

PI ARTICLE: 2 CFR 200 Updates

On October 1, 2024, the latest updates for 2 CFR 200 will take effect. The goals of these updates are to incorporate statutory requirements and administrative priorities, reduce agency and recipient burden, clarify sections that recipients or agencies have interpreted differently, and rewrite applicable sections to improve flow and address inconsistent use of terms. The structure of 2 CFR 200 is shown below, with summaries of key updates provided.

- **Subpart A: Acronyms and Definitions:** There are some terminology changes such as replacing “non-federal entity” with recipient and subrecipient, replacing “F&A” with IDC (indirect costs), and removing the word “matching” as it relates to cost sharing. A significant change is an increase in the capitalization threshold for equipment to \$10,000 (from \$5,000), **although in Georgia it is still \$5,000**. Also, computing devices below this threshold are considered supplies.
- **Subpart B: General Provisions:** The biggest change here relates to mandatory disclosures: An applicant, recipient, or subrecipient of a Federal award must **promptly** disclose whenever, in connection with the Federal award (including any activities or subawards 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. The big issue here is “credible evidence” is not defined.
- **Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards:** The most significant change relates to new whistleblower protections.
- **Subpart D: Post Federal Award Requirements:** Some new requirements regarding approval for budget revisions and when prior approval is needed, rules on transferring funds between construction and non-construction work, and requirements that requests for no-cost extensions should be submitted at least 10 calendar days before the conclusion of the period of performance and federal agencies can approve multiple NCEs if not prohibited by Federal statute or regulation. Also, for fixed amount sub-awards, with prior written approval, the recipient may provide sub-awards based on fixed amounts up to \$500,000 (increased from \$250,000) – note that along with this increase comes additional reporting requirements at the completion of the work. There are also some new internal control requirements established for cybersecurity. Finally, the threshold for unused supplies and requirements for retention/disposal was raised from \$5,000 to \$10,000.
- **Subpart E: Cost Principles:** The most significant changes included: raising the de-minimus IDC rate from 10% to 15% of MTDC, removing the requirement that administrative/clerical costs direct charged to a project needed to be in the budget or have prior written approval (note there are still other requirements that must be met), the allowability of data and evaluation costs, and the allowance of termination and close-out costs incurred until the due date of the final report (though these must be charged in the final budget period).
- **Subpart F: Audit Requirements:** The Single Audit threshold was increased from \$750K to \$1 million.
- **Appendices:** A new format was developed for Notice of Funding Opportunity (NOFO) and the threshold for assessing IDC on subawards was increased to \$50,000 from \$25,000 (**though this will not apply to Georgia Tech until new IDC rates are established after Fiscal Year 2027**).

In order to learn more about the guidance provided in 2 CFR 200, you are encouraged to bookmark the link here: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

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