

**OMB FAQs on 2 CFR Implementation Plans
for New Programs Authorized by the American Rescue Plan (ARP)**

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Pre-Award Considerations

Q-1. To what extent should agencies apply the requirements of 2 CFR to Federal financial assistance awards made with ARP funding?

A: In general, agencies must, to the maximum extent authorized by law, apply the requirements of 2 CFR to Federal financial assistance funded through the ARP. This includes, for example, the existing requirement in 2 CFR part 25 for financial assistance recipients to register at SAM.gov. The registration of applicants and recipients in SAM.gov ensures integrity through organizational verification and validation and helps prevent waste, fraud, and abuse.

Q-2. Are agencies required to apply the provisions of 2 CFR part 200 when awarding financial assistance to for-profit entities?

A: Yes, with limited exceptions.

Q-3. Are the requirements of 2 CFR part 200 to be applied without exception?

A: Not necessarily. Exceptions to individual requirements of part 200 may be available on a case-by-case basis for individual non-Federal entities, or on a broader basis for an entire class of awards or non-Federal entities. In fact, agencies are required to consider whether any of the requirements of 2 CFR part 200 might interfere unduly with effective and equitable implementation of a given program. If an agency concludes that an exception is warranted to support the effective and equitable disbursement of crisis-relief funds, then an exception should be afforded, to the extent permitted by law.

Q-4. To what extent are agencies authorized to make exceptions to particular requirements of 2 CFR part 200?

A: Part 200 identifies two separate categories of exceptions: case-by-case exceptions – an exception made for a particular non-Federal entity – and class-wide exceptions, which may apply to an entire category of awards or non-Federal entities. Awarding agencies generally have discretion under 2 C.F.R. § 200.102(b) to authorize exceptions on a case-by-case basis for individual non-Federal entities, except where a specific legal provision bars exceptions to a given requirement, or conditions the availability of exceptions upon approval by OMB.

By contrast, to waive or adjust requirements for an entire class of awards or non-Federal entities, agencies must generally obtain OMB approval. See 2 C.F.R. § 200.102(c).

Q-5. What sorts of exceptions or adjustments for recipients may be appropriate?

A: Agencies must consider the nature and availability of exceptions that can advance racial equity and enhance support for underserved communities. To facilitate the waiver of requirements that may unnecessarily burden award recipients, OMB has already authorized agencies to waive or adjust certain administrative requirements for recipients. These pre-approved exceptions are described in M-21-20's *Appendix 3: Disaster Relief Flexibilities to Reduce Burden for Financial Assistance* (Appendix 3), and are available to recipients without regard to whether their awards relate to COVID-19.

Q-6. Are agencies required to track exceptions to requirements established in 2 CFR part 200?

A: Yes. Agencies must document and maintain records of the particular exceptions afforded to recipients, even if those exceptions are among those listed in Appendix 3.

Q-7. Are the flexibilities listed in Appendix 3 available only in ARP programs?

A: No. The exceptions described in Appendix 3 may be afforded to those awarded Federal financial assistance, whether through an ARP program or otherwise.

Q-8. Is there an expiration date for the flexibilities in Appendix 3 for which an expiration date is not explicitly stated?

A: Yes. The flexibilities that do not have an explicitly stated expiration date are aligned with the public health emergency period (PHEP) as a result of the Coronavirus Disease 2019 (COVID-19) pandemic. The PHEP is designated by the Secretary of the U.S. Department of Health and Human Services (HHS) and reevaluated every 90 days. The table below lists the current flexibilities and their associated expiration dates.

#	Appendix 3 Flexibilities	Expiration
1	Flexibility with SAM registration/recertification	9/30/2021
2	Waiver for NOFO Publication	PHEP
3	Pre-award costs	PHEP
4	No-cost extensions on expiring awards	12/31/2021
5	Abbreviated non-competitive continuation requests	12/31/2021
6	Waivers from prior approval requirements	PHEP
7	Exemption of certain procurement requirements	PHEP
8	Extension of financial and other reporting	PHEP
9	Extension of Single Audit submission	Fiscal Year End 6/30/2021
10	Flexibility with application deadlines	PHEP
11	Extension of closeout	PHEP
12	Flexibility for the Management requirement related to Physical Inventories	PHEP

Q-9. How should agencies incorporate ARP implementation into their broader efforts to advance programmatic equity?

A: Agencies should consider the inclusion of ARP programs in their ongoing processes for agency equity and service assessments and agency action plans. They should also engage their Agency Equity Team, in particular, to develop equity assessments for high-impact, high-priority ARP programs. Agencies should refer any questions about this part of the process to equity@omb.eop.gov. (See also Executive Order 13985.)

Q-10. Are agencies required to establish an Assistance Listing prior to issuing a notice of funding opportunity?

A: Yes. Agencies cannot publicly release information about the administration of a new financial assistance program until that program is included in an Assistance Listing. Existing listings must be updated annually. Because the Assistance Listings promote transparency, agencies should pay particular attention to this exercise.

Q-11. What information should be included in award descriptions?

A: Because they are a primary means of informing the public of the purpose of Federal funding, award descriptions must be detailed and accurate at the time of award. They should clearly outline the award purpose, any activities to be performed by the recipient(s) or subrecipient(s), and any deliverables to be provided. They should also identify expected outcomes and intended beneficiaries.

Performance Assessment And Reporting

Q-12. How are performance reporting measures changing based upon the guidance in M-21-20 when implementing ARP programs?

A: M-21-20 did not change existing guidance on performance requirements for financial assistance awards. M-21-20 does emphasize a selection of existing requirements that agencies should pay special attention to. In accordance with 2 CFR §200.301, 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. Performance planning, management, and reporting for this funding should be incorporated into agencies' existing organizational performance management routines. Public reporting should also be integrated with required performance planning and reporting to ensure alignment with the overarching agency strategic goals and objectives.

In addition, to the extent practicable, agencies should use and reference open data consistent with OMB guidance, and any subsequent guidance, when assessing the performance of Federal financial assistance programs. Federal awarding agencies must collect performance reports in a manner that enables the Federal Government to articulate the impact of Federal financial assistance to the American people.

Systems Modernization

Q-13. Why should agencies consult with the Grants Quality Service Management Organization (QSMO)?

A: Agencies are required to consult with the relevant QSMO prior to developing new or modernized technology to support execution of the ARP if the technology to be developed falls into function areas that have a pre-designated or designated QSMO - <https://usssm.gsa.gov/QSMO/>. This reduces recipient reporting burden and is consistent with OMB Memorandum M-19-16, *Centralized Mission Support Capabilities for the Federal Government* (April 26, 2019).

Ensuring Robust and Transparent Reporting

Q-14. Are agencies required to report ARP funding to USAspending.gov?

A: Yes. Agencies must ensure that all ARP spending, as required by M-21-20, are reported to USAspending.gov. Under the Federal Funding Accountability and Transparency Act (FFATA), as amended by the Digital Accountability & Transparency Act (DATA Act), and consistent with M-20-21, agencies must report monthly to USAspending.gov for all funding in the ARP and supply the information required by law, including information on all award outlays made in the preceding 30 days.

Q-15. What additional reporting requirements must agencies follow when reporting on COVID-19 related funding?

A: Agencies are instructed to expand the usage of the Disaster and Emergency Funding Code (DEFC) and track ARP funding with a specific DEFC domain value “V” in their monthly reporting through the Government-wide Treasury Account Symbol Adjusted Trial Balance System and to the DATA Act Broker for display on USAspending.gov. In any instances where agencies cannot use the DEFC attribute to track ARP funds, they should contact their OMB representative to determine alternative methods of tracking these funds.

Q-16. Are agencies required to oversee the subaward reporting process and act when Prime recipients are non-compliant?

A: Yes. Subaward reporting is required through FFATA. Agencies are expected to implement processes that support the overall quality of subaward data and to respond appropriately when recipients are non-compliant with these reporting requirements. See 2 CFR part 170.

Q-17. Are agencies subject to DATA Act reporting required to maintain a Data Quality Plan?

A: Yes. Agencies subject to reporting requirements under the DATA Act must maintain a Data Quality Plan that includes controls to manage risks to reporting objectives in accordance with OMB Circular No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*.

Q-18. What must be included in an agency's Data Quality Plan?

A: Consistent with OMB Memoranda M-18-08, M-20-21, and M-21-20, agencies must 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. Agencies are reminded that reporting on loans is an essential part of providing transparency for Federal spending, and agencies for which loans are a significant part of their portfolio should carefully consider whether their compliance with existing policy should be included in their Data Quality Plans.

Payment Integrity Considerations

Q-19. How should agencies balance financial management and programmatic goals?

A: Agencies need to balance programmatic goals and risk identified with financial management goals while ensuring payment integrity. OMB Circular A-123, Appendix C advises agencies to identify their risk appetite for payment integrity in relation to accomplishing strategic objectives. Agencies can balance payment integrity risk with controls to identify, achieve, and maintain a tolerable rate for a program, helping them to effectively meet their mission. In addition, agencies need to ensure fair and equitable access to benefits and services in Federal programs in accordance with Executive Order 13985 when balancing financial management and programmatic goals for payment integrity.

Q-20. Can you provide more information on the risks highlighted in Appendix 1 to consider for payment integrity of ARP funding?

A: The factors highlighted in M-21-20 Appendix 1 serve as examples of the potential sources of risk that agencies may need to take into account when developing payment-integrity risk-mitigation strategies prior to disbursing funds. Depending on the nature of the program at issue, there may be other potential sources of risk that could be considered.

In particular, the Payment Integrity Information Act (PIIA), Pub. L. No. 116-117, identifies a number of risk factors that may increase a program's susceptibility to improper payments and that may be relevant to ARP programs. See 31 U.S.C. § 3352(a)(3)(B) and [M-21-19](#), *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021), for additional information about the risk factors identified in PIIA.

Appendix 1 identifies the following risk factors as examples:

- **New Legal Provisions**: Changes made to the statutory framework of a program, can introduce the need to adjust certain program policies and procedures.
- **Change to Existing Program Eligibility Rules**: When program eligibility rules are changed quickly to respond to new circumstances, as can be the case during disaster situations, payment integrity functions associated with that program may be directly affected.

- **Increased Volume of Program Applications:** While increases in funding correspondingly increase benefits to the American public, increases in the volume of applications and awards, addition of program functions, or even an increase in temporary staff less familiar with internal control processes highlight the need to focus on payment integrity risk factors.
- **Limitations in Resources Relative to Volume of Applications or Funding:** A shortage of resources needed to accomplish a program mission can negatively impact payment integrity. Program personnel play a key role in the safeguarding of internal processes and controls which maintain a program's key functions.

Q-21. What are some mitigation strategies to consider for ARP funding?

A: In addition to the suggested strategies in OMB Memorandum M-21-20, agencies should be mindful of the options they have available to them under the PIIA. This includes requesting waivers for Computer Matching Agreements and using data analytics where appropriate to help improve payment integrity efforts. Agencies should also consider controls that would verify an applicant's identity and/or the accuracy of the applicant's eligibility claims.