



October 16, 2024
DGM Policy Alert # 2024-04

Updated Policy for Federal Financial Assistance & Grants Policy Statement

MEMORANDUM FOR: All Indian Health Service (IHS) Recipients of Federal financial assistance

FROM: Marsha Brookins
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This Alert provides guidance to the Indian Health Service (IHS) recipients of Federal financial assistance regarding the U.S. Department of Health & Human Services' (HHS) bifurcated adoption of 2 CFR part 200. HHS has issued an [Interim Final Rule](#) (IFR), in which they are soliciting public comment on their implementation strategy only. The adoption of 2 CFR part 200 is an important step to align with other Federal agencies and reduce administrative burden for the financial assistance community.

Division of Grants Management (DGM) will follow the phased implementation plan set forth by HHS. The following provisions from 2 CFR part 200 provide additional flexibilities and were implemented on October 1st:

1. 2 CFR §200.1 definition of Modified Total Direct Cost (MTDC), which increases the exclusion threshold of subawards from \$25,000 to \$50,000 for modified total direct costs, definition of Equipment, which increases the threshold for determining equipment from \$5,000 to \$10,000, definition of Supplies, which increases the threshold for determining supplies from \$5,000 to \$10,000.
2. 2 CFR § 200.313 (e), which increases the threshold for determining items that are considered to be equipment from \$5,000 to \$10,000 and clarifies that Indian tribes may use their own procedures for equipment disposition.
3. 2 CFR § 200.314(a), which increases the threshold for determining supplies from \$5,000 to \$10,000.
4. 2 CFR § 200.320, which increases the micro-purchase threshold to \$50,000.
5. 2 CFR § 200.333, which increases the amount of fixed amount subawards that a recipient may provide with agency prior written approval to \$500,000.
6. 2 CFR § 200.344, which provides 120 days after the period of performance for submission of all final reports related to award closeout.
7. 2 CFR § 200.414(f), which adopts an increase in the direct cost de minimis rate to 15 percent.
8. 2 CFR § 200.501, which increases the single audit threshold to \$1,000,000.

The [HHS Grants Policy Statement](#) (GPS) has been updated to reflect these updates. The HHS Office of Grants plans to update the GPS:

- Once prior to September 30, 2025, to reflect the full adoption of 2 CFR part 200 for all awards made on or after 10/02/2025.
- Annually, thereafter, to provide a dynamic policy environment that incorporates necessary adjustments to policy in response to the needs of the grant community.

For additional information, please see the [HHS press release](#).

If you have questions, please contact your Grant Management Specialist or email the IHS Division of Grants Management Inbox at DGM@ihs.gov.