



MEMORANDUM FOR THE FEDERAL FINANCIAL ASSISTANCE COMMUNITY

FROM: The Council on Federal Financial Assistance

SUBJECT: 2 CFR Implementation and Flexibilities For Emergencies or Major Disasters

This document provides supplemental guidance to Federal agencies related to implementation of Title 2 of the Code of Federal Regulations (CFR). The supplemental guidance includes information on the status of Federal agencies' implementation of OMB's April 2024 revisions to Title 2 of the CFR (section I), notification of two exceptions to the prior version of 2 CFR to reduce burden on recipients (section II), information applicable to auditors (section III), and guidance on administrative relief for recipients impacted by emergencies or major disasters (section IV).

On April 22, 2024, OMB published [revisions to Title 2 of the CFR](#) (2024 Revisions), including 2 CFR part 200 (the Uniform Grants Guidance), in the Federal Register. On April 4, 2024, 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. Finally, OMB, through the Council on Federal Financial Assistance (COFFA), also issued supplemental information on [Federal Agency Implementation](#) of the 2024 Revisions through a document published on the COFFA website on August 15, 2024 (August 2024 Memorandum).

I. Agency Implementation of 2 CFR Revisions for Federal Awards

Supplementary information posted on COFFA.gov, including Memorandum M-24-11 and the August 2024 Memorandum, provided guidance to Federal agencies on the appropriate approach to implementing the 2024 Revisions for Federal awards. For the most reliable information about any specific Federal award, recipients, subrecipients, and auditors should refer to the terms and conditions of the award or address their questions to the Federal agency that made the award (or pass-through entity as appropriate). However, unless otherwise indicated in Federal statute, agency regulations, or the terms and conditions of specific Federal awards, applicability of the 2024 Revisions is generally as follows:

- New Federal awards issued on or after October 1, 2024 that apply OMB's guidance in 2 CFR, but do not specifically reference which version of the guidance they apply, may be assumed to apply the 2024 Revisions;

- Amendments issued on or after October 1, 2024 to existing awards made before October 1, 2024 that applied a previous version of OMB’s guidance in 2 CFR¹ may be assumed to continue applying the previous version of the guidance unless the amendment explicitly applies the 2024 Revisions to the award. In the August 2024 Memorandum, OMB “strongly encouraged” Federal agencies to apply the 2024 Revisions to such amendments if they provide additional funds to the recipient. Additional information on this topic is provided in the August 2024 Memorandum;
- Federal awards issued before October 1, 2024 that applied a previous version of OMB’s guidance in 2 CFR and have not been amended may be assumed to continue applying the previous version of the guidance;
- Subawards issued under Federal awards applying the 2024 Revisions (either at the time of issuance or through amendment) must also apply the 2024 Revisions.² Consistent with 2 CFR 200.101(b)(1), pass-through entities with awards amended by a Federal agency to include the 2024 Revisions must similarly amend existing subawards. However, if the Federal award to a recipient applies a previous version of the 2 CFR guidance, then the previous version also applies to the subaward—even if the subaward itself is made after October 1, 2024. This topic is also discussed in the August 2024 Memorandum.

As discussed in the August 2024 Memorandum, the 2024 Revisions do not automatically go into effect for existing awards issued prior to October 1, 2024. If recipients or subrecipients have questions on which version of the guidance applies to a specific Federal award or amendment, they should communicate with the Federal agency that made the award (or pass-through entity as appropriate). Federal agencies should clearly communicate to recipients which version of the 2 CFR guidance applies to a Federal award. OMB strongly encourages Federal agencies to include information on which version of the guidance applies directly in the terms and conditions of Federal awards and amendments.

The following is a list of grant-making Federal agencies that began implementing OMB’s 2024 Revisions to the Uniform Grants Guidance through the terms and conditions of new Federal awards issued on or after October 1, 2024:³

CFO Act Agencies

- Agency for International Development
- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy

¹ Not all awards made before October 1, 2024 applied a previous version of the guidance. Certain agencies began implementing the 2024 revisions as early as June 21, 2024 (60 days from publication of the 2024 Revisions in the Federal Register). See 89 FR 30046, at 30046 and 30049.

² 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.

³ Certain agencies began implementing the 2024 revisions as early as June 21, 2024 (60 days from publication of the 2024 Revisions in the Federal Register). See note 1 above.

Department of Health and Human Services⁴
Department of Homeland Security
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
National Aeronautics and Space Administration
National Science Foundation
Nuclear Regulatory Commission
Small Business Administration
Social Security Administration

Non-CFO Act Agencies

Agency for Global Media
Appalachian Regional Commission
Appraisal Subcommittee of Federal Financial Institutions Examination Council
Consumer Product Safety Commission
Corporation for National Community Service
Election Assistance Commission
Federal Mediation and Conciliation Service
Gulf Coast Ecosystem Restoration Council
Institute of Museum and Library Services
Inter-American Foundation
National Credit Union Administration
National Endowment for the Arts
National Endowment for the Humanities
Northern Border Regional Commission
Office of National Drug Control Policy

II. Flexibilities for Existing Awards Made Under the Prior Version of the Uniform Grants Guidance

Through this memorandum, COFFA provides notice of two OMB class exceptions available to Federal agencies for awards applying the prior version of the Uniform Grants Guidance. OMB has identified only two categories of changes made by the 2024 Revisions to the Uniform Grants Guidance that present significant challenges to recipients needing to both comply with the terms and conditions of awards subject to the 2024 Revisions, while

⁴ The Department of Health and Human Services is only implementing certain enumerated provisions of the 2024 Revisions on October 1, 2024; the remainder of the 2024 Revisions will be implemented on October 1, 2025.

also ensuring that they are compliant with the terms and conditions of existing awards that are aligned with the prior version of the guidance. Those challenges include:

1. *Tracking equipment and unused supplies at the revised threshold of \$10,000 (2 CFR 200.1, 200.313(e), 200.314(a), 200.439(b)).* Once recipients make systems changes to track equipment and unused supplies at this higher threshold, it becomes increasingly difficult to simultaneously track these items for existing awards at the \$5,000 threshold.
2. *Procurement standards for Indian Tribes (2 CFR 200.317).* Indian Tribes wishing to follow their own procurement standards, as opposed to adhering to the procurement standards in 2 CFR 200.318 through 200.327, are still required to simultaneously adhere to the procurement standards in the prior version of the 2 CFR guidance for existing awards.

The process to formally implement revised equipment thresholds and procurement standards for existing awards through amendments is described in COFFA's [August 2024 Memorandum](#) on Federal Agency Implementation. However, in cases in which existing awards under the prior version of the Uniform Grants Guidance are not formally amended, COFFA notifies the Federal financial assistance community through this document that OMB is granting two class exceptions under its authority at 2 CFR 200.102(a) applicable to awards applying the prior version of the Uniform Grants Guidance. Following issuance of this memorandum, the Federal agency that made the award may permit recipients to use these flexibilities by providing: (i) written notice to recipients for either classes of awards or specific awards made by the agency; or (ii) written approval in response to requests from their recipients to use the flexibilities.

The first exception relates to the equipment and unused supplies thresholds. Instead of using the previous equipment and unused supplies thresholds of \$5,000 (as referenced in 2 CFR 200.1, 200.313(e), 200.314(a), 200.439(b), prior versions), all recipients of both active and expired Federal awards, and subrecipients of both active and expired subawards, which applied the prior version of the Uniform Grants Guidance, may instead use the revised equipment thresholds of \$10,000 provided in the 2024 Revisions if permitted by the Federal agency that made the award.

The second exception relates to procurement standards for Indian Tribes. Instead of adhering to the previous requirement for Indian Tribes to follow the procurement standards in 2 CFR 200.318 through 200.327 (2 CFR 200.317, prior version), Indian Tribes implementing their own procurement standards for new awards applying the 2024 Revisions may also follow the revised provision at 2 CFR 200.317 for existing awards applying the prior version of the guidance if permitted by the Federal agency that made the award applying the old version of the guidance. This exception is available for new procurements initiated by the Indian Tribe on or after issuance of this memorandum.

Supplementary information in COFFA's [August 2024 Memorandum](#) on Federal Agency Implementation also stated that "Federal agencies may also engage with recipients to address questions on whether systematic changes made by a recipient ... could impact compliance with the terms and conditions of existing Federal awards." COFFA now clarifies, through this memorandum, that OMB's prior statement does not require recipients to receive formal approval from Federal agencies to implement systems changes to comply with the 2024 Revisions.

III. Implementation of 2024 Revisions Applicable to Single Audit Requirements

The 2024 Revisions to the Single Audit requirements in Subpart F of the Uniform Grants Guidance (Subpart F) are effective for non-Federal entities' fiscal years beginning on or after October 1, 2024. The changes to requirements in Subpart F applicable to auditors are effective regardless of whether the Federal agency takes any action to amend its existing awards based on OMB's statutory authority at 31 U.S.C. § 7505. However, any audits for non-Federal entities fiscal years beginning before October 1, 2024 should adhere to the Subpart F in effect prior to October 1, 2024.

Consistent with the guidance above, the [August 2024 Memorandum](#) also explains that the \$1,000,000 audit and major program determination thresholds apply to non-Federal entities' fiscal years beginning on or after October 1, 2024. These changes to the Single Audit thresholds are effective regardless of whether the Federal 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 version of the Uniform Grants Guidance applicable to the non-Federal entity being audited is based on the award-making Federal agency's implementation of 2 CFR. This topic is discussed in the [August 2024 Memorandum](#), including in the "Single Audits" section.

IV. Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by Emergencies or Major Disasters

COFFA recognizes that Federal agencies may need to provide administrative relief for recipients affected by certain emergencies or major disasters, including events that qualify as an "emergency" or "major disaster" within the meaning of the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act"), 42 U.S.C. 5122(1)-(2). In order to promote more consistency across the Federal Government, this memorandum provides a list of common exceptions that Federal agencies have previously granted following major disaster and emergency declarations under the Stafford Act. Federal agencies may grant these exceptions, as appropriate, based on their authority at 2 CFR 200.102(b) to make case-by-case exceptions except when prohibited by law or other approval by OMB is expressly required by the Uniform Grants Guidance. The exception related to extension of the submission deadline for Single Audit reports may be granted by the cognizant agency for audit or oversight agency for audit based on their authority at 2 CFR 200.512(a)(1).

Federal agencies may exercise their authority to provide such exceptions for recipients located in geographic areas identified in Stafford Act declarations. To the extent permitted by law and 2 CFR 200.102(b) or 2 CFR 200.512(a)(1), Federal agencies may also exercise authority to issue additional case-by-case exceptions as warranted under the circumstances. Except where otherwise specified, Federal agencies are encouraged to provide such exceptions for a period of no more than 90 days and to post information on their public-facing websites to clearly and unambiguously communicate the exceptions to impacted recipients. Federal agencies are also reminded of the need to maintain records of exceptions in the relevant award file. Recipients should also maintain documentation of exceptions. For the information on which exceptions, if any, apply to a specific Federal award, recipients, subrecipients, and auditors should consult the public-facing website of the Federal

agency that made the award and address any questions to that Federal agency (or pass-through entity as appropriate).

Common exceptions that Federal agencies have previously granted following major disaster and emergency declarations under the Stafford Act include:

1. No-cost extensions on expiring awards (exception from 2 CFR § 200.308)

To the extent permitted by law, Federal agencies may extend awards, which were scheduled to expire prior or up to nine months following the declaration, automatically for a period of up to twelve (12) months. This will allow time for recipient assessments, the resumption of many individual projects, and a report on program progress and financial status to agency staff. Project-specific financial and performance reports will be due 90 days following the end date of the extension. Federal agencies will examine the need to extend other project reporting as the need arises.

2. Abbreviated non-competitive continuation requests (exception from 2 CFR § 200.308)

For continuation requests scheduled to be submitted to the awarding Federal agency within 90 days following the declaration of the natural disaster, from projects with planned future support, Federal agencies may accept a brief statement from recipients to verify that they are in a position to: (1) resume or restore their project activities; and (2) accept a planned continuation award. Federal agencies should post any specific instructions on their public-facing websites. Federal agencies will examine the need to extend this approach on subsequent continuation award start dates as recipients have an opportunity to assess the situation.

3. Allowability of salaries and other project activities (exception from 2 CFR § 200.403, 200.404, and 200.405)

Federal agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipient's policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Federal agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Federal agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 (Financial management) and 2 CFR § 200.334 (Retention requirement of records) to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services.

4. Allowability of Costs not Normally Chargeable to Awards (exception from 2 CFR § 200.403, 200.404, and 200.405)

Federal agencies may allow recipients that incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of award funded activities due to the emergency or disaster, to charge these costs to their award). Federal agencies may allow recipients to charge full cost of cancellation when the event, travel, or other activities are conducted under the auspices of the award. Federal agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event, travel, or other activities. Federal agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 (Financial management) and 2 CFR § 200.334 (Retention requirement of records), to substantiate the charging of any cancellation or other fees related to

interruption of operations or services. As appropriate, Federal agencies may list additional guidance on specific types of costs on their public-facing websites, provide a point of contact for an agency program official, or both.

5. Prior approval requirement waivers (exception from 2 CFR § 200.407)

Federal agencies are authorized to waive prior approval requirements as necessary to effectively address the disaster response. All costs charged to Federal awards must be consistent with Federal cost policy guidelines outlined at 2 CFR §§ 200.403, 200.404, and 200.405 as well as the terms of the award, except where specified in this memorandum.

6. Extension of financial, performance, and other reporting (exception from 2 CFR § 200.328 and 200.329)

Federal agencies may allow recipients to delay submission of financial, performance and other reports up to three (3) months beyond the normal due date. If an agency allows such a delay, recipients will continue to draw down Federal funds without the timely submission of these reports. However, these reports must be submitted at the end of the postponed period. In addition, Federal agencies may waive the requirement for recipients to notify the agency of problems, delays, or adverse conditions related to the emergency or disaster on a grant-by-grant basis (2 CFR 200.329(e)).

7. Extension of currently approved indirect cost rates (exception from 2 CFR § 200.414(c))

Agencies may approve recipient requests for an extension on the use of the current rates for one additional year without submission of an indirect cost proposal. Agencies may also approve recipient requests for an extension of the indirect cost rate proposal submission to finalize the current rates and establish future rates.

8. Extension of closeout deadline (exception from 2 CFR § 200.344)

Federal agencies may allow the recipient to delay submission of any pending financial, performance, and other reports required by the terms of the award for closeout, provided that proper notice about the reporting delay is given by the recipient to the agency. This delay in submitting closeout reports may not exceed one year after the award expires. If an exception is allowed by the agency, provided that proper notice was given by the recipient, an extension will not result in reporting required at 2 CFR 200.344(i).

9. Extension of submission deadline of Single Audit reports (exception from 2 CFR § 200.512)

Federal agencies, in their capacity as cognizant or oversight agencies for audit, may allow impacted recipients and subrecipients to delay the completion and submission of the Single Audit reporting package to the Federal Audit Clearinghouse, as provided at 2 CFR § 200.512(a)(1). Following events that qualify as an “emergency” or “major disaster” within the meaning of the Stafford Act, Federal agencies may determine that the normal nine-month timeframe would place an undue burden on impacted recipients and subrecipients, depending on the facts and circumstances of the event and the recipient and subrecipient. Specifically, the size of the recipient entity and the date the event occurs would likely be relevant for an analysis of undue burden. For example, small non-profits are more likely to experience undue burden than large State governments. Similarly, events that occur on the last day of the fiscal year are more likely to cause undue burden than events that occur on the first day of the fiscal year. When an extension is authorized by the cognizant or oversight agencies for audit, impacted recipients and subrecipients should maintain documentation of the reason for the delayed submission of their audit reports. Recipients and subrecipients with an authorized extension may still qualify as a “low-risk auditee” under the criteria of 2 CFR § 200.520 (Criteria for a low-risk auditee).

Additional Considerations

Finally, Federal agencies should take into consideration declared emergencies and major disasters when establishing application due dates, considering requests to extend Notices of Funding Opportunities (NOFOs), or entering information into SAM.gov (CPARS) for recipients' material failure to comply with the terms and conditions of a federal award.