

Head Start Reissues and Updates COVID-19 Flexibilities

By CAPLAW Staff
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On April 14, 2021, the federal Office of Head Start (OHS) issued its latest Information Memorandum (IM) for grantees adjusting to the ongoing challenges presented by the COVID-19 pandemic. The IM ([ACF-IM-HS-21-01](#)) updated and clarified several fiscal and administrative flexibilities available to Head Start grantees because of the pandemic. These fiscal flexibilities will apply for the duration of the [public health emergency declaration](#), which was most recently renewed on January 7, 2021.

This new guidance represents OHS's interpretation of flexibilities extended to federal awarding agencies by the Office of Management and Budget (OMB) through its March 19, 2021, guidance, [M-21-20 Appendix 3 - Disaster Relief Flexibilities to Reduce Burden for Financial Assistance](#). Many, though not all, of the flexibilities outlined in the new IM mirror those that have been in place since May 2020, when OHS released [ACF-IM-HS-20-03](#) on fiscal flexibilities for grantees during the pandemic. The new IM supersedes prior flexibilities provided in the May 2020 IM.

We have summarized OHS's updates and clarifications from the new IM below:

System for Award Management registration/recertification. Until September 30, 2021, entities that do not currently have a System for Award Management (SAM) number may apply for awards but must obtain a SAM number by the earlier of 60 days after applying or date of award issuance.

Extensions on expiring awards. Grantees may request to extend expiring awards at no cost, up to 11 months from the project period end date. Requests should be submitted to Regional Grants Management officers as soon as possible. OHS will also consider extensions for expiring awards that require additional time to transition program services and assets to a designated successor grantee.

Allowability of costs not normally chargeable to awards. OHS acknowledges that costs that are necessary and reasonable for the performance of a Head Start award during the pandemic may differ from regularly allowable costs. Grantees should use prudent judgment and their knowledge of the community served to determine necessary expenses that are reasonable to maintain services and, when possible, re-open centers. It will be important for grantees to document that costs incurred are necessary, reasonable, and allocable to the program's COVID-19 response.

Abbreviated non-competitive continuation requests. OHS is accepting abbreviated narrative information in support of continuation applications due between April 1 and December 31, 2021. Further guidance exists on non-federal match waiver requests as well as governing body and Policy Council approvals (see “Waivers and other flexibilities section” below).

Prior approval waivers. Grantees may use current Head Start funds in pandemic response and recovery efforts. Unless otherwise specified by OHS, charges must follow federal award guidelines and terms. OHS has waived the following prior approval requirements related to pandemic response:

- **Purchase of equipment:** Between January 1, 2021 and December 31, 2021, grantees may make equipment purchases that are necessary to respond to the pandemic, up to \$25,000, without prior approval.
- **Budget modifications:** Between January 1, 2021 and December 31, 2021, grantees do not need to seek prior approval for budget transfers between direct cost categories for an aggregate amount not to exceed \$1 million.
- **Procurement by noncompetitive process:** Between January 1, 2021 and December 31, 2021, grantees may engage in sole source purchasing to obtain goods and services needed for COVID-19 response and recovery.

Exemption of certain procurement requirements. As appropriate, OHS will waive procurement requirements related to geographic preferences, but grantees must retain records and documentation in support of charges to the federal award.

Extension of financial and other reporting. Grantees may request to delay submission of financial, performance and other reports for up to three months after the normal due date and may continue to draw down federal funds without the timely submission of these reports. At the end of the extension period, grantees must submit these reports. Grantees must also continue to submit open/closed center status reports and enrollment information without postponement.

Extension of closeout. Grantees that have project periods ending between April 1, 2021 and December 31, 2021, may submit written requests to their regional grants management officer to delay any pending financial, performance, or other reports required by award terms, for up to one year. Extensions will be given for three months at a time, effective upon written ACF approval. Extensions are not available for closeout reports necessary to transition program services and assets to designated successor grantees.

Extension of single audit submission. OMB clarified in the 2020 Compliance Supplement Addendum that federal awarding agencies must allow recipients, including Head Start grantees, of COVID-19 funding with original due dates from October 1, 2020 through June 30, 2021, to extend single audit submissions up to three months after the normal due dates.

Flexibility related to physical inventories. Grantees who must complete a biennial physical inventory of equipment purchased under their federal awards between January 1, 2021 and December 31, 2021, may request to delay doing so for up to 12 months, except where a physical inventory is needed to transition program services and assets to designated successor grantees.

Waivers and other flexibilities. As noted above, OHS eased administrative requirements for governance approvals as well as federal match and administrative cost limit waiver requests as follows:

- **Governance Approval:** Grantees must at least submit a statement saying that governing body and Policy Council members who are available have approved continuation and post-award amendment applications.

- **Federal Match Waiver:** In recognition of disaster-related challenges, OHS will approve requests for waivers of non-federal match requirements in applications, including, but not limited to, continuation, COVID-19, and cost-of-living adjustment applications. Grantees requesting the waiver should enter “\$0” in Section C of their SF-424A, and do not need to file a separate waiver request. Issuance of a Notice of Award constitutes approval of the request. This match waiver flexibility is not available for previously issued awards, which must go through the formal waiver process.
- **Administrative Cost Waiver:** Grantees may request a waiver of the 15% limit on development and administrative costs. To do so, grantees should submit a budget revision in the corresponding budget period with an explanation of the excess and description of how the costs will be reduced back to the limit after the waiver period.

To read the full details of these flexibilities, see [ACF-IM-HS-21-01](#).

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