


To: Research Deans
Senior Business Officers
HR Payroll Analysts
HR Partners
Research Administrator's Forum listserv

From: Robert V. Johnson 

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Subject: Charging of Non-Exempt Employee Overtime, Meal and Rest Period Sanctions to Sponsored Research Accounts

Associate Senior
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Financial and Business
Services

In the past, all overtime earned by a non-exempt employee and chargeable to a sponsored account was first charged to a departmental account and thereafter re-allocated via the cost transfer process to the specific project or projects on which the overtime was incurred. Effective **with BW 15 pay period (7/3-7/16)** overtime will be charged directly to the sponsored project or projects using the same allocation percentages as the affected employee's regular time payroll, which may include non-sponsored support as well. For example, if a non-exempt employee's hourly pay is charged 50% to Sponsored Project A, 30% to Sponsored Project B, and 20% to a non-sponsored account, each hour of overtime will be charged 50% to Sponsored Project A, 30% to Sponsored Project B, and 20% to the non-sponsored account as well. This methodology for charging overtime satisfies our obligations under applicable federal regulations and OMB cost circulars.

Notwithstanding this change, there may be special circumstances when overtime is caused by a specific project or projects in a manner that differs from the employee's regular time salary allocation. In such instances, a cost transfer to capture the distribution of overtime effort is appropriate, but must be suitably documented both to establish the reasonableness of the special allocation and to provide a solid audit trail. Fiscal expediency (e.g., clearing deficits or spending down available funds), is **not** a valid basis for a special allocation. HR Payroll Analysts should establish a cost allocation at the "worker/position/earning" level for overtime/overtime premium and double time/double time premium earnings. All payroll expense requests for this purpose should be submitted to University Payroll Services, who will coordinate approval from Sponsored Projects Accounting (SPA).

Please keep in mind that certain sponsors do not allow overtime to be charged at all. Therefore, it is critical for all researchers and research administrators to familiarize themselves with the terms and conditions applicable to their awards in order to ensure compliance with sponsor requirements.

Finally, meal and rest period sanctions, which are paid when a non-exempt employee does not receive required meal and/or rest periods, are never allowable charges to sponsored research accounts. SPA will remove all such charges from sponsored accounts and transfer them to the applicable school or Dean's account via a journal voucher.

Thank you for your cooperation. If you have any questions regarding payroll processing, please contact University Payroll Services. If you have questions regarding federal requirements with respect to the charging of overtime, please contact the Office of Financial Analysis at (213) 821-1937.