

EXTREME MAKEOVER
**Uniform Guidance 2 CFR Edition:
The Final Reveal**

SRAI

October 28, 2024

Gil Tran, CPA

Agenda

Description

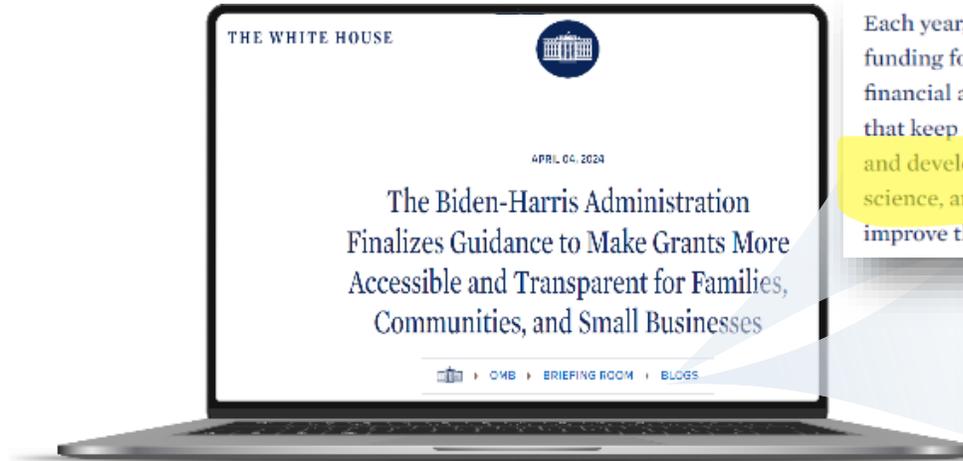
Final Revisions

Benefits

Timing and Implementation Plan

Objective: Understand the final changes and plan for implementation

The White House Announcement – 04/04/24



Each year, the Federal government provides more than \$1.2 trillion in funding for thousands of programs through grants and other forms of financial assistance. From life-saving health care and after-school programs that keep our children safe, to improved critical infrastructure and research and development that helps our industries remain world leaders in health, science, and technology, the Federal government's investments directly improve the daily lives of every American.

These updates to what is known as the Uniform Grants Guidance will streamline and clarify requirements for Federal funding. This will mean that recipients can invest in mission outcomes rather than in administrative overhead, while ensuring Federal agencies can effectively safeguard taxpayer resources. These changes will allow agencies and recipients of Federal funds to focus more time and money on delivering meaningful results for the American people.

[The Biden-Harris Administration Finalizes Guidance to Make Grants More Accessible and Transparent for Families, Communities, and Small Businesses | OMB | The White House](#)



The *New & Improved* Uniform Guidance 2CFR

2 CFR Revisions Timeline

- RFI 02/13/23
- Published in FR on 10/05/23
- Final Revisions – 04/22/24
- Technical Corrections – 10/01/24

OMB revised 2 CFR for reasons including:

- 1) incorporating statutory requirements and administration priorities;
- 2) reducing agency and recipient burden;
- 3) clarifying sections that recipients or agencies have interpreted in different ways; and
- 4) rewriting applicable sections in plain language, improving flow, and addressing inconsistent use of terms



[2024-07496.pdf \(govinfo.gov\)](#)

[Microsoft Word - 2 CFR 2024 Redline \(cfo.gov\)](#)

<https://www.cfo.gov/assets/files/2-CFR-Crosswalk-2024.xlsx>



Part 200 – Final Revisions

OMB Uniform Guidance
eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



The screenshot displays the Code of Federal Regulations (eCFR) website interface. At the top left is the National Archives logo. The main header reads "Code of Federal Regulations" with the subtitle "A point in time eCFR system". On the top right is the National Archives and Records Administration seal. Below the header is a blue navigation bar with "Title 2" selected. A light blue banner contains the text: "Displaying title 2, up to date as of 10/17/2024. Title 2 was last amended 10/02/2024. view historical versions". Below this is a search bar with the placeholder text "Enter a search term or CFR reference (eg. fishing or 1 CFR 1.1)". A breadcrumb trail shows "Title 2 / Subtitle A / Chapter II / Part 200" with navigation links "Previous / Next / Top". On the left is a sidebar with "ECFR CONTENT" and options for "Table of Contents", "Details", and "Print/PDF". The main content area features an "ENHANCED CONTENT" section with a "View table of contents for this page" link, followed by the heading "PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS". A red oval highlights the update information in the banner.

Part 200 – Final Revisions – eCFR Redlined strikeout version

Intangible property means property having no physical existence, such as trademarks, copyrights, ~~patents and~~ data (including data licenses), websites, IP licenses, trade secrets, patents, patent applications, and property ~~such as~~ loans, notes and other debt instruments, lease agreements, ~~stock~~ stocks and other instruments of property ownership ~~(whether the property is of either tangible or intangible~~) property, such as intellectual property, software, or software subscriptions or licenses. *Intermediate cost objective* means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives. See

Participant generally means an individual participating in or attending program activities under a Federal award, such as trainings or conferences, but who is not responsible for implementation of the Federal award. Individuals committing effort to the development or delivery of program activities under a Federal award (such as consultants, project personnel, or staff members of a recipient or subrecipient) are not participants. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees.

Participant support costs means direct costs ~~for items~~ that support participants (see definition for *Participant* in § 200.1) and their involvement in a Federal award, such as stipends ~~or~~, subsistence allowances, travel allowances, ~~and~~ registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants ~~or trainees (but not employees) in connection with conferences, or training projects.~~

Pass-through entity

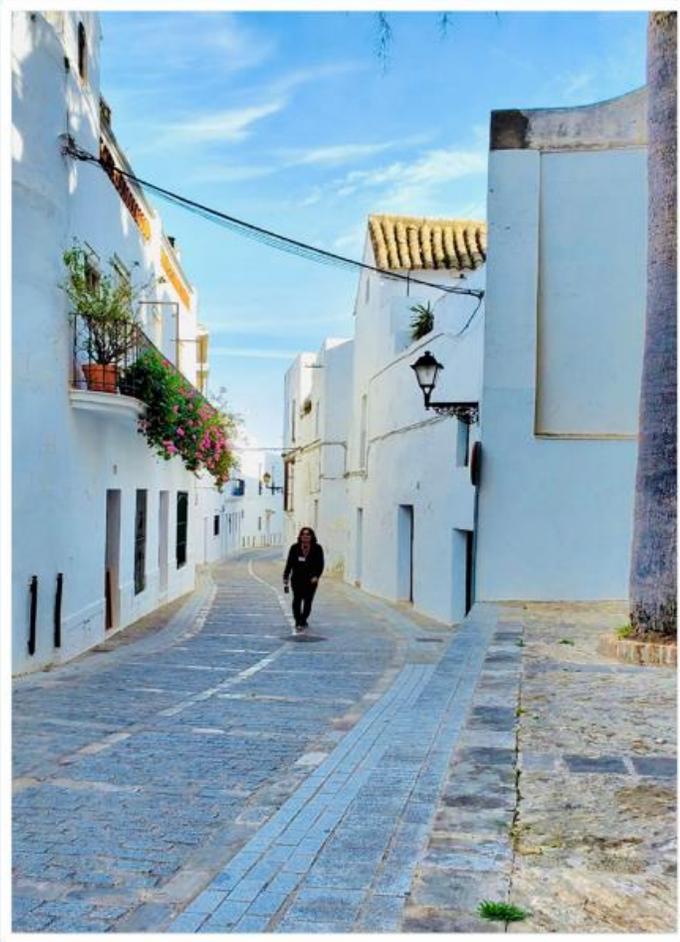
*The Old and
New Spain*



*The Old and
New UG*



Title 2 - *Federal Financial Assistance* – Part Revisions



Chapter 1 OMB Guidance for Grants and Agreements

Part 1: About Title 2 of the Code of Federal Regulations and Subtitle A

Part 25: Universal Identifier and System for Award Management

Part 170: Reporting Subaward and Executive Compensation Information

Part 175: Award Term for Trafficking in Persons

Part 180: Governmentwide Debarment and Suspension (Non-procurement)

Part 182: Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)

Part 183: Never Contract With The Enemy

Part 184: Buy America Preferences for Infrastructure Projects (NEW) – August 2023

Chapter 2 OMB Guidance

Part 200: Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards

Part 200 – Basic Layout

- 6 Subparts A through F
 - Subpart A, 200.XX – Acronyms & Definitions
 - Subpart B, 200.1XX – General – **Federal and Recipients**
 - Subpart C, 200.2XX – Pre- Award – **Federal**
 - Subpart D, 200.3XX – Post Award – **Recipients**
 - Subpart E, 200.4XX – Cost Principles – **Federal and Recipients**
 - Subpart F, 200.5XX – Audit
- 12 Appendices – I through XII
 - Appendix I – Notice of Funding Opportunities (NOFO)
 - Appendices III through VII address indirect (F&A) costs

Summary Count of Revisions by Subpart

	Title	Number of Sections	# Sections Changed	Percentage of Section Changes
Subpart A	Acronyms and Definitions	2 (200.0-200.1)	2	100%
Subpart B	General Provisions	14 (200.100-200.113)	4	29%
Subpart C	Pre-Federal Award Requirements and Content of Federal Awards	17 (200.200-200.216)	8	47%
Subpart D	Post Federal Award Requirements	47 (200.300-200.346)	25	53%
Subpart E	Cost Principles	77 (200.400-200.476)	18	23%
Subpart F	Audit Requirements	22 (200.500-200.521)	6	27%
Appendix	Various	12	6	50%
Total		191	69	36%



Part 200 – Major Areas of Changes

Subpart A – Definitions – 200.1

- ▶ Equipment, Supplies - \$10,000
- ▶ For-Profit Organizations – New
- ▶ MTDC – subawards up to \$50,000
- ▶ “Intangible property” definition expanded
- ▶ Participant – New (different than 180.980)
- ▶ Prior Approval – New (also 200.308 (e), (f) (4) – must be in writing
- ▶ Special Purpose Equipment includes “associated software”
- ▶ Federal awarding agency - Deleted
- ▶ Replace “Non-Federal Entity” with “Recipient and Subrecipient”
- ▶ Use “indirect costs”, not “F&A”



Part 200 – Major Areas of Changes

Subpart B – General

- Replace Applicability table (200.101)
- Add “Exceptions” Authority to agencies for “statutory” reasons, proposed “Deviation” dropped (200.102)
- Add “credible evidence” of various criminal violations under mandatory section (200.113)
 - No additional description for “credible evidence”
 - Same meaning as FAR 73 FR 67064
 - “Promptly disclose” in writing to Federal agency, OIG, PTE



Part 200 – Major Areas of Changes

Subpart C – Pre-Award

- Refine fixed amount award
 - No review of actual costs or financial reporting (200.201)
 - Up to \$500 K (from \$250 K) threshold limit for fixed amount subawards (200.333)
 - Require pre-approval from Federal agency
 - Require certification at the end for completion of required activities and that costs comply with 200.403
 - “Entitled to any unexpended funds” (200.400 (g))
 - NSF Audit Report – OIG-24-1-008 (03/06/24)
- Clarify use of prohibited telecommunications and video surveillance equipment and services (200.216)
- Add New Section – Whistleblower protections (200.217)
 - Must inform employees in writing

Part 200 – Major Areas of Changes



14



Subpart D – Post Award

- ▶ Delete FFATA requirement reference, add 2 subsections on discrimination based on sex orientation or gender identity (200.300)
- ▶ Reaffirm treatment of “voluntary uncommitted cost sharing” for IDC purposes (200.306 (k))- OMB M-01-06, 01/05/01
- ▶ Refine Budget Revisions to 10 Must Items for prior approval (200.308 (f))
 - Multiple cost extensions allowed
- ▶ Add requirements for equipment management (200.313 (f))
- ▶ Add flexibility for unused supplies (200.314)
- ▶ Expand “intangible property” definition, add agency designated public access repositories. (200.315)

Part 200 – Major Areas of Changes

Subpart D – Post Award

- ▶ Allow Indian Tribes to follow own procurement rules (200.317)
- ▶ Allow the use of project labor agreements (200.318 (I))
- ▶ Eliminate prohibition on using geographic preferences (200.319)
- ▶ Add “Veterans-Owned Business (200.321) and “Green” products (200.323)
- ▶ Raise threshold limit for fixed amount subawards to \$500K (200.333)
- ▶ Eliminate termination flexibility by federal government (formerly 200.340 (2))



Part 200 – Major Areas of Changes

Subpart E – Cost Principles

- ▶ Remove prior approval requirements for nine items (200.407)
- ▶ Allow report of rate disputes to OMB (200.414 (c) (2))
- ▶ Reiterate the use of federally negotiated IDC rates (200.414 (d))
- ▶ Raise the de-minimus rate to 15% of MTDC (200.414 (f))
 - Not allowed for “cost reimbursement contracts”
- ▶ Require subrecipient to submit similar certification to pass thru entities (200.415 (b))



Part 200 – Major Areas of Changes

Subpart E – Cost Principles

- Eliminate the requirement for DS-2 (formerly 200.419 (b))
- Require unused leave to be allocated as general administrative costs (200.431 (b) (3))- Rescinded
- Allow conference sponsor to provide dependent-care for participants (200.432)- **NEW**
- Add "prizes" to "entertainment" section (200.438)
- Clarify allowability for "data and evaluation costs" (200.455 (c))
- Allow "closeout costs" until report due dates – 120 days after project end (200.472 (b)) - **NEW**



9 Prior Approvals No Longer Required

Subpart E – 200.407

- ▶ Reduce from 25 to 16 Prior Approval requirements
- ▶ Delete 9 Prior Approval Requirements
 - (a) Use of Fixed Amount Award (item (b) (5) - Change of PI and scope only)
 - (e) Real Property Encumbrance – 200.311
 - (f) Equipment Encumbrance – 200.313
 - (h) Direct Costs, paragraph (c) (3)- Direct administrative staff
 - (k) Entertainment Costs
 - ~~(m) Exchange Rates~~
 - (r) Memberships
 - (t) Participant Costs
 - (w) Selling and Marketing costs
 - (x) Taxes



Direct Costs – Administrative and clerical staff (200.413 (c))

Subpart E – 200.413 (c)

- Administrative and clerical staff salaries should normally be treated as indirect costs...Direct charging of these costs may be appropriate only if they meet all of the following conditions:
 - The administrative or clerical services are integral to a Federal award;
 - Individuals involved can be specifically identified with a Federal award;
 - ~~Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency;~~ and
 - The costs are not also recovered as indirect costs.



NEW Clarification: Data and Evaluation Costs – 200.455 (c)



200.455 – Organization costs

- ▶ Data and evaluation costs are allowable (200.455 (c))
 - **Data costs:** expenditures needed to gather, store, track, manage, analyze, disaggregate, secure, share, publish, or otherwise use data to administer or improve the program, such as data systems, personnel, data dashboards, cybersecurity, and related items.
 - **Evaluation costs:** costs include (but are not limited to) evidence reviews, evaluation planning and feasibility assessment, conducting evaluations, sharing evaluation results, and other personnel or materials costs related to the effective building and use of evidence and evaluation for program design, administration, or improvement.

Part 200 – Major Areas of Changes



Subpart F – Audit

- ▶ Raise Single Audit threshold increase to \$1 million (from \$750K) (200.501. Also Type A/B program threshold (200.518). Note current 200.425 – Audit services allows sub monitoring costs
- ▶ Allow federal cognizant agencies y to provide submission extension (200.512 (a) (1))

Appendix I-XII

- ▶ Introduce new format for NOFO (Appendix I)
 - Add a Summary section
 - Add definition of “underserved communities” per EO 13985 and “disadvantaged communities” per OMB Memo 21-28
 - Encourage plain language
- ▶ Raise subawards in MTDC to \$50,000 (Appendices III, IV, VII)

OMB Future Considerations – 60 comments

- ▶ Add audit requirements for For Profit Organizations
- ▶ Add research security requirements (NSPM-33)
- ▶ Remove more prior approval requirements
- ▶ Address challenges related to indirect cost rate negotiations

Part 200 – Revisions Implementation Timing

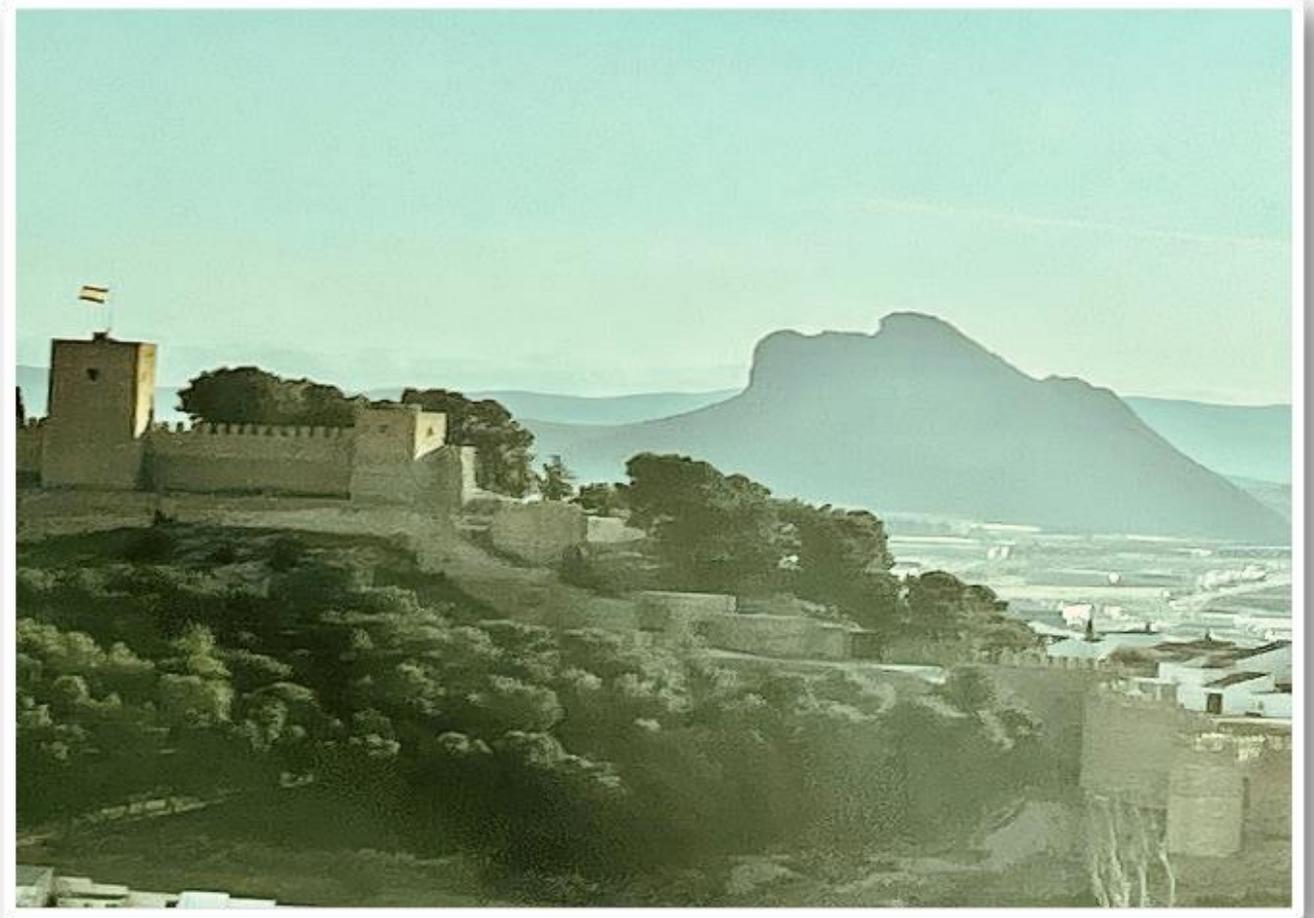
- ▶ White House Roll-out on 04/04/24
- ▶ Final Revisions published in FR on 04/22/24
- ▶ **OMB Implementation Memo M-24-11**
 - Agency plans by 05/15/24
 - NOFO Template by 08/01/24
 - Federal Program Inventory update by 06/01/24
 - Single Audit Cognizant list by 05/04/24
- ▶ Federal Agency Implementation – 08/15/24
- ▶ **Technical Corrections – 10/01/24**

OMB M-24-11

[M-24-11-Revisions-to-2-CFR.pdf \(whitehouse.gov\)](#)

FR October 1, 2024

[2024-22520.pdf \(federalregister.gov\)](#)



Part 200 – Revisions – the 4 Real Effective Dates

- ▶ Final revisions will be effective 10/01/24 for awards issued on or after that date
 - 10/01/24 - Administrative and allowable cost changes (e.g., prior approval requirements, 15% de-minimus rate)
 - Next Fiscal Year (likely FY 2026)- Financial changes involving university wide policies (e.g., mandatory disclosure, procurement, Single audit)
 - Next IDC proposal submission - Indirect cost rates and application (e.g., subawards, equipment threshold changes)
 - Exceptions
 - Currently Allowable – some clarification Items



Part 200 – Revisions – the 4 Effective Dates

Revision Item	Part 200 UG Section Reference	Effective 10/01/24	Effective Next Fiscal Year	Effective Next IDC Proposal/Rate	Currently Allowable	Require Written Policy Update
Subpart A						
Equipment - \$10 K	200.1			X		X
Subawards - \$50K	200.1			X		X
Subpart B						
Credible Evidence	200.113	X				X
Subpart C						
Fixed Amount Award - \$500K	200.201	X				X
Use of Prohibited Telecommunication Devices, Services	200.216				X	
Whistle Blower Protection	200.217		X			X
Subpart D						
New Discrimination Policies	200.300	X				X
Voluntary Uncommitted Cost Sharing	200.306(k)				X	X
Budget Revisions	200.308(f)	X				X
Equipment Property Management	200.313(f)	X				X
Unused Supplies	200.314	X				X
Intangible Property	200.315	X				X
New Procurement Policies	200.317-200.323	X				X

Part 200 – Revisions – the 4 Effective Dates

Revision Item	Part 200 UG Section Reference	Effective 10/01/24	Effective Next Fiscal Year	Effective Next IDC Proposal/Rate	Currently Allowable	Require Written Policy Update
Subpart E						
Prior Approval Requirements	200.407	X				X
Report to OMB in Rate Dispute	200.414 (c)(2)	X				
Use of Negotiated Rates	200.414 (d)				X	
New De-Minimus Rate – 15%	200.414 (f)	X				X
Subrecipient certification requirement	200.415(b)	X				X
DS-2 Requirement Elimination	200.419(b)		X			
Unused Leave	200.431 (b)(3)			X		X
Conference costs	200.432	X				X
Prizes costs	200.438				X	X
Data management and Program Evaluation costs	200.455 (c)			X – charged as indirect costs	X – charged as direct costs	X
Closeout costs	200.472 (b)	X				X
Subpart F						
Single Audit Threshold -\$1M	200.501		X			
Appendices III, IV, VII						
MTDC – Subawards \$50,000	Appendices III.C.2, IV.B.2.c, VII.C.2.c			X		X

Your Implementation Plan



▶ Policy changes documentation

- Research policies
- Procurement policies
- Mandatory Disclosure policies
- Indirect cost policies (especially with DS-2 elimination)
- Financial Statement Policies
- Internal Control Policies

▶ Indirect Cost planning

- Effective for next IDC proposal submission
- **Must renegotiate rates if want to benefit from subawards and equipment threshold changes**
- Equipment depreciation recapture allowable

▶ Current project proposals

- Changes for equipment threshold
- Changes for subaward threshold
- Possible change for indirect cost rate
- Allowable data and program evaluation costs
- Direct administrative costs
- Change for fixed amount award
- Subrecipient monitoring (less than \$1 million)
- Monitor agency implementation plans

Part 200 – Revisions – Knowledge Check



- Four and one ?
- Nine and five?
- \$50,000 on October 1, 2024 ? **True or False**

*“To dream the impossible dream, that is my quest”
Don Quixote*



Gil Tran, Specialist Leader
Cell: 571.431.9203
hmtran@attainpartners.com