



# NAVIGATING 2 CFR 200

## NASA Grants Policy and Compliance

Title 2 of the Code of Federal Regulations ([2 CFR](#)) is the Office of Management and Budget's (OMB) primary guidance governing Federal grants and cooperative agreements. Its purpose is to streamline guidance, reduce administrative burden on award recipients, and guard against waste, fraud, and abuse of Federal funds. 2 CFR is organized into "Parts", with Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", providing a substantial portion of the Federal financial assistance guidance with which award applicants, recipients, and Federal agencies must comply.

As an award-issuing agency, NASA and its recipients are required to adhere to the guidance in [2 CFR 200](#). This guidance helps ensure that NASA's awards achieve their goals and objectives and that NASA and its recipients are accountable to the American taxpayer.

In April 2024, OMB released top-to-bottom revisions to 2 CFR to reflect policy priorities and reduce Federal agency and recipient burden. Redline versions of the 2 CFR revisions, as well as implementation guidance and reference guides, are available [here](#). NASA has adopted the guidance in 2 CFR 200 in codified regulations found at [2 CFR 1800](#), and this revised regulation will apply to all new and modified grants and cooperative agreements issued on or after October 1, 2024, regardless of when a proposal was submitted to NASA.

2 CFR 200 is organized into six subparts as described below.

### Subpart A: Acronyms and Definitions

List of acronyms and definitions that are used in 2 CFR 200.

### Subpart B: General Provisions

This section describes the purpose of 2 CFR 200, exceptions to the guidance, and universal requirements for Federal agencies and award recipients. Overall, Subpart B is meant to establish uniform guidance governing grants and cooperative agreements for Federal agencies. To ensure that all agencies are adhering to similar guidance, 2 CFR 200 prohibits agencies from imposing additional or inconsistent requirements, unless they are approved by the OMB or required by Federal statute, regulation, or Executive Order.

Subpart B also describes the guidance's applicability. It notes that subparts A through F apply to non-federal entities that carry out Federal awards as recipients or subrecipients and allows Federal agencies to determine how subparts A through E are applied to other types of entities.

[2 CFR 1800](#) describes how NASA has chosen to apply subparts A through E to these entities.

### Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards

This section provides pre-award guidance to be used by Federal awarding agencies in the program planning, announcement, application, and review processes for grants and cooperative agreements. This section provides guidance on topics such as:

- The proper use of grant agreements, cooperative agreements, and contracts
- Program planning and design
- Certification and representation requirements
- Requirements for Notices of Funding Opportunities (NOFOs) and merit reviews
- Pre-award costs
- Suspension and debarment
- Whistleblower protections



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### Subpart D: Post-Federal Award Requirements

This section provides guidance on post-award requirements, such as:

- Statutory and national policy requirements
- Internal control requirements for award recipients
- Requirements for post-award revisions to budgets, program plans, or periods of performance
- Equipment management and inventory reporting requirements
- Standards for procurement contracts under Federal financial assistance awards
- Performance and financial reporting requirements
- Record retention requirements
- Award closeout requirements

### Subpart E: Cost Principles

This section provides guidance to Federal agencies and award recipients on determine which costs can and cannot be charged to a Federal award. Costs charged to a Federal award must be allowable, reasonable, and allocable, which Subpart E defines as such:

#### **Factors affecting allowability of costs (200.403):**

A cost is allowable if it is necessary and reasonable for the performance of the award and allocable to that award. The cost must also conform to any other applicable requirements in 2 CFR 200 and the award's terms and conditions.

#### **Reasonable cost (200.404):**

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

#### **Allocable cost (200.405):**

A cost is allocable to an award if the goods or services involved are incurred specifically for the award, benefit the Federal award and the work of the recipient, and is necessary to the overall operation of the recipient.

### Subpart F: Audit Requirements

This section describes standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards. It outlines roles and responsibilities for auditees, auditors, and Federal agencies during the single audit process.

For example, Subpart F, section 200.501, Audit Requirements, requires any State, local government, Indian tribe, Institution of Higher Education, or nonprofit organization that expends more than \$1,000,000 or more in Federal award funds in their fiscal year to have a single audit performed for that year.

Recipients expending less than \$1,000,000 are not required to obtain a single audit; however, they must make records available for review or audit by the Federal awarding agency, pass-through entity, or the Government Accountability Office.

A single audit is an organization-wide review designed to determine whether financial statements are presented fairly and if the entity has the internal controls in place to ensure compliance with statutes, Federal regulations, and award terms and conditions.