an updated list of current flexibilities and information on how OHS is implementing each provision. This IM supersedes ACF-IM-HS-20-03.

**Flexibility with System for Award Management (SAM) registration/recertification. [45 CFR §75.205](#); [2 CFR §200.206](#)**

OHS will accept applications from entities not having a SAM number. However, within 60 days of the date of application or by the date of award issuance, whichever is sooner, the awardee must have obtained a SAM number. This flexibility will apply to applications submitted and awards made through September 30, 2021, subject to adjustment at the discretion of OHS.

**No-cost extensions on expiring awards. [45 CFR §75.308](#); [2 CFR §200.308](#)**

Head Start grantees may request no-cost extensions on expiring awards if the requests do not exceed 11 months from the project period end date, inclusive of any previous extensions. Grantees should submit no-cost extension requests to their regional grants management officer as soon as possible to allow time for processing and issuance of a revised Notice of Award.

Approvals of no-cost extensions will also be considered for expiring awards when additional time is necessary to transition program services and assets, including real property, to a replacement grantee designated as a successor to some or all of a grantee's service area resulting from Designation Renewal System (DRS) competition, OHS defunding, or grantee relinquishment of an award.

**Allowability of costs not normally chargeable to awards.** [45 CFR §75.403](#), [45 CFR §75.404](#), [45 CFR §75.405](#), [45 CFR Part 75 Subpart E – Cost Principles](#); [2 CFR §200.403](#), [2 CFR §200.404](#), [2 CFR §200.405](#), [2 CFR Part 200 Subpart E – Cost Principles](#)

OHS recognizes delivery of Head Start and Early Head Start services, including family supports, during the COVID-19 pandemic is both challenging and complex, especially when many families are isolated and may have experienced job loss, eviction, and food insecurity. OHS understands costs that are necessary and reasonable for the performance of Head Start awards during this unprecedented time may be very different from allowable costs during normal operations. Conditions in local communities may also vary within a state and from state to state. Grantees are expected to exercise prudent judgment, knowledge of service populations, and community data to determine what expenses are necessary and reasonable to maintain comprehensive services and when, as soon as feasible, to return to in-person comprehensive services through reopening centers. Grantees should document the rationale that costs incurred are necessary, reasonable, and allocable to the program's COVID-19 response for enrolled children and their families.

**Abbreviated non-competitive continuation requests.** [45 CFR § 75.309](#); [2 CFR § 200.309](#)

OHS is accepting abbreviated narrative information in support of continuation applications due between April 1 and December 31, 2021. A grantee applying for a non-competitive continuation award during the noted period must complete the budget and schedule tables in the Head Start Enterprise System (HSES) and submit only a budget justification (Section II) for the Application and Budget Justification Narrative document. Applicants must also complete any other applicable tabs in HSES, with supporting documents. Guidance around non-federal match waiver requests and governing body and Policy Council approvals is covered in the **Waivers and other flexibilities** section of this IM. Submission of the noted information indicates the applicant's intent to resume or restore their project activities and accept the continuation award once issued.

**Prior approval waiver requirements.** [45 CFR § 75.407](#); [2 CFR § 200.407](#)

Grantees may use funds from their current operating awards to respond to and recover from the impacts of COVID-19. 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 IM. For expenses necessary to respond to COVID-19, OHS grantees may utilize the following waivers of prior approval requirements. These waivers are in effect until OMB memorandum M-21-20 expires and/or is rescinded.

- a. *Prior approval for the purchase of equipment* ([45 CFR §75.308\(c\)\(1\)\(xi\)](#)). Grantees may purchase equipment needed to respond to COVID-19 with a value of up to \$25,000 without prior ACF approval.
- b. *Budget modifications* ([45 CFR §75.308\(e\)](#)). To allow grantees more flexibility to spend funds as needed to respond to COVID-19 and, when possible, quickly move to reopen closed centers, prior approval is waived for budget transfers between direct cost categories for an aggregate amount not to exceed \$1 million.
- c. *Procurement by noncompetitive proposals* ([45 CFR §75.329\(f\)\(2\)](#)). OHS recognizes that COVID-19 has created a public emergency for all grantees. Competitive solicitations may result in delays that impair a grantee's ability to respond to or recover from COVID-19. OHS is authorizing grantees to engage in sole-source purchasing to obtain goods and services needed for COVID-19 response and recovery.

**Exemption of certain procurement requirements.** [45 CFR §75.328\(a\)](#), [45 CFR §75.330](#); [2 CFR §200.319\(b\)](#), [2 CFR §200.321](#)

As appropriate, OHS will waive the procurement requirements related to geographical preferences. Grantees must maintain appropriate records and documentation to support any charges against a federal award.

**Extension of financial and other reporting.** [45 CFR § 75.328](#), [45 CFR § 75.342](#), [45 CFR § 75.342\(d\)\(1\)](#); [2 CFR § 200.328](#), [2 CFR § 200.329](#), [2 CFR § 200.329\(e\)\(1\)](#)

OHS grantees may request to delay submission of financial, performance, and other reports up to 3 months beyond the normal due date. Grantees may continue to draw down federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the extension period. In addition, grantees must continue to submit open/closed center status reports and enrollment information without postponement.

**Extension of closeout.** [45 CFR § 75.381](#); [2 CFR § 200.344](#)

OHS grantees with project periods ending between April 1 and December 31, 2021, may request a delay of up to one year for submission of any pending financial, performance, or other reports required by the terms of their award. To request an extension, a grantee must submit a written request to its regional grant's management officer indicating the financial, performance, or other reports for which an extension is requested and the length of the requested extension. Extensions will generally be given in three-month increments and are effective only when approved in writing by ACF.

OHS will not entertain requests for extension of any closeout reports or other materials needed to transition program services and assets, including real property, to a replacement grantee designated as a successor because of a DRS competition, OHS defunding, or grantee relinquishment of an award.

### **Extension of Single Audit Submission.**

According to OMB M-21-20, federal awarding agencies may allow recipients and sub-recipients, with fiscal year-ends through June 30, 2021, an extension of their single audit submissions up to 6 months beyond the normal due date. The extension of single audit submission information applies as stated to Head Start grantees and requires no further action to enact this extension.

### **Flexibility related to Physical Inventories.** [45 CFR § 75.320 \(d\) \(2\)](#); [2 CFR § 200.313 \(d\) \(2\)](#)

OHS grantees may request a delay of up to 12 months for the performance of a biennial physical inventory of equipment purchased under its federal award, slated to be completed between January 1, 2021, and December 31, 2021.

OHS will not entertain requests for extension of the completion of physical inventory or other materials needed to transition program services and assets, including real property, to a replacement grantee designated as a successor because of a DRS competition, OHS defunding, or grantee relinquishment of an award.

### **Waivers and other flexibilities.** [45 CFR §1303.4](#); [45 CFR §1303.5](#)

OHS will continue to ease administrative requirements for waiver requests and governing body approvals. The following provisions are applicable:

- a. Governing body approvals – At a minimum, a statement must be submitted confirming that governing body and Policy Council members available for contact have given their approval of continuation and post-award amendment applications.
- b. The Head Start Act recognizes that lack of resources in a community adversely impacted by a major disaster may prevent Head Start grantees from providing all or a portion of their required non-federal contribution. OHS has determined the widespread impact of the coronavirus adversely impacts Head Start grantees. Until further guidance is issued, OHS will continue to approve requests for waivers of non-federal match in applications, including, but not limited to, continuation, COVID-19, and cost-of-living adjustment applications. To request a waiver of non-federal match, place the amount of \$0 in Section C of your SF-424A. No separate waiver request is required. The issuance of a Notice of Award constitutes approval of the requested waiver. If a waiver of match is needed on a previously issued grant award, grantees must go through the formal waiver process.
- c. If at any time within a given project period, a grantee estimates development and administration costs will exceed 15 percent of total approved costs, the grantee may submit a waiver request of the requirement. Requests must be submitted via budget revision in the corresponding budget period, explain why costs exceed the limit, and describe what the grantee will do to reduce its development and administrative costs to comply with the 15 percent limit after the waiver period.

Unless a finite expiration date is noted, these fiscal flexibilities are applicable throughout the duration of the [public health emergency declaration](#).

Thank you for your work on behalf of children and families.

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