Dear Colleagues,

As part of the Biden Administration’s swift Government-wide response to the unprecedented COVID-19 crisis, OMB is pleased to share OMB memorandum M-21-20, Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of Taxpayer Resources.

M-21-20 outlines steps agencies must take to foster accountability and public trust to deliver effective and equitable relief, while implementing sound financial management of the resources funding that relief. As summarized below, this memo requires agencies to improve the overall award and administration of financial assistance programs to achieve more equitable results; take steps to strengthen payment integrity to minimize the risk of waste, fraud, and abuse; and ensure robust and transparent reporting.

Improving Program and Service Design to Achieve More Equity-Oriented Results for Federal Financial Assistance

To support the Administration’s commitment to transparency and accountability in implementation ARP, agencies are required to apply the requirements of 2 CFR, to the maximum extent allowable by law. As implementing 2 CFR, agencies are required to administer programs in a manner that promotes fair and equitable administration of financial assistance and pay particular attention to the provisions of 2 CFR highlighted in Appendix 2 of the memorandum. Further, to strike the right balance between existing compliance requirements and achieving the intended program outcomes, agencies must consider existing flexibilities available in 2 CFR and the specific exceptions authorized by OMB in Appendix 3 to provide disaster relief flexibilities to recipients affected by the pandemic.

Management of Payment Integrity Risks

As agencies implement the American Rescue Plan, this Administration will continue to make protecting taxpayer money a top priority by focusing on minimizing the risk of waste, fraud, and abuse. Appendix 1 of the memorandum highlights existing payment integrity requirements and requires agencies to consider the impact of specific risk factors that may warrant the implementation of additional risk mitigation strategies. M-21-20 also highlights the need to partner with the Pandemic Response Accountability Committee (PRAC), agencies, and Inspector Generals on issues related to waste, fraud, and abuse. Through collaboration around our shared objectives of payment integrity, we will jointly work towards providing agencies with the ability to prevent improper payments in the most effective manner during the implementation of ARP.

Ensuring Robust and Transparent Reporting

To minimize burden on recipients on the front lines, M-21-20 leverages existing reporting mechanisms to track funding from ARP, including key details on the recipients of federal funds and improved award descriptions. The guidance requires agencies to create and implement plans to improve Federal financial assistance award descriptions to support transparency on use of funds and beneficiaries. Finally, the guidance emphasizes existing guidance for Federal awarding agencies to take steps to ensure compliance by prime recipients to report their subawards.

Please refer to the memorandum for additional details. Questions related to this guidance may be directed to: ARP.implementation@omb.eop.gov.