

# 2024 REVISIONS TO 2 CFR 200



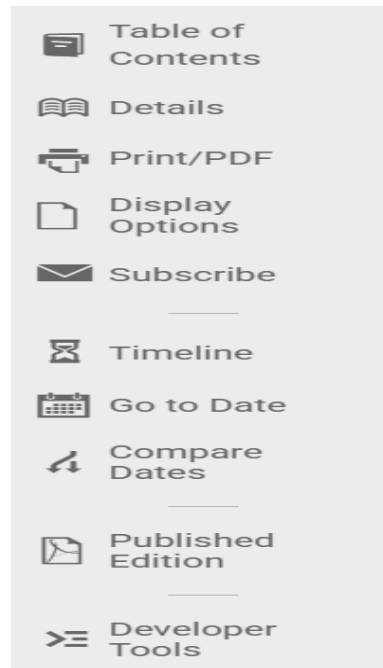


# Background of 2 CFR 200

- In 2013 COFAR implemented 2 CFR 200 by consolidating 8 OMB Circulars, revising and merging some Federal Rules, and consolidating Federal Grant requirements. [Effective 12-26-2014]
- The 2024 revision to 2 CFR 200 updated clauses and renamed the document as the OMB Guidance for Federal Assistance. [Effective 10-1-2024]
- The revisions also include changes to 2 CFR 1, 25, 170, 175, 180, 182, and 183.
- [Cfo.gov/coffa](https://cfo.gov/coffa)

# How to Track Future Changes to 2 CFR 200

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D>





# General Updates

- Changed Grants and Agreements to Federal Financial Assistance.
- Changed Non Federal Entity (NFE) [formally state DOT] to Recipient or Subrecipient [except in Subpart F].
- Updated specific sections that apply to Federal Agencies or Pass-Through Entities.
- Removed outdated acronyms and added new ones.
- Changed Federal awarding agency to Federal Agency.
- \*Changed DUNS Numbers to Unique Entity Identifier (UEI) [2 CFR 25.300]
- \*All subawardees must also have Unique Entity Identifiers. [2 CFR 25.300]
- \*Went from the OMB designated government system to using actual system names: SAM.gov, USAspending.gov, CPARs, Grants.gov. [2 CFR 25.105, 110, 205, 300, and App A to Part 25]
- \*Deleted the need for recipients to receive formal approval from Federal agencies to implement changes to comply with the 2024 revisions. (January 15, 2025 Memorandum for Federal Financial Assistance from COFFA).
- \*Sets out specifically which sections apply to Federal Agency and which apply to Pass-Through entities.

# Specific Updates

- Notice of Funding [2 CFR 200.204]
- Risk Assessment [2 CFR 200.206 and 208]
- Recipient and Subrecipient [2 CFR 200.1 and 2 CFR 25.400]
- Pass-Through entity defined [2 CFR 200.1]
- Cost Share and Match [2 CFR 200.306]
- Contract [2 CFR 200.1]
- Period of Performance, Budget Period, Closeout [multiple clauses]
- Termination [2 CFR 200.1, 200.340, 200.343]
- Equipment [2 CFR 200.1 and 2 CFR 200.313]
- Supplies [2 CFR 200.1 and 2 CFR 200.314]
- Intangibles [2 CFR 200.1 and 2 CFR 315]
- *De minimis* Rate (IDC) [2 CFR 200.414] and Indirect Costs [2 CFR 200.414]
- Audit threshold [2 CFR 200.501]
- Performance Goals [2 CFR 200.329]



# Notice of Funding 2 CFR 200.204 and 205

## Updated Requirement:

- Announce specific funding opportunities that will be openly competed.
- Scope and requirements for programs.
- \*Use plain language.
- \*Specific award date.
- \*Availability period for Federal Funds.
- \*Merit review panels (2 CFR 200.205).
- Keep announcements limited in length and complexity to only necessary information.



# Risk Assessment 2 CFR 200.206 and 208

- Review eligibility information for applicant available through OMB designated websites.
- Review the responsibility and qualification records available found in Sam.gov.
- Prior recipients of awards must show satisfactory experience in administering programs or activities.
- Have policies and procedures in place for conducting a risk assessment to evaluate all awards.  
The policy may include:
  - Quality of the application
  - Amount of the award
  - Risk associated with granting the award
  - Cybersecurity risks
  - Fraud
  - Financial stability of contractor
  - History of performance
  - Ability to implement project



# Pass-Through entity 2 CFR 200.1

- A recipient or subrecipient that provides a subaward to a subrecipient to carry out part of a Federal program.
- The duties of a Pass-Through now includes:
  - determining whether an entity is a subrecipient, contractor, or recipient.
  - Federal agencies do not have a direct legal relationship with subrecipients and contactors.
- State governments are defined as Pass-Through entities that:
  - Passes funds to subrecipient through subaward.
  - Passes funds to contractor for goods and/or services.



# Recipient Defined 2 CFR 200.1 and 2 CFR 25.400



- An entity that receives a Federal award directly from a Federal agency to carry out an activity under a Federal program.
- Does not include subrecipients or individuals that are participants or beneficiaries of the award
- The term Recipients used to mean a Non-Federal entity or Federal Agency that received a Federal Award.
- The term now replaces the term Non-Federal entity.



# Subrecipient 2 CFR 200.1

- An entity that receives a subaward from a pass-through entity to carry out part of a Federal award.
- Does not include a beneficiary or participant.
- A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.



# Contract 2 CFR 200.1

Contract definition now includes being a legal instrument by which a recipient or subrecipient “conducts procurement transactions”.

Procurement relationships:

- Providing goods and services
- Normally competitive
- Provides ancillary services



# Cost Share and Match 2 CFR 200.306

The Standard removes the term “match” because “match” now falls under the definition of “cost share”.



# Budget Period 2 CFR 200.1 and 308

Changed “expending” funds to “incurring” the financial obligation of the funds awarded.

Expending:

1. Paying out or using up.
2. Act of paying or spending.

Incur:

1. Taking responsibility for the payment of something.
2. All expenses are the funding agencies liability even if the expense has not been paid.



# Period of Performance 2 CFR 200.1 and 309

1. Period of performance means the time interval between the start and end date of a Federal award, which may include one or more budget periods.
2. All end dates for performance period must now be exact, no longer allowed to estimate.



# Close Out 2 CFR 200.1 and 344

- Close out periods are now mandatory after all administrations required actions are completed.
- Budget office now have the authority to close awards if termination action is not taken by the contract manager.
- All reports and financial statements from the recipient must be provided within 120 days after the conclusion of the period of performance. The subrecipient has 90 days to provide the documents.
- Recipient must fully liquify all financial obligations within 120 days. Subrecipient has 90 days.
- Closeout extensions can not go any longer than 1 year.



# Termination of Contract 2 CFR 200.1

Termination of a contract no longer includes discontinuing a federal award due to the lack of available funding.



## Equipment 2 CFR 200.313

- Increased the threshold value for equipment from \$5,000 to \$10,000.
- Added additional guidance on the meaning of a “conditional title.”
- Revised to allow Indian Tribes/Native American to dispose of equipment in accordance with tribal law.
- Clarified that agencies may permit the recipient to retain equipment with no further obligation to the Federal government when it is not prohibited by Federal statute or regulation.
- Clarified the responsibility of recipients to maintain updated records regarding equipment.

# Supply 2 CFR 200.314

- Increased threshold from \$5,000 to \$10,000.
- Clarified that the requirements for unused supplies apply to the aggregate value of all supply types, and not just like-item supplies.
- Included a definition of “unused supplies.”
  - New, unopened.
  - Includes all types of supplies, not just like item supplies.
- Standard sets out how to calculate compensation for supplies sold by the contractor.
- Computing devices can be supplies, only if the acquisition cost is BELOW \$10,000. There is no depreciation value for computing devices.



# Intangible Property 2 CFR 200.1 and 315

- Adds data (including data licenses), websites, intellectual property licenses, trade secrets, patents, patent applications, and other instruments of property ownership of either tangible or intangible property, such as intellectual property, software, or software subscriptions or licenses.
- Vests the title to intangible property to the recipient or subrecipient.
- The recipient or subrecipient may not encumber the property without the approval of the Federal agency or pass-through entity.
- Disposition of the intangible property must occur just like equipment.
- To the extent permitted by law, the recipient or subrecipient may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award.
- Pass-Through may require recipients and subrecipients to make intellectual property available through public access plans with proper security.
- Clarified the potential requirement for recipients and subrecipients to make intangible property publicly available on agency-designated websites.



# Indirect Cost Rates 2 CFR 200.332, 414, and Appendix. III

- Pass-Through entities must accept all negotiated indirect cost rates set out by Federal Agencies.
- Pass-Through entities cannot require a recipient or subrecipient to use a rate lower than the *de minimis* rate of 15 percent.
- Recipients and subrecipients have the right to negotiate a rate higher than the *de minimis* rate with the Pass -Through entity.
- Agencies do not have authority to set their own indirect cost rate without support from statute or regulations.
- *De minimis* rates can be changed to a negotiated indirect cost rate if one is established after the contract is signed.



## 2 CFR 200.500-521 Audit Requirements

- 2 CFR 200.303 Internal controls now include Cybersecurity.
- Single Audit thresholds are effective regardless of whether the Federal agency takes any action to amend its existing awards.
- The new threshold is raised from \$750,000 to \$1 Million.

# Performance Goals 2 CFR 200.329

- Performance goals must be measurable.
- Must monitor all project functional activities.
- Progress reports and invoices should be received at the same time, if possible.
- Site visits can be virtual.
- The final report is due no later than 120 days after end of performance period.
- Must have quarterly performance progress reports.
  - Set out significant developments like milestones and objectives.
  - If there are different beneficial results than what was originally planned.
  - Set out delays or adverse conditions.
  - Set out negative impacts.
  - Set out cost or time overruns.
  - Contain comparison between proposal objectives and what was accomplished.
  - Include performance trend data.
  - Set out why if objects are not met.
  - Should include cost information to demonstrate cost effective practices if set out in contract.



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