



Governor Douglas A. Ducey

State of Arizona Department of Homeland Security



Director Gilbert M. Orrantia

ALLOWABILITY OF OVERTIME CHARGES FOR OPERATION STONEGARDEN (OPSG) SUBRECIPIENTS (Effective for all open OPSG grants)

Effective 11-1-2019

Some AZDOHS OPSG subrecipients allow exempt employees to work and receive overtime pay on OPSG grants. The U.S. Department of Homeland Security (USDHS) has advised the AZDOHS that such practices are out of compliance with the Code of Federal Regulations (CFR). This memo is meant to clarify allowability of costs as they pertain to Federal awards.

2CFR200 subsection 403 Factors affecting allowability of costs states that:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (c) Be consistent with the policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

If OPSG subrecipients allow exempt employees to work and receive overtime pay on their OPSG awards, then they must demonstrate that all exempt employees government-wide are eligible to work overtime and be paid overtime wages on any and all activities of the governmental entity regardless of the funding source.

The term governmental entity in this case pertains to all subdivisions of the government (i.e. if the governmental entity is a county, then this would apply to employees within each subdivision of the county including water services, human resources, sheriff, accounting, etc.).

The policy cannot solely pertain to a department within the governmental entity which expends Federal awards. The governmental entity and departmental agency providing overtime pay must also be able to demonstrate that the policy is being applied consistently throughout the governmental agency to both Federally-funded and non-Federally funded activities.

Any OPSG subrecipient continuing to pay exempt employees overtime using OPSG grant funds must submit a copy of the governmental-wide overtime policy which should show that all exempt employees government-wide are eligible to work and receive overtime pay regardless of funding source. Policies must be submitted to AZDOHS via email at: hs@azdohs.gov

Periodic subrecipient monitoring will be conducted to ensure any overtime paid to exempt employees is in compliance with 2CFR200. If found to be out of compliance, the subrecipient may be required to pay back any/all funds per Section V - Fiscal Responsibility of the Subrecipient Agreement.

Questions regarding this policy should be directed to Terry Riordan at triordan@azdohs.gov.