



FY 2024 Revisions to 2 CFR: Federal Agency Implementation

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This document provides additional supplementary information to assist Federal agencies with more consistently implementing the revisions made by the Office of Management and Budget (OMB) to Title 2 of the Code of Federal Regulations (CFR) in April 2024. The supplementary information includes suggested approaches to address common scenarios that may arise when issuing Notices of Funding Opportunities (NOFOs), Federal awards, and amendments following the effective date of the 2024 Revisions.

On April 22, 2024, the Office of Management and Budget (OMB) [published revisions to Title 2 of the CFR \(2024 Revisions\), including 2 CFR part 200](#) (the “Uniform Grants Guidance”), in the Federal Register. OMB also issued guidance in OMB [Memorandum M-24-11, Reducing Burden in the Administration of Federal Financial Assistance](#), which included a section on implementation of Title 2 of the CFR discussed below.

Federal Agency Adoption and Implementation of 2 CFR

Federal agencies must implement 2 CFR, subtitle A, in either their agency’s chapter located in 2 CFR, subtitle B, or in their own agency regulations located elsewhere in the Code of Federal Regulations.¹ Federal agencies must implement the OMB guidance in full unless different provisions are required by statute or approved by OMB and included in agency regulations or Subtitle B.²

New Awards and Related Program Documents

- As explained in M-24-11, consistent with 2 CFR 200.106 and applicable law, Federal agencies must take appropriate steps to ensure the 2024 Revisions are effective for all Federal awards entered into on or after October 1, 2024.
- Federal agencies should ensure that award templates, terms and conditions, NOFO templates, policies and procedures, and other program documents and policies, including those that support Federal financial assistance oversight, are updated to reflect the 2024 Revisions for all Federal awards for which the revisions will be effective.

¹ 2 CFR 1.105 and 200.106

² 2 CFR 200.106

Existing Awards

- Consistent with applicable law and as appropriate, for existing awards entered into before October 1, 2024, Federal agencies are strongly encouraged to apply the 2024 Revisions to any amendments agencies enter into on or after October 1, 2024 that provide additional funds.
- OMB also encourages agencies to amend existing awards for this purpose if the awards will extend into FY 2025 or beyond.
- Federal agencies may, as appropriate, apply the 2024 Revisions to amendments to existing awards if the amendments are for purposes other than providing additional funds (for example, no-cost extensions).
- In cases in which Federal agencies amend an existing award to apply the 2024 Revisions, the 2024 Revisions will generally apply prospectively to activities on or after the date of the amendment. Agencies may never retroactively apply the 2024 Revisions to past activities that preceded the effective date of the amendment if doing so would impose additional substantive requirements on recipients (such as requirements increasing burden). However, if memorialized in the amendment or through formal written notice, an agency may provide written approval to recipients allowing them to apply specific provisions of the 2024 Revisions that reduce burden on recipients to activities that preceded the amendment. This flexibility to provide written approval reducing burden for past activities does not apply to revisions of indirect cost rates or *de minimis* rates, which are discussed separately below.
- Unless otherwise provided by law, any agency amendments to existing awards must generally be executed by agreement with the recipient.

Implementation in Full After October 1, 2024

- After the October 1, 2024 effective date specified in the 2024 Revisions, unless different provisions are required by statute or approved by OMB,³ when the 2024 Revisions are applied to new or existing awards, the revisions must be applied in full to activities following the effective date of the new award or amendment. In other words, Federal agencies cannot selectively apply some revisions but not others to such activities.
- If the Federal agency and recipient seek to apply only one or more, but not all, provisions of the 2024 Revisions to an existing award, the Federal agency may consider using its case-by-case exception authority under 2 CFR 200.102(c) as an alternative to formally amending the award. For example, through a properly documented case-by-case exception, a Federal agency may allow a recipient to use the new *de minimis* indirect cost rate for an existing award, which is now available under the 2024 Revisions. This would also include using the new definition of modified total direct cost (MTDC). (See also *Existing Awards* in the *De Minimis Rates* section below).

³ 2 CFR 200.106

Subawards

- If a Federal agency amends an existing award issued prior to October 1, 2024 to apply the 2024 Revisions, then the 2024 Revisions must apply to subawards issued under that award as well.⁴ Thus, when a Federal agency amends an award to apply the 2024 Revisions, the pass-through entity must also amend any subawards already issued under that award. Application of the 2024 Revisions to subawards does not prevent pass-through entities from applying more stringent requirements to their subrecipients as permitted by the 2024 Revisions and the prior version of the guidance.⁵
- If a Federal agency has not applied the 2024 Revisions to an existing award, the pass-through entity must not apply the 2024 Revisions to a subaward issued under that Federal award—even if the subaward itself is executed on or after October 1, 2024.

NOFOs and Federal Financial Assistance Applications

Federal agencies should ensure that NOFOs issued prior to October 1, 2024, and that will result in awards issued on or after October 1, 2024, provide clear direction to applicants that the 2024 Revisions will be in effect for awards issued under that NOFO.

Federal agencies are encouraged to amend NOFOs posted to *Grants.gov* for which the application period has not yet closed to advise applicants of the application of the 2024 Revisions to awards issued under the NOFO if the agency anticipates that the 2024 Revisions will apply to such awards. If the application period for the NOFO has already closed, agencies must notify applicants or entities selected for an award that the 2024 Revisions will apply when the award is made.

Federal agencies may request that applications submitted under a NOFO prior to October 1, 2024, be revised to reflect changes in the 2024 Revisions. For example, if an entity applied for a Federal award prior to October 1, 2024, and the Federal agency intends to issue the award after October 1, 2024, the agency may request the applicant to submit a revised budget to reflect the higher *de minimis* indirect cost rate and other changes.

Recipient Implementation of 2 CFR

In certain circumstances, especially during the transition period, recipients may simultaneously be implementing multiple Federal awards, some of which were issued under the previous guidance in 2 CFR, and other Federal awards that were issued under the 2024 Revisions. While it may be necessary for recipients to implement certain systematic changes across their organization to implement new awards incorporating the 2024 Revisions, recipients should also keep in mind that not all flexibilities provided by the 2024 Revisions will be available through existing Federal awards issued prior to the effective date of the 2024 Revisions.

⁴ See 2 CFR 200.101(b). This section explains that the terms and conditions of Federal awards flow down to subawards unless a particular section of this part or the terms and conditions of the Federal award specifically indicate otherwise.

⁵ 2 CFR 200.208 and 200.332

Federal agencies should work closely with recipients during this transition period to clearly communicate the requirements applicable to a given Federal award. Federal agencies may also engage with recipients to address questions on whether systematic changes made by a recipient (e.g., internal controls, mandatory disclosure procedures, *etc.*) could impact compliance with the terms and conditions of existing Federal awards.

Indirect Costs

Negotiated Indirect Cost Rate Agreements (NICRA) negotiated prior to October 1, 2024 must continue to be honored by both Federal agencies and recipients. However, cognizant agencies for indirect costs may—but are not required to—renegotiate existing NICRAs (*i.e.*, issue revised or amended agreements) to reflect the new MTDC base. OMB encourages cognizant agencies for indirect costs to accommodate requests to renegotiate existing NICRAs that are in effect beyond October 1, 2025.

- **Provisional Rates:** Recipients with provisional rates in effect prior to October 1, 2024 must finalize those rates using the provisional rate’s approved MTDC base. Future provisional rates must be negotiated with the new MTDC base on or after October 1, 2024.
- **Predetermined and Fixed Rates:** Recipients with predetermined or fixed rates must use the new MTDC base beginning with the first proposal that is required on or after October 1, 2024.
- **Negotiating New Rates:** Recipients preparing indirect cost rate proposals must apply the new MTDC base for proposals that are submitted to the cognizant agency for indirect costs on or after October 1, 2024.

***De Minimis* Rates**

- **New Awards:** Recipients may elect to use the new 15 percent *de minimis* indirect cost rate for any award executed on or after October 1, 2024. All Federal agencies must honor the new *de minimis* rate after this date unless a different rate is required by law (such as Federal statute or regulation) or otherwise allowed by 2 CFR part 200. Recipients submitting applications to Federal agencies before October 1, 2024 for programs with an anticipated award date that occurs on or after October 1, 2024 may use the 15 percent *de minimis* rate in calculating the budget in that application even if the NOFO does not yet indicate that the 2024 Revisions will apply.
- **Existing Awards:** Consistent with the guidance above under *Federal Agency Adoption and Implementation of 2 CFR*, Federal agencies may allow a recipient to apply the 15 percent *de minimis* rate to an existing award if the agency determines that there are sufficient funds to support the 15 percent *de minimis* rate. In these instances, the recipient must charge the 15 percent *de minimis* rate only to costs incurred after the effective date of the amendment to implement the 15 percent *de minimis* rate. Recipients may not retroactively apply the *de minimis* rate to costs incurred prior to the effective date of the amendment.

Single Audits

The revisions to the Single Audit requirements in Subpart F are effective October 1, 2024. The \$1,000,000 audit and major program determination thresholds apply to non-Federal entity fiscal years beginning on or after October 1, 2024. These changes to the Single Audit thresholds are effective regardless of whether the awarding agency takes any action to amend its existing awards based on OMB's statutory authority to adjust the dollar amount of threshold at 31 U.S.C. 7502.

The 2024 [Compliance Supplement](#) issued in May 2024 explained that, although the government-wide effective date for the 2024 Revisions is not until October 1, 2024, Federal agencies may elect to implement the 2024 Revisions as early as June 21, 2024 to new awards and through amendments to existing awards. As a result, auditees may be simultaneously managing Federal awards under existing guidance and the guidance in the 2024 Revisions. Therefore, auditors should note that some awards may be subject to the 2024 Revisions, while other awards may be subject to the previous guidance.

Consequently, the auditor should take reasonable steps to ensure that compliance requirements identified as relevant to the audit are current and determine whether they are affected by any additional or modified provisions based on the 2024 Revisions. Auditors must not apply compliance requirements from the 2024 Revisions in circumstances in which the Federal agency has not yet applied the 2024 revisions to a Federal award that is undergoing an audit.

Single Audit Report Request for Extension

Subpart F of Title 2 of the CFR has been updated at section 200.512(a) to more accurately reflect the provisions of the Single Audit Act with respect to the report submission deadline. The cognizant agency for audit or oversight agency for audit (in the absence of a cognizant agency for audit) may authorize an extension when the nine-month timeframe would place an undue burden on the auditee. 2 CFR 200.512(a) (as revised). OMB provided further guidance on the report submission deadline extension process in OMB [Memorandum M-24-11](#).

In addition to the guidance provided in M-24-11, when the cognizant agency for audit is evaluating whether an extension will be granted, and specifically whether the existing timeframe would place an "undue burden" on the auditee, the cognizant agency should consider whether the stated justification for the extension constitutes a substantial and unjust obstacle to timely submission of the report. This should include consideration of whether the obstacle: (i) could have been avoided or overcome by the auditee (or its auditor) through planning and reasonable diligence; and (ii) also affected other project delivery and performance activities under the award beyond just the audit process under subpart F. Extensions would not be granted merely for the purpose of allowing an auditee to retain its low-risk designation under 2 CFR 200.520(a). The retention of the low-risk designation may potentially result from granting an extension, but it is not directly relevant to the assessment of undue burden, which must be the focus of cognizant agency's analysis under 2 CFR 200.512(a) (as revised).

After determining that an extension is needed, the cognizant agency should consider the length of the extension, and, in particular consider the date the request was made relative to the report due date. The extension provided by the cognizant agency should be no longer than necessary based on the undue burden faced by the auditee.