

2024 Revisions to 2 CFR Part 200 Guidance

October 2024

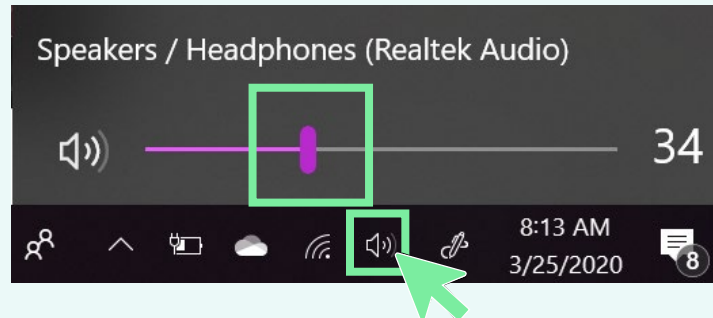
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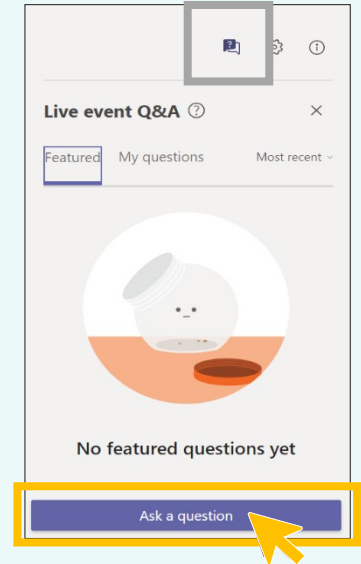
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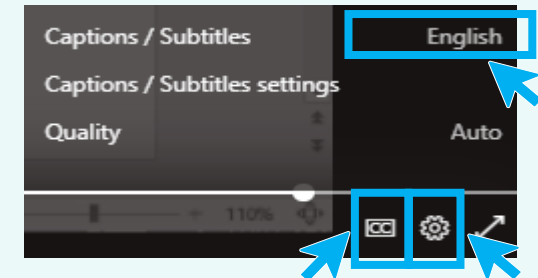


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Background

- On April 4, 2024, the Office of Management and Budget (OMB) released substantial updates to the Uniform Administrative Requirements, within 2 C.F.R. Part 200.
- These changes represent the most extensive revision to the Uniform Grants Guidance since it went into effect 10 years ago.
- The revisions were designed to reduce both agency and recipient burden, new use of plain language with the intent to clarify complicated sections which addressed inconsistencies with use of terms across the Federal government and improve overall Federal financial assistance management.
- Changes to 2 CFR 200 focus on:
 - Evaluation
 - Data
 - Community Engagement and Public Participation
 - Notices of Funding Opportunities (NOFOs)
 - Labor
 - Burden Reduction
- We will be focusing on each of these components except for NOFOs which will be covered in other support materials.

Blanket Changes to Language

■ Language Changes

- “Cost sharing or matching” is now only “cost sharing”
- “Federal awarding agency” is now only “Federal agency”
- “For-profit organization” is now included within “private entity”
- “Non-Federal Entity” is now referred to as “recipient” and/or “subrecipient”

■ Acronyms

- Removal of “FAPIIS”
- Removal of “FAIN”
- Addition of “NOFO”
- Removal of “PTE”

■ Revised Definitions of Key Terms:

- Improper Payment
- Indian Tribe
- Indirect (F&A) Cost
- Participant
- Questioned Cost
- Supplies



Whistleblower Protections and Termination

■ 200.217 – Whistleblower Protections

- A whole new part specifically on whistleblower protections.
- An employee of a recipient or subrecipient must inform their employees in writing of employee whistleblower protections.



■ 200.340 – Termination

- New provision that if an award no longer meet the program goals or agency priorities, the termination is no longer mandatory but discretionary.
- The Federal agency or pass-through entity must clearly and unambiguously specify all termination provisions in the terms and conditions of the Federal award.
- When the Federal agency terminates the Federal award prior the end of performance, they must report the termination in SAM.gov or the Contractor Performance Assessment Reporting System (CPARS).

200.204 – Notices of Funding Opportunities

- Major changes include new summary content requirements, requirement to simplify NOFOs, and a complete rearrangement of NOFO contents which is outlined in Appendix I to Part 200.
- Included in these changes are to format, which is outlined below:
 - ❖ New Format:
 1. Basic Information
 2. Eligibility
 3. Program Description
 4. Application Contents and Format
 5. Submission Requirements and Deadlines
 6. Application Review Information
 7. Award Notices
 8. Post Award Requirements and Administration
 9. Other Information

200.317 – Procurement by States and Indian Tribes

- Permission to use one's own procurement policies has now been extended to Tribal governments (*will expand in more in-depth webinar*).
- States or Indian Tribes must follow the same policies and procedures they use for procurements with non-Federal funds.
- If such policies do not exist, States and Indian Tribes along with their subrecipients must follow the procurement standards outlined within 200.318 through 200.327.
- States and Indian Tribes must also comply with these sections:
 - [200.321](#) – Contracting with Small Businesses, Minority Businesses, Women's Business Enterprises, Veteran-Owned Businesses, and Labor Surplus Area Firms
 - [200.322](#) – Domestic Preferences for Procurements
 - [200.323](#) – Procurement of Recovered Materials
 - [200.327/Appendix II](#) – Contract Provisions

Competition and Procurement

- [200.319 – Competition](#)

- Removed the prohibition on geographic preferences
- New contractor preferences

- [200.320 – Methods of Procurement](#)

- New language to informal procurement methods that impact micro-purchases and small purchases simplified acquisition procedures
- New requirement on formal procurement methods

- [200.320\(c\) – Noncompetitive Procurement](#)

- New language added to when it is appropriate

- [200.323 – Procurement of Recovered Materials](#)

- Added a new section on the use of reused, refurbished, or recycled materials
- Recipient/subrecipients should prioritize products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable
- This may include purchasing compostable items and other products and services that reduce the use of single-used plastic products

Procurement Methods – 200.320

- Three types of procurement outlined within the guidance:
 - Informal (*micro-purchase and simplified acquisitions*)
 - “Small purchases” changed to “simplified acquisitions.”
 - Micro-purchase threshold is \$10,000
 - Recipient/subrecipient can establish a threshold up to \$50,000 with a self-certification
 - Micro-purchase over \$50,000 must be approved by the recipient or subrecipient’s cognizant agency.
 - Formal (*sealed bids or proposals*)
 - 200.320(b)(1) Tribal entities are no longer required to open sealed bids publicly.
 - Noncompetitive procurements 200.320(c)
 - The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section). This amount is either \$10k (micro-purchase threshold in the FAR) or higher based on the recipient or subrecipient’s threshold (usually up to \$50k).
- Recipient/subrecipient must maintain documents to support micro-purchase awards without soliciting competition.

Thresholds

2 CFR Section*	Threshold	New Amount – As of October 1, 2024	Previous Amount
200.439	Equipment & Other Capital Expenditures	\$10,000 or More	\$5,000
200.313(e)(1)	Equipment	\$10,000	\$5,000
200.313(e)(2)	Fair Market Value Disposition	Can retain \$1,000	\$500 to 10% of proceeds
200.314	Supplies	\$10,000	\$5,000
200.333	Fixed Amount Subawards	\$500,000	Simplified Acquisition Threshold
200.501(a)	Audit Requirements	\$1,000,000	\$750,000
200.414(f)	Indirect Cost <i>de minimis</i> Rate	up to 15%	10%
200.1	Modified Total Direct Cost (MTDC)	Means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 (increased from \$25,000) of each subaward. MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward more than \$50,000 (increased from \$25,000).	

* The eCFR will reflect the updated guidance beginning on October 1, 2024, after the updates take effect.

200.407 – Prior Written Approval

- Prior approval is defined as the written approval obtained in advance by an authorized official of a Federal Agency or pass-through entity of certain costs or programmatic designs.
- To help recipients avoid subsequent disallowance or avoid disputes based on unreasonableness or non allocability, they may seek prior written approval before incurring cost.
- Prior approval is not mandatory unless specifically required for allowability as described under certain circumstances within these sections:
 - 200.306 – Cost Sharing
 - 200.307 – Program Income
 - 200.308 – Revision of Budget/Program Plans
 - 200.333 – Fixed Amount Subawards
 - 200.430 – Compensation – Personal Services
 - 200.431 – Compensation – Fringe Benefits
 - 200.440 – Exchange Rates
 - 200.441 – Fines, Penalties, Damages, and other Settlements
 - 200.442 – Fund Raising and Investment Management Costs
 - 200.445 – Goods or Services for Personal Use
 - 200.447 – Insurance and Indemnification
 - 200.455 – Organization Costs
 - 200.439 – Equipment and Other Capital Expenditures
 - 200.462 – Rearrangement and Reconversion Costs
 - 200.475 – Travel Costs

200.407 – Prior Written Approval (cont.)

- Certain costs that previously required prior written approval have now been removed, which include:
 - Real Property (200.311)
 - Entertainment Costs and Prizes (200.438)
 - Memberships, subscriptions, and professional activity costs (200.454)
 - Participant Support Costs (200.456)
 - Selling and marketing costs (200.467)
 - Taxes (200.470)



Equipment

■ [200.313 – Equipment \(see 200.439 Equipment and Capital Other Expenditures\)](#)

- Equipment still requires prior approval.
- While the equipment is being used for the original purpose, the recipient or subrecipient must not dispose or encumber its title or other interests without the approval of EPA or pass-through.
- States and Indian Tribes must use, manage, and dispose of equipment in accordance with their procedures, if they do not exist, must follow laws and procedures of this section.
- Physical inventories must now be conducted, and results reconciled every two years
- Control systems must now be in place to prevent property loss, damage, or theft, and must notify EPA when there is an impact on equipment.
- Outlined in section f, when included in the terms and condition of a Federal award, the Federal agency may permit the recipient to retain equipment or authorize a pass-through entity to permit the subrecipient to retain equipment, with no further obligation to the Federal Government unless prohibited by Federal statute or regulation.
- Equipment with a fair market value of \$10,000 or less (per unit) may be retained, sold, or disposed without further responsibility to EPA or pass-through, except as outlined in 200.312(b), or fails to provide disposition instruction in 120 days.
- If equipment is sold, the agency may allow recipient/subrecipient to keep \$1000 of proceeds.

■ [200.439 – Equipment and Other Capital Expenditures](#)

- Threshold amount is now \$10,000 or more.

Supplies

- [200.314 – Supplies](#), (see [200.453, Materials and Supplies Costs, including costs of Computing Devices](#))
 - Have now increased threshold and expanded definition of unused supplies from \$5000 to \$10,000.
 - Now includes the addition of a compensation clause to the agency.
 - When working to closeout the Federal award, unused supplies now need to be considered, which include all supply types.
 - The awarding agency or pass-through is now entitled to compensation from unused supplies in an amount calculated by multiplying the percentage of the Federal agency's or pass-through entity's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale.
 - If unused supplies are sold, the recipient/subrecipient may be able to retain \$1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies, if the awarding agency or pass-through approves it.

200.438 – Entertainment and Prizes

- Generally, entertainment costs are considered unallowable, unless there is a specific and direct programmatic purpose, and it is included in the Federal award.
- Prizes or challenges are now an allowable cost so long as they have a specific and direct programmatic purpose and are included within the Federal award.
- For further information on this topic, please reference the OMB memorandum M-10-11, “Guidance on the Use of Challenges and Prizes to Promote Open Government”, issued March 8, 2010.



200.333 – Fixed Amount Subawards

■ 200.333 – Fixed Amount Subawards

- Fixed amount subaward cap was increased from Simplified Acquisition Threshold from \$250,000 to \$500,000.
- With prior written approval from the EPA, the recipient may provide subawards based on fixed amounts up to \$500,000.
- Must still follow the requirements within 200.201(b)(1).

■ 200.201(b)(1), in relation to 200.333 – Fixed Amount Subawards

- Program Income (PI) rules not applicable to fixed amount awards and right to retain unexpended funds.
- Now explicitly states that recipient may retain unexpended funds if all activities are completed.
- Accountability now must be based on performance and results which can be communicated in performance reports or through routine monitoring.
- No financial reporting is required, BUT the recipient/subrecipient must still meet record retention requirements or are they absolved from the responsibilities of making records available for review during an audit.

Modified Total Direct Costs and Indirect Costs

■ [200.1 – Modified Total Direct Costs Definition](#)

- Up to the first \$50,000 of each Subaward will be included in the MTDC base.
- The capitalization threshold for equipment will increase from \$5,000 to \$10,000, so items costing \$9,999 or less can be treated as supplies and material and included in the MTDC.

■ [200.414\(c\) – Indirect Costs](#)

- Federal agencies must accept a recipient's NICRA unless a different rate is required by Federal statute or regulation for a class of Federal awards or a single Federal award, or when approved by a Federal awarding agency head or delegate through the deviation process detailed in 2 CFR 200.414(c).
- A PTE must accept a subrecipient's Federally negotiated indirect cost rate unless a different rate is required by Federal statute, regulation or by a deviation approved in accordance with 2 CFR 200.414(c).

■ [200.414\(f\) – Indirect Costs](#)

- The de minimis rate was increased to allow organizations to recover up to 15% of their modified total direct costs for indirect costs.
- The *de minimis* rate cannot be used on cost-reimbursement procurement contracts under the FAR.

200.306 – Cost Sharing

- Cost sharing is now singular ("matching" has been removed from the guidance).
- Voluntary committed cost sharing may not be used as a factor during merit review for Federal research grants.
- Federal agencies are also discouraged from using voluntary committed cost sharing as a factor during the merit review of applications for other Federal financial assistance programs.
- For all Federal awards, the Federal agency or pass-through entity must accept any cost sharing funds including funds committed by the recipient, subrecipient, or third party as part of the recipient's or subrecipient's contributions to a program with specific funds outlined within the part.
- Institutions of Higher Learning (IHE), voluntary uncommitted cost sharing should be treated differently from mandatory or voluntary committed cost sharing.



200.307 – Program Income

- The recipient/subrecipient is now encouraged to earn income to defray program costs when appropriate and must be used for the original purpose of the Federal award.
- Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs.
- Program income must be expended prior to requesting additional Federal funds.
- Program income exceeding amounts specified in the Federal award may be added to or deducted from the total allowable costs in accordance with the terms and conditions of the Federal award.
- Three new methods of applying program income: deduction, addition, and cost sharing – with explanations around each of these methods within 200.307(b).
- EPA may now negotiate agreements with recipients regarding appropriate uses of income earned after the end of the period of performance as part of the closeout process.
- Outlined the below specific examples of what is not considered program income unless specified in Federal statutes, regulations, or the terms and conditions of the Federal award:
 - Governmental revenues
 - Property
 - License fees and royalties

Requirements for Pass-Through Entities

■ [200.332 – Requirements for Pass-Through Entities](#)

- Greater monitoring is expected on the oversight relating to “significant developments” negatively affecting the subaward which include:
 - Single audit findings, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which impact their ability to perform the subaward.
 - The subrecipient must now provide the pass-through with a plan for corrective action and assistance needed to resolve the situation.
 - Addition of monitoring tools for pass-through entities.

■ [200.325 – Federal Agency or Pass-Through Entity Review](#)

- Recipients/pass-through entities must now submit technical specifications of proposed procurements when requested by the awarding agency.
- Reviews of technical specifications should now take place before technical specifications are incorporated into a solution document.
- If a review is requested from recipient or subrecipient after a solicitation, the agency or pass-through entity may review for technical aspects.

200.308 – Revision of Budget/Program Plans

- Recipient must report deviations from the approved budget, project or program scope, or objective in accordance with 200.329.
- When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in their application – alternative formats may include the use of electronic systems, email, or other EPA approved mechanisms.
- EPA or pass-through entity must review and the request for revision and notify the recipient on if it has been approved within 30 days of recipient of request in writing AND or if the decision will take longer than 30 days to review.
- Recipients must request prior written approval from the EPA or pass-through entity if there is a change in key personnel, changes in total approval cost-sharing amount, transferring funds between the construction and non-construction work under a Federal award, a no-cost extension (with specific caveats).
- Pre-award costs must be charged to the initial budget period unless otherwise specified by the Federal agency.
- The EPA now must not permit a transfer of funds that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation AND/OR may restrict the transfer of funds in relation to direct cost categories, and the cumulative amount of the transfer exceeds or is expected to exceed 10 percent of the total budget, including cost share.

200.301 – Performance Management

- EPA will establish program goals and objectives during the program plan design, which will clearly communicate the specific program goals and objectives in the Federal award, including:
 - How the EPA will measure the achievement of the goals and objectives
 - The expected timeline
 - Information on how the recipient must report the achievement of program goal and objectives
 - Any expected outcomes such as outputs, service performance, or public impacts
 - Indicators, targets, baseline data, or data collections that the recipient is responsible for measuring and reporting



200.329 – Monitoring and Reporting Program Performance

- New clause on responsibilities of recipients/subrecipients focused on reporting schedules and providing cost information.
- The recipient/subrecipient are now responsible for the oversight of the EPA award and must monitor their activities to ensure compliance with all requirements and meeting performance expectations.
- Must cover each program, function, or activity; as related to 200.332, *Requirements for Pass-Through Entity*.
- Neither the EPA or pass-through entity can request reports more frequently than quarterly unless under specific conditions.
- Performance reports must relate to financial data and project or program accomplishments in relation to the performance goals and objectives of the federal award.
- Federal agencies should not solicit information from recipient or subrecipient that is not necessary for effective monitoring or evaluation of the award.
- When significant developments impact reporting, the recipient/subrecipient must notify the awarding agency or pass-through entity.
- If significant developments negatively impact the award, the recipient and subrecipient must now provide information within their plan for corrective action and include any assistance needed.

Payment and Financial Requirement Certifications

■ [200.305 – Federal Payment](#)

- Advance payment mechanisms must now comply with 31 CFR part 208.
- Recipients/subrecipients must be authorized to submit payment requests as often as necessary when electronic fund transfers are used or at least monthly when electronic transfers are not used.
- Recipient/subrecipient must maintain advance payments of Federal funds in interest-bearing accounts, unless an interest-bearing account is not readily accessible.
- All interest more than \$500 per year must be returned to Payment Management System (PMS) regardless of whether the recipient or subrecipient was paid through PMS.

■ [200.415 – Required Financial Certifications](#)

- Recipient must certify financial reports (no longer includes for payment requests)
- Added new section stating that Subrecipients under the Federal award must certify to the pass-through the accuracy of the applying for funds, requesting payment, and submitting financial reports.

200.328 – Financial Reporting

- 200.328(c) The recipient or subrecipient must submit financial reports as required by the Federal award.
 - Reports submitted annually must be due no later than 90 calendar days after the conclusion of the reporting period.
 - Reports submitted quarterly or semiannual must due no later than 30 calendar days after reporting period.
- 200.328(d) The final financial report must be due no later than 120 calendar days after conclusion of the period of performance.
 - A subrecipient must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance; relates to Closeout at 200.344.



No Cost Extensions, Cost Allowability, and Participant Support Costs

- [200.308 – Revision of Budget and Program Plans](#)

- Has now clarified when allowing the recipient to have more time to spend down the grant, as multiple no-cost extensions with agency approval.

- [200.403 – Factors Affecting Allowability of Costs](#)

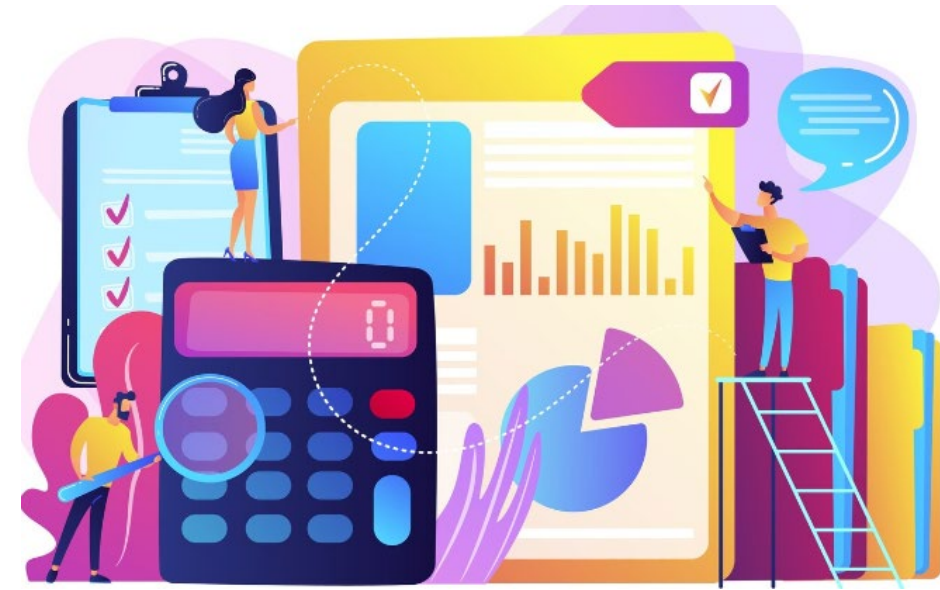
- Administrative closeout costs may be incurred until due date of the final reports – if incurred, these costs must be liquidated prior to the due date of the final report and charged to the final budget period of the award unless otherwise specified by the Federal agency.

- [200.456 – Participant Support Costs](#)

- Prior written approval removed for this section (200.407).
- Participant support costs are allowable (see § 200.1).
- The classification of items as participant support costs must be documented in the recipient's or subrecipient's written policies and procedures and treated consistently across all Federal awards.

Applicability and Auditing Requirements

- [200.101\(a\)\(2\) – Applicability](#)
 - Non-Federal entities are now subject to Subpart F audits.
- [200.501 – Audit Requirements](#)
 - Single Audit: A non-Federal entity that expends \$1,000,000.00 or more in Federal awards during the non-Federal entity's fiscal year.
 - Program-specific Audit Election: A non-Federal entity may elect to have a program-specific audit conducted in accordance with 200.507 if specific conditions are met.
 - Program-specific Audit election for Research and Development: A non-Federal entity may elect to have a program-specific audit for research and development conducted in accordance with 200.507 if specific conditions are met.



Equipment and Supplies Disposition

■ [200.313 \(e\) and \(f\) – Equipment](#)

- Equipment \$10,000 or less may be retained
- Equipment \$10,000 or more retain or sell
 - Federal share must be paid back
 - Retain \$1,000 to cover expenses of sale
 - 200.313(f) added.

■ [200.314 – Supplies](#)

- 200.314(a) Clarified unused supplies
- Supplies over \$10,000 must be retained or sold
- Retain \$1,000 to cover expenses of sale



Closeout, Termination and Standard Closeout Costs

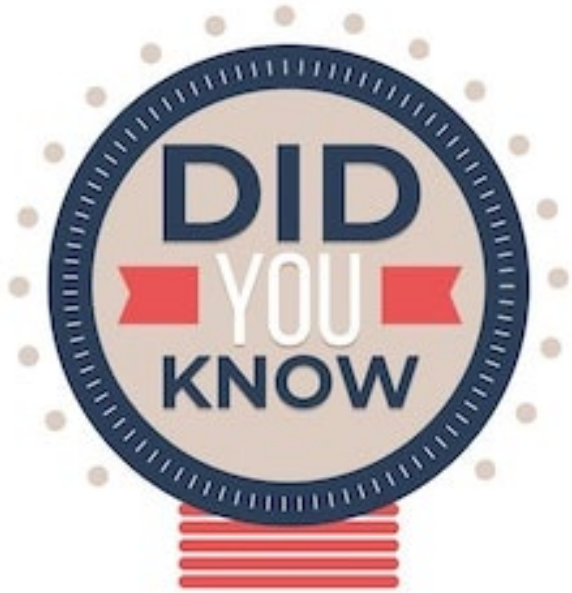
■ [200.344 – Closeout](#)

- If a recipient/subrecipient fails to complete necessary administrative actions or the required work for the award, the Federal agency or pass-through entity must proceed with the close-out based on the information available.
- The recipient must now submit all reports including financial, performance, and other reports required by the Federal award, no later than 120 days after the conclusion of the period of performance.
- If the recipient does not have a final indirect cost rate covering the period of performance, a final financial report must still be submitted.
- The recipient must liquidate all financial obligations incurred under a subaward no later than 90 calendar days after the conclusion of the period of performance of the subaward.

■ [200.472 – Termination and Standard Closeout Costs](#)

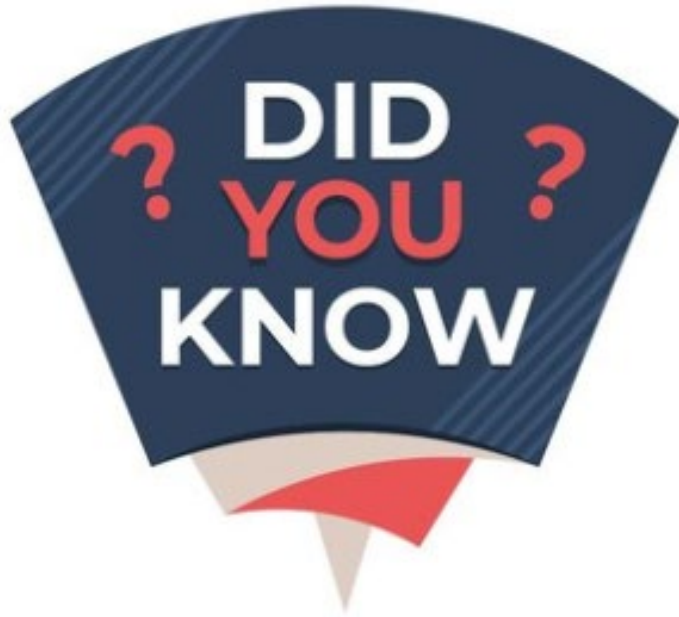
- Have now added a new section, (b) Closeout Costs, which provide descriptions and guidance on the administrative costs associated with closeout costs.

Some Quick Facts



- **Question:** How does this impact existing and new grants?
- **Answer:**
 - The revisions to the Uniform Guidance go into effect on all grants awarded on October 1, 2024, and later.
 - Those awarded before October 1 will be governed by the regulations at the time of the award.
 - Those awarded after October 1 will be governed by the revised regulations that go into effect on October 1.
 - For existing awards that will receive incremental or supplemental funding, EPA's current policy is that the new regulations will apply once that incremental/supplemental funding is processed, and recipients may point to the new regs once they receive an increase in funds, which is consistent with OMB guidance.

Some Quick Facts (cont.)



- **Question:** If an application is submitted the summer of 2024 and is awarded after October 1, 2024, will the applicant be able to revise our indirect cost from 10% to 15% per the new regulations?
- **Answer:**
 - The set of regulations that apply to the project is based on the award date of the grant.
 - If the grant is awarded before October 1, 2024, then it must comply with the regulations in effect at the time of award.

Additional Resources

- [EPA's 2 CFR 200 update page](#)
- [Council on Federal Financial Assistance \(COFFA\) 2 CFR Guidance](#)

