

MEMORANDUM

State of Arizona
Department of Homeland Security

From: AZDOHS

To: All AZDOHS Subrecipients

RE: Allowable Recurring Costs

Some subrecipients receive grant awards on a regular cycle which include the costs of recurring expenses such as cell phones, air cards and personnel. Grant rules restrict how some of these expenses can be charged. This memo serves as a clarification on how to charge such expenses.

2CFR200: §200.77 Period of Performance

Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§200.211 Information contained in a Federal award paragraph (b)(5) and 200.332 Requirements for pass-through entities, paragraph (a)(1)(iv)).

When subrecipients are awarded grant funds for cell phones, air cards, or other recurring monthly expenses, they are awarded only for the dates within the period of performance, “the work authorized under the Federal award” and do not cover any dates prior or subsequent to those dates. Therefore, subrecipients who are awarded regularly for such expenses on a yearly basis must prorate those expenses for the last month of the period of performance and will be required to pay these expenses using their own funds for any time within the billing cycle that takes place in the new award, since obligations cannot be made prior to the beginning of the period of performance. The subsequent billing cycle can then be charged in full as can subsequent invoices for dates up to and including the final day of the award.

Example 1:

Monthly cell phone bill is \$100 for the period 9/15/18-10/14/18 and received on 9/12/18. Period of Performance is 10/1/18-9/30/19. The subrecipient received the bill prior to the Period of Performance, therefore, the entire bill is disallowed because subrecipients cannot obligate funds prior to the Period of Performance.

Example 2:

Monthly cell phone bill is \$100 for the period 9/15/19-10/14/19 and received on 9/12/19. Period of Performance is 10/1/18-9/30/19. The subrecipient shall only charge the amount of the bill which falls within the Period of Performance (prorate), which is 15 days or \$53.33. The amount of the bill which falls outside of the Period of Performance (\$46.67) cannot be charged to the grant nor can it be charged to any grants that begin on 10/1/19 because the invoice was received on 9/12/19 and subrecipients cannot obligate funds prior to the Period of Performance.

For questions, please contact your [AZDOHS finance contact](#).

Thank you.