

OHIO AUDITOR OF STATE KEITH FABER



**Auditor of State
Bulletin 2024-006**

DATE ISSUED: October 17, 2024

TO: All Public Offices
Independent Public Accountants

FROM: Keith Faber
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SUBJECT: 2024 Revisions to Title 2 of the Code of Federal Regulations (CFR)

Background Information

In April 2024, the Office of Management and Budget (OMB) published revised guidance for administering and managing Federal awards in Title 2 of the Code of Federal Regulations (CFR). Recipients and subrecipients should review the 2024 Revisions to the Uniform Guidance thoroughly, update their internal policies and procedures accordingly, train relevant staff, and ensure their financial and administrative systems are compliant with the new requirements. The 2024 Revisions modify the following Parts of Title 2 of the CFR:

- Part 1 About Title 2 of the Code of Federal Regulations and Subtitle A,
- Part 25 Unique Entity Identifier and System for Award Management,
- Part 170 Reporting Subaward and Executive Compensation Information,
- Part 175 Award Term for Trafficking in Persons,
- Part 180 OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement),
- Part 182 Government-Wide Requirements for Drug-Free Workplace (Financial Assistance),
- Part 183 Never Contract with the Enemy, and
- Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (i.e., the Uniform Guidance).

The purpose of this Bulletin is to highlight key changes in the 2024 Revisions, with a focus on changes to the Uniform Guidance (2 CFR Part 200). The Uniform Guidance establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards.

Significant changes are highlighted below; however, grant recipients and auditors should carefully review the full text of the 2024 Revisions as the comprehensive changes are not fully described in this Bulletin.

Significant Changes

Changes Applied Throughout the Uniform Guidance (2 CFR Part 200)

- OMB rewrote applicable sections of the Uniform Guidance using plain language to improve flow and make the guidance easier to understand.
- The term “non-Federal entity” was updated to “recipient” and/or “subrecipient” in all Subparts of the Uniform Guidance other than Subpart F: Audit Requirements.

General Provisions and Pre-Federal Award Requirements

- An applicant, recipient, or subrecipient is now required to promptly disclose when it has “credible evidence” of violations of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations (2 CFR 200.113).
 - Additionally, pursuant to [Auditor of State Bulletin 2024-005](#), state officials and employees of a state agency are required to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General. Officials and employees of the General Assembly, any court, or the offices of the Secretary of State, Auditor of State, Treasurer of State, or Attorney General, all other state officials and employees, and certain other persons in a local public office, are required to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Auditor of State.
- Recipients and subrecipients must now inform employees in writing of whistleblower rights and protections (2 CFR 200.217).

Equipment Threshold

- The 2024 Revisions increase the equipment capitalization threshold from \$5,000 to \$10,000 (2 CFR 200.1).
 - The 2024 Revisions specify that the Federal equipment threshold is the **lesser** of the capitalization level established by the recipient or subrecipient for financial statement purposes or \$10,000. Therefore, grant recipients or subrecipients who wish to use the increased equipment threshold for Federal purposes must ensure their capitalization threshold for financial statement purposes is appropriately updated.

De Minimis Indirect Cost Rate

- For recipients and subrecipients that do not have a current negotiated indirect cost rate (including provisional rate) and use the de minimis indirect cost rate, the de minimis rate increased from 10% to 15% of modified total direct costs (2 CFR 200.414(f)). However, for Federal awards projects to start on or after October 1, recipients and subrecipients may

need to work with their awarding agency to revise the proposed de minimis indirect cost rate in their approved application from 10% to 15%.

- The definition of Modified Total Direct Cost (MTDC) was updated to include up to the first \$50,000 of each subaward (previously \$25,000) (2 CFR 200.1).

Cost Principles

- The prior written approval requirement is removed for several cost categories, including participant support costs (2 CFR 200.407).
- Allowable organization costs now include costs related to data (e.g., gathering, managing, publishing, using, etc.) and evaluation (e.g., reviewing evidence, conducting evaluations, sharing results, etc.) (2 CFR 200.455).

Internal Controls

- Under the 2024 Revisions, recipients and subrecipients are required to establish, **document**, and maintain effective internal control over Federal awards (2 CFR 200.303(a)). Previously, there was no requirement to document internal control.
- 2 CFR 200.303(e), as updated, requires recipients and subrecipients to take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. The 2024 Revisions added the requirement to take reasonable cybersecurity measures.

Procurement

- The 2024 Revisions removed the prohibition on local governments using geographical preferences in the evaluation of proposals or bids from 2 CFR 200.319(c).
- The term “small purchases” was changed to “simplified acquisitions” in 2 CFR 200.320.
 - Simplified acquisition procedures are used when the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold.
- For sealed bids, the 2024 Revisions require recipients or subrecipients to document and provide a justification for all bids it rejects under 2 CFR 200.320(b)(1).

Single Audit Requirements

- The 2024 Revisions increased the single audit threshold to \$1,000,000 from \$750,000.
 - For audit periods ended September 30, 2025 and later, recipients and subrecipients who do not spend \$1,000,000 or more of Federal funding in a single fiscal year will not be required to have a single audit.
- Consistent with the single audit threshold increase, the Type A program threshold increased to \$1,000,000 for recipients and subrecipients with Federal award expenditures between \$1,000,000 and \$34 million (2 CFR 200.518(b)(1)).
 - Refer to 2 CFR 200.518 for the Type A program thresholds for recipients and subrecipients with Federal award expenditures in excess of \$34 million.

Effective Dates

The 2024 Revisions which apply to Single Audits, as highlighted in the *Single Audit Requirements* section above, are effective for audits of entities with a fiscal year-end of September 30, 2025 and subsequent.

The remaining changes in the 2024 Revisions are effective October 1, 2024, except for certain State-administered formula and carryover grants, which have the option of implementing as early as July 1, 2024.¹ 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 issued on or after October 1, 2024. Federal agencies may elect to apply the 2024 Revisions to Federal awards issued prior to October 1, 2024, but are not required to do so. Agency amendments to existing awards must generally be executed by agreement with the recipient. 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.

Over the next few years, the 2024 Revisions will apply to some grants while others will still adhere to the prior version of Title 2 of the CFR. Recipients and subrecipients must review grant agreements (including amendments), discuss with Federal and/or pass-through granting agencies, and document applicable requirements for each grant to ensure Federal compliance. Auditors will request this documentation when performing Single Audits.

Additional Resources

An electronic version of Title 2 of the CFR is located at <https://www.ecfr.gov/current/title-2>. The eCFR allows users to view previous versions of the CFR by selecting “Go to Date” on the left-side menu. The full text of the 2024 Revisions, a redline version, a crosswalk, and other helpful links can be found on the Council on Federal Financial Assistance (COFFA) [website](#). Additional resources, including a [summary](#) of the 2024 Revisions are available on the [General Federal Resources](#) page of the Auditor of State website.

¹ Recipients of Fiscal Year 2024 State-administered formula grants issued on or after July 1, 2024, can implement the 2024 Revisions effective July 1, 2024, provided that they have revised any applicable State policies and procedures with changes from the 2024 Revisions. Carryover funds from State-administered formula grants are subject to the same provisions as the new awards in State-administered formula programs such that the recipients of carryover funds can implement the revised Uniform Guidance effective July 1, 2024, provided that the State has updated any applicable State policies and procedures. This early implementation flexibility can occur as early as July 1, 2024, if State policies and procedures have been updated and finalized with changes from the 2024 Revisions. Local government subrecipients of Federal formula grants passed through the State should review the terms and conditions and assurances of their awards to determine the appropriate implementation date of these changes.

Questions

If you have any questions regarding the information presented in this Bulletin, please contact the Center for Audit Excellence at the Auditor of State's Office at (800) 282-0370 or contactus@ohioauditor.gov.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Ohio Auditor of State