



OMB Uniform Grants Guidance

Background

- The Office of Management and Budget (OMB) periodically reviews [2 C.F.R. Part 200](#), and **it was updated effective 10/1/2024**.
- 2 C.F.R Part 200 is referred to as the OMB Uniform Grants Guidance and establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities—and this applies to you!
- The most recent update had many revisions related to plain language and terminology. Double-check your written policies and procedures when referencing 2 C.F.R. Part 200 language to ensure you have the most up-to-date language incorporated within those documents.

| KEY UPDATES | REVISIONS INCLUDE ... | REVISIONS AIM TO ... |
|--|--------------------------------------|---|
| Reduce burden on both agencies and recipients | Use of plain language | Improve Federal financial assistance management |
| Incorporate statutory requirements | Improved flow and structure | Enhance transparency and oversight |
| Clarification of sections where recipients or agencies have interpreted guidance differently | Addressing inconsistent use of terms | Provide more accessible and comprehensible guidance |

Plain Language Revisions

| OLD | NEW |
|-------------------------|------------------------------|
| Non-Federal Entity | Recipient and Subrecipient |
| Goods and Services | Procurement Transactions |
| Federal Awarding Agency | Federal Agency |
| Cost Share and Matching | Cost Share |
| Documented Policies | Established Written Policies |
| Specifically Provided | Expressly Authorized |
| Normally | Typically |
| Prior to | Before |

Section 2 – 2 C.F.R. PART 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Subpart A – Acronyms and Definitions

§ 200.0 Acronyms.

Added lettering category to list of acronyms.

REMOVED

Removed acronyms that were used infrequently in the guidance*:

CMIA, COG, COSO, EPA, ERISA, EUI, FAPIIS, FICA, FTE, GOCO, PRHP, PTE, REUI, SFA, SNAP, SPOC, TANF, TFM)

**Even though acronyms were removed, those acronyms are still used infrequently.*

ADDED

Added acronyms that are used frequently:

FASB: Financial Accounting Standards Board

GASB: Government Accounting Standards Board

NOFO: Notice of Funding Opportunity

UEI: Unique Entity Identifier

§ 200.1 Definitions.

REMOVED

Removed infrequently used definitions and relocated them to their corresponding sections within the uniform guidance:

Cooperative audit resolution: Moved to [Subpart F § 200.513\(c\)](#)

Cross-cutting audit finding: Moved to [Subpart F 200.513\(a\)\(4\)\(viii\)](#)

Federal awarding agency: Incorporated into definition of Federal agency

ADDED

Added definitions:

Continuation funding - means the second or subsequent budget period within an identified period of performance.

For-profit organization - generally means an organization or entity organized for the purpose of earning a profit. The term includes but is not limited to: (1) An “S corporation” incorporated under subchapter S of the Internal Revenue Code; (2) A corporation incorporated under another authority; (3) A partnership; (4) A limited liability company or partnership; and (5) A sole proprietorship.

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.

Prior Approval - means the written approval obtained in advance by an authorized official of a Federal agency or pass-through entity of certain costs or programmatic decisions.

THRESHOLD INCREASES

Definitions have been **revised to incorporate threshold** increases referenced in other sections:

| 2 C.F.R. SECTION | DESCRIPTION | NEW AMOUNT (as of October 1, 2024) | PREVIOUS AMOUNT |
|------------------|--|--|---|
| 200.1 | Modified Total Direct Cost (MTDC) | \$50,000 | \$25,000 |
| 200.314 | Supplies | under \$10,000 | under \$5,000 |
| 200.333 | Fixed Amount Subawards (Not Allowed) | \$500,000 | Simplified Acquisition Threshold |
| 200.1 200.439 | Equipment & Other Capital Expenditures | Lesser of \$10,000 or more, or the State's threshold | Lesser of \$5,000 or more, or the State's threshold |
| 200.313(e)(1) | Equipment (disposition) | \$10,000 or less | \$5,000 or less |
| 200.313(e)(2) | Fair Market Value Disposition | Can retain \$1,000 | \$500 to 10% of proceeds |
| 200.414(f) | Indirect Cost de minimis Rate | up to 15% | 10% |
| 200.501 | Audit Requirements | \$1,000,000 | \$750,000 |

OTHER DEFINITION CHANGES

Budget period, Contract, Cost sharing, Federal award date, Financial Obligations, Improper payments, Indian Tribe, Indirect cost, Intangible property, Internal control, Micro-purchase, Modified Total Direct Cost (MTDC), Nonprofit organization, Participant support costs, Performance goal, Period of performance, Personally Identifiable Information (PII), Project cost, Questioned cost, Real property, Recipient, Renewal award, Special purpose equipment, Termination

Subpart B – General Provisions

§ 200.100 – Purpose.

- Multiple clarifying and plain language revisions in this section.

§ 200.101 – Applicability.

- OMB revised this section to clarify the applicability of the Uniform Guidance.
 - Clarified that "Federal agencies must apply subparts A through F of this part to non-Federal entities unless a particular section of this part or Federal statute provides otherwise;"
 - Changed applicability table in **paragraph (b) of section 200.101** into narrative form;
 - Clarified that the cost principles don't apply to Food commodities provided through grants and cooperative agreements (as opposed to food commodity grants in general); and
 - Clarified applicability of cost principles to Fixed amount awards.

§ 200.102 – Exceptions.

- OMB reorganized this Section in three categories: (a) OMB class exceptions; (b) Statutory and regulatory exceptions; and (c) Federal agency exceptions.

§ 200.103 – Authorities.

- Added additional relevant authorities.

§ 200.104 – Supersession.

- Revised for more succinct description of 2 C.F.R. superseding previous OMB Circulars by eliminating specific lists.

§ 200.109 – Review Date.

- Changed OMB review of Uniform Guidance from "every five years" to "Periodically."

§ 200.113 – Mandatory disclosures.

- Revised provision requires a recipient of a Federal award to promptly disclose whenever, in connection with the Federal award (including any activities thereunder), it has **credible evidence** of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729–3733). The disclosure must be made in writing to the **Federal agency and the agency's Office of Inspector General**.

Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards

§ 200.206 – Federal agency review of risk posed by applicants.

- Revised to introduce the term **risk assessment** as a standard term and clarified agency requirements to appropriately review eligibility qualifications and financial integrity information;
- Clarified that agency processes may consider any risk criteria pertinent to a program, such as cybersecurity risk or impacts on local jobs and the community;
- Clarified that an agency may modify its risk assessment at any time during the lifecycle of an award.

§ 200.216 – Prohibition on certain telecommunications and video surveillance equipment or services.

- Added several paragraphs on the prohibition of certain telecommunications and video surveillance equipment or services by incorporating additional information from the Chief Financial Officers Council [Frequently Asked Questions](#) document.
- Revised the text with the intent of clarifying how the guidance applies to program income, indirect costs, and cost sharing;
- Removed "use" restriction - emphasis on prohibition of purchase using Federal funds.

§ 200.217 – Whistleblower protections (new - previously referenced in section 200.300)

- Added a requirement that recipients **must now inform their employees in writing** of Federal whistleblower protections provided by law.

Subpart D – Post Federal Award Requirements

§ 200.300 – Statutory and national policy requirements.

- No new legal obligations - retains guidance on administering Federal awards in full compliance with the U.S. Constitution and applicable laws;
- Streamlined section to reinforce nondiscrimination requirements;
- Reinforces protections against discrimination based on gender identity and sexual orientation.

§ 200.301 – Performance measurement.

- Federal agencies should not require additional information that is not necessary for measuring program performance.

§ 200.302 – Financial management.

- Refined the requirement from “records that identify adequately the source and application of funds for federally-funded activities” to specifically “maintaining records that sufficiently identify the **amount, source, and expenditure of Federal funds for Federal awards.**”

§ 200.303 – Internal controls.

- Added a requirement in paragraph (e) that recipient internal controls include **cybersecurity and other measures to safeguard information.**

§ 200.305 – Federal payment.

- Added flexibilities for recipients when interest bearing accounts are not accessible in a foreign country;
- Provided a specific link for returning funds to the Payment Management System, rather than including the more extensive instructions in the guidance itself.

§ 200.306 – Cost sharing.

- Revised the definition of cost sharing to clarify that “matching” is one category of cost sharing overall—thus eliminating the need to repeat the term “matching” throughout.

§ 200.309 – Modifications to Period of Performance.

- Updated wording to recognize that “the start date of a renewal award begins a new and distinct period of performance.”

PROPERTY STANDARDS

§ 200.311 – Real property. (No longer requires PA)

- Clarified that easements that benefit real property are not considered an encumbrance;
- Added a new paragraph (c) on appraisals to introduce additional guidance on standards for conducting independent appraisals.
- Even though this specific citation was removed from the prior approval list, real property is still subject to prior approval under § 200.439(b).

§ 200.313 – Equipment. (No longer requires PA)

- Increased the threshold value for equipment from \$5,000 to \$10,000 and still subject to the lesser of \$10,000 and the State’s threshold;
- Added additional guidance on the meaning of a “conditional title;”
- Revised to allow Indian Tribes to dispose of equipment in accordance with tribal law;
- Clarified that Federal 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, only when included in terms and conditions of the Federal award. RSA does not have such terms so **grantees should continue submitting equipment disposition requests to RSA.**;
- Clarified the responsibility of recipients to maintain updated records regarding equipment.
- Even though this citation was removed from the prior approval list, equipment is still subject to prior approval under § 200.439(b).

§ 200.314 – Supplies.

- Increased threshold from below \$5,000 to below \$10,000;
- Clarified that the requirements for unused supplies apply to the aggregate value of all supply types, and not just like-item supplies;
- Clarified that recipients may be permitted to retain, from the Federal share, \$1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies;
- Included a definition of unused supplies – “supplies that are in new condition, not having been used or opened before.”

PROCUREMENT STANDARDS

§ 200.320 – Procurement methods.

- Since VR agencies are States, § 200.320 is **NOT applicable**, as referenced in § 200.317.
- Changed “small purchases” to “simplified acquisitions” to further align with standard terminology;
- In paragraph (a), clarified that “micro-purchases” and “simplified acquisitions” are types of “informal procurement methods for small purchases;”
- Removed the requirements that local and tribal governments must open sealed bids in public;
- Clarified that recipients may exercise judgment in determining an adequate number of bids for procurement, unless a Federal agency specifies a required number.

§ 200.321 – Contracting with small businesses, minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms.

- Since VR agencies are States, § 200.321 is **applicable**, as referenced in § 200.317.
- Added “veteran-owned business” to the types of businesses that recipients are encouraged to consider for procurement contracts under a Federal award.

§ 200.323 – Procurement of recovered materials.

- Since VR agencies are States, **§ 200.323 is applicable**, as referenced in **§ 200.317**.
- Added new **paragraph (b)** that encourages Federal award recipients to purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable.

§ 200.324 – Contract cost and price.

- Since VR agencies are States, **§ 200.324 is NOT applicable**, as referenced in **§ 200.317**.
- Added that the recipient may consider potential workforce impacts in their procurement analysis if the procurement transaction will potentially displace public sector employees.
- Removed the existing paragraph (b), requiring the recipient to negotiate profit as a separate element of the price for each contract in which there is no price competition.

§ 200.325 – Federal awarding agency or pass-through entity review.

- Since VR agencies are States, **§ 200.325 is NOT applicable**, as referenced in **§ 200.317**.
- Added that the recipient “must submit the technical specifications of proposed procurements when requested by the Federal agency.”

PERFORMANCE AND FINANCIAL MONITORING AND REPORTING

§ 200.328 – Financial reporting.

- Clarified required deadlines for financial reporting to align with progress reporting requirements.

REMEDIES FOR NONCOMPLIANCE

§ 200.341 – Notification of termination requirement.

- Clarified the requirements that must be included in a notice of termination.

CLOSEOUT

§ 200.344 – Closeout

- Clarified that recipients must still submit a final financial report even when the recipient does not have a final indirect cost rate;
- Clarified that a revised final report must be submitted when the indirect cost rate is finalized;
- Added additional flexibilities for a Federal agency and recipient to mutually agree upon a final indirect cost rate for an individual award.

Subpart E – Cost Principles

BASIC CONSIDERATIONS

§ 200.403 Factors affecting allowability of costs.

- Clarified when **allowable administrative closeout costs** may be incurred in **paragraph (h)**.
 - “(h) Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency.”

§ 200.407 Prior written approval.

- Removed § 200.201 Use of grant agreements; 200.311 Real property; 200.313 Equipment; 200.413 Direct costs; 200.438 Entertainment costs; 200.454 Memberships, subscriptions, and professional activity costs; 200.456 Participant support costs; 200.467 Selling and marketing costs; and 200.470 Taxes.
- **Real Property and Equipment:** These cost categories are included under Equipment and other capital expenditures (§ 200.439 and § 200.407(g)) and direct expenditures for these **costs remain subject to prior approval from RSA.**
- DCL-24-05 regarding Prior Written Approval Guidance for Formula Grant Programs Administered by the Rehabilitation Services Administration

DIRECT AND INDIRECT COSTS

§ 200.413 Direct costs. (No longer requires PA, but you must still meet the provisions for direct charging such costs)

- Clarified the description of direct costs:
 - “Including, for example, supplies needed to achieve the award’s objectives and the proportion of employee compensation and fringe benefits expended in relation to that specific award;”
 - “Cybersecurity, integrated data systems, asset management systems, performance management costs.”

§ 200.414 Indirect costs.

- Clarified that recipients may **notify OMB of any disputes** with regards to a Federal agency’s application or acceptance of a federally negotiated indirect cost rate;
- Clarified that Federal agencies may not require recipients to use a de minimis rate lower than the standard de minimis rate;
- Clarified that recipients have a right to negotiate a rate, rather than using the de minimis rate;
- Clarified that Federal agencies do not have the authority to set their own indirect rates without justification or support in statute or regulation.

SPECIAL CONSIDERATIONS FOR STATES, LOCAL GOVERNMENTS, AND INDIAN TRIBES

§ 200.417 Interagency service.

- Increased the indirect rate agencies can apply for interagency services from 10% to 15%.

GENERAL PROVISIONS FOR SELECTED ITEMS OF COST

§ 200.421 Advertising and public relations.

- Clarified that recruitment costs can include “project participants”.

§ 200.422 Advisory councils.

- Added a definition of advisory council - “An advisory council or committee is a body that provides advice to the management of such entities as corporations, organizations, or foundations;”
- Clarified that advisory councils can be internal or external to a recipient.

§ 200.431 Compensation—fringe benefits. (PA)

- Pension plan and post-retirement health plan (PRHP) costs cannot be charged to an award for employees that are not associated with the award;
- Clarified that recipients allocate payments for unused leave as general administrative expenses or include them in a fringe benefit rate.
 - “Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment and **must be allocated as a general administrative expense to all activities.**” (§ 200.431(b)(3)(i))

§ 200.432 Conferences.

- Removed the list of the specific types of events to broaden the scope of conferences;
- Clarified that conference costs sponsored by another party are allowable;
- Added allowability of dependent-care costs associated with participants’ attending or partaking in program-related conferences;
- FAQ - Dept of Education - Food, Conferences, and Meetings

§ 200.439 Equipment and other capital expenditures. (PA)

- Increased the prior approval threshold for capital expenditures for special purpose equipment to \$10,000 and still subject to the lesser of \$10,000 and the State’s threshold;
- Changed “direct charges” to “direct costs.”

§ 200.455 Organization costs. (PA)

- Clarified that any costs associated with either persuading or dissuading employees from collective bargaining and related activities are not allowable under Federal awards;
- Clarified that certain costs related to data, evaluation, and other related organization costs are allowable;
- Added numerous examples of the types of costs associated with data and evaluation.

§ 200.456 Participant support costs. (No longer requires PA)

- Added that participant support costs **must be documented in policies and procedures** and treated consistently, given their exclusion from Modified Total Direct Costs and the potential ambiguity of numerous costs that could be considered participant support costs.

§ 200.461 Publication and printing costs.

- Added “article processing charges” or “similar open access fees” to types of publication and printing costs.

§ 200.467 Selling and marketing costs. (No longer requires PA)

- OMB removed the prior approval option for selling and marketing costs, clarifying selling and marketing costs are unallowable unless they meet the requirements in section § 200.421 and are required to meet the requirements of the award.

§ 200.472 Termination and standard closeout costs.

- Added paragraph (b) on closeout costs, which allows recipients to charge administrative costs, including associated indirect costs, specifically associated with the closeout of a Federal award;
- OMB considers it critical that closeout costs under this section be specifically related to the closeout of the award—and not compliance or other activities, which are not “standard” or normal closeout costs.

Subpart F – Audit Requirements

AUDITS

§ 200.501 Audit Requirements.

- Increased threshold for single audit or program-specific audit from \$750,000 to \$1,000,000;
- Added circumstances to paragraph (h), in which the auditee is responsible for ensuring compliance for procurement transactions.

§ 200.504 Frequency of audits.

- Clarified that annual audits are required unless biennial audits are permitted under paragraphs (a) or (b).
- Clarified that “Biennial audits must cover both fiscal years within the biennial period.”

§ 200.505 Remedies for audit noncompliance.

- Revised title from "Sanctions" to "Remedies for audit Noncompliance."

AUDITORS

§ 200.514 Standards and scope of audit.

- Revised paragraph (d)(4) to state that “compliance testing must include tests of transactions or other auditing procedures necessary to provide the auditor with sufficient audit evidence to support an opinion on compliance;”
- Added language to Financial statements subsection on "special purpose framework" that might be required by State law (§ 200.514(b)):
 - “Or a special purpose framework such as cash, modified cash, or regulatory as required by State law.”

§ 200.516 Audit findings.

- Relocated "known questioned costs" to broader definition of "questioned costs" in Subpart A;
- Added language related to known questioned costs when a dollar amount is not reported (§ 200.516(b)(7)):
 - “When there are known questioned costs but the dollar amount is undetermined or not reported, a description of why the dollar amount was undetermined or otherwise could not be reported.”

§ 200.518 Major program determination.

- Increased threshold for Major Program determination from \$750,000 to \$1,000,000;
- Increased threshold for Total Federal Awards Expended from \$25 million to \$34 million.

Appendix

APPENDIX VII TO PART 200—STATES AND LOCAL GOVERNMENT AND INDIAN TRIBE INDIRECT COST PROPOSALS

APPENDIX XII TO PART 200—AWARD TERM AND CONDITION FOR RECIPIENT INTEGRITY AND PERFORMANCE MATTERS

Other Resources

- [OMB Implementation Memo - M-24-11](#)
- [U.S. Department of Education Frequently Asked Questions 2 C.F.R. Part 200](#)
- [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

This content was developed by the VRTAC-QM, a project funded under #H264J200002 of the U.S. Department of Education (Department). The information contained herein does not necessarily reflect the position or policy of the Department and no official endorsement should be inferred.