

**Guam Memorial Hospital Authority  
Compensation Controls  
for Employees' Salaries Below \$100,000**

**Performance Audit  
January 1, 2010 through December 31, 2012**

**OPA Report No. 13-04  
December 2013**



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**EXECUTIVE SUMMARY**  
**Guam Memorial Hospital Authority**  
**Compensation Controls for Employees' Salaries Below \$100,000**  
**Report No. 13-04, December 2013**

Over the last three years, the Guam Memorial Hospital Authority (GMHA) has experienced fluctuating staffing levels and a number of vacancies in several departments, which have fostered the need for additional hours worked and overtime for its employees. Between calendar years (CY) 2010 and 2012, GMHA paid a total of \$121 million (M) to 1,304 individuals who were compensated less than \$100 thousand (K). Our audit found that GMHA's compensation controls were better managed for personnel who were paid less than \$100 thousand (K) compared to those compensated greater than \$100K.

For the 28 individuals tested, GMHA documented compensation for multiple pay types, such as annual leave, overtime, and additional straight time; timekeeping was electronically maintained through the GMHA AS400; and timesheets were reviewed and approved. Although GMHA controls were better managed for employees receiving less than \$100K, we found:

- Certain exempt employees were compensated \$9K in overtime and \$31K in additional straight-time;
- Four Housekeeping employees consistently worked over 3,000 hours annually, of which two received \$115K in overtime over a three-year period;
- Part-time employees were compensated as high as 316% over their base pay; and
- Errors due to manual inputting of weekend and certification pay.

In our previous audit (OPA Report No. 12-04), we found that compensation controls for salaried physicians and employees compensated over \$100K were more lenient; inconsistently applied and administered, and at a higher risk for excessive compensation, errors, misreporting, and abuse. Specifically: 1) there was a lack of scrutiny over Radiologists' hours; 2) timesheets were not reviewed or approved; and 3) work hours were not authorized or justified.

**Overtime and Straight-time Pay Afforded to Certain Exempt Employees**

In this audit, we found several weaknesses pertaining to exempt employees: 1) two were compensated \$9K in overtime; 2) \$31K in additional straight-time was provided to a Supervisor; and 3) 18 employees were misclassified as exempt when their duties were of a non-exempt nature. These conditions occurred due to management's ability to override the payroll system, GMHA's practice to allow additional compensation, and GMHA's misclassification of exempt employees.

The additional straight-time compensation, which is calculated as additional hours worked times the employee's base rate, paid to certain exempt employees has been GMHA's practice for several years. This practice is not written or formally adopted by the GMHA Board. In line with the Fair Labor Standards Act, GMHA is not required to pay overtime or compensatory time to employees in a bona fide executive, administrative, or professional capacity; except for exempt employees who provide

direct patient care. Though this has been a common GMHA practice and is not illegal, it is a questionable practice that is not equitably applied between executive line agencies and GMHA.

#### **Four Housekeeping Employees Worked in Excess of 3,000 Hours**

During CY 2010 through 2012, Housekeeping was the only department wherein 16 employees worked more than 2,500 hours in at least one of the three years reviewed. Of the 16 employees, four employees consistently worked more than 3,000 hours annually, of which two received \$115K in overtime over a three-year period. One Housekeeper II was compensated an average of \$44K annually and worked an average of 1,605 hours or \$25K in overtime. GMHA does not have any built-in mechanisms within its payroll system to indicate when an employee is exceeding their scheduled hours within a pay period. Had their Safe Hours of Work policy been formally adopted, these four employees would have worked beyond what the policy would have typically allowed. Such a policy provides guidance to ensure the safety and health of employees and patients, and to ensure work is performed in a safe manner. GMHA has yet to have this policy approved by its Board.

#### **Part-Time Employees Compensated over 50% of Base Pay**

Due to the nature of GMHA's mandate to provide round-the-clock medical services, there are enhanced opportunities for part-time employees, as well as full-time, to receive significant compensation over their base pay. Our analysis revealed that 46 part-time employees received compensation ranging from 50% to 316% over their base pay as there is currently no compensation threshold policy established.

#### **Manual Inputting Resulted In Nominal Errors**

GMHA has yet to implement automation of certification and weekend pay within its payroll system. Although we found errors due to the manual inputting of certification and weekend pay for those employees compensated below \$100K, this had a nominal net effect of \$(86) compared to the \$6,721 questioned for employees compensated over \$100K in our previous audit.

#### **Conclusion and Recommendations**

GMHA has better payroll controls for employees compensated below \$100K, whereas our previous audit found weak management oversight and inconsistent application of payroll practices over the compensation of physicians and employees compensated over \$100K. We identified questioned costs amounting to \$40K compared to the prior audit's questioned cost of \$206K.

From this audit, we recommend that the GMHA Director: 1) amend the classification of exempt positions to reflect the Code Federal Regulations requirements of said duties; 2) restrict positions considered "exempt" from overtime compensation; and 3) adopt the Safe Hours of Work Policy. We also reiterate our previous recommendation to automate certification and weekend pay within its payroll system.

GMHA management generally concurred with the findings and recommendations and have introduced new processes and internal controls to ensure accurate human resources and payroll procedures. See official response in Appendix 10.



Doris Flores Brooks, CPA, CGFM  
Public Auditor

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# Introduction

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This report presents the results of our audit of the Guam Memorial Hospital Authority (GMHA)'s compensation controls for employees compensated below \$100 thousand (K) from January 1, 2010 to December 31, 2012. The audit was conducted as part of the Office of Public Accountability (OPA)'s annual work plan and as a follow-up to our audit of GMHA Compensation Controls (OPA Report No. 12-04) issued in November 2012. Our audit objectives were to determine: 1) whether controls were in place to ensure that GMHA staff were receiving authorized and accurate compensation, and 2) whether overtime was paid to eligible GMHA personnel in accordance with regulations and policies and procedures. For the purpose of this audit, we limited our review to personnel whose compensation fell below \$100K.

The audit objectives, scope, methodology and prior audit coverage are detailed in Appendix 2.

## Background

GMHA, a component unit of the Government of Guam (GovGuam), was created in July 1977 under Public Law No. 14-29 as an autonomous agency. GMHA owns and operates the Guam Memorial Hospital (the Hospital). The Hospital is licensed for 159 general acute care beds, 16 bassinets, and 33 long-term beds. The Hospital provides all customary acute care services and certain specialty services to all individuals regardless of residency or ability to pay. These include adult and pediatric medical services; inpatient and outpatient surgery; intensive care (neonatal, pediatric, and adult); skilled nursing care; laboratory and comprehensive blood bank services; radiology, nuclear medicine, and CT scan diagnostic services; pharmacy; respiratory care; renal dialysis; physical, occupational, speech, language pathology and recreational therapy; dietetic services; and 24-hour emergency services.

The Hospital derives a significant portion of its revenues from third-party payers, including Medicare, GovGuam's Medically Indigent Program (MIP), Medicaid and commercial insurance organizations. The Hospital is open 24 hours, 365 days per year and is one of the healthcare components of GovGuam in which medical services cannot be withheld due to non-payment by the patient.

GMHA operates under the authority of a nine-member Board of Trustees, all of whom are appointed by the Governor with the advice and consent of the Guam Legislature. From fiscal year (FY) 2010 to FY 2012, GMHA's annual budgeted cost for Salaries and Benefits increased by 5% from \$68 million (M) to \$71M despite the 9% decrease in personnel count from 1,063 employees to 967 employees. See below for details:

**Table 1: GMHA Salaries and Benefits Budget**

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Overall GMHA Budget</b>	\$99,991,850	\$113,240,122	\$ 112,695,965
<b>Salaries &amp; Benefits Expenses</b>	\$67,868,412	\$71,613,197	\$71,144,276
<b>Salaries &amp; Benefits Expenses to Overall Budget Percentage</b>	68%	63%	63%
<b>No. of Employees</b>	1,063	999	967

## Analysis of Compensation below \$100K

We analyzed GMHA individuals whose annual compensation fell below \$100K based on 2010 through 2012 W-2 information provided. During the three-year period, GMHA paid \$121.4M, or an average of \$40.5M annually, to 1,304 individuals. The highest compensated employee for the purpose of this report received a total of \$287K over the three years. From CY 2010 to 2012, a majority of GMHA employees or 79% were annually compensated below \$100K. See Table 2 below for a summary of GMHA's compensation distribution for employees per year.

**Table 2: CY 2010 ~ 2012 GMHA Employees Range of Pay**

RANGE OF PAY	2010		2011		2012		TOTALS		Common Size Percentage
	EE* Ct.	Total Cost	EE* Ct.	Total Cost	EE* Ct.	Total Cost	EE* Ct.	Total Cost	
\$90,000 - \$99,999	26	2,478,721	24	2,250,457	13	1,226,130	43	5,955,307	4%
\$80,000 - \$99,999	43	3,635,271	38	3,228,970	47	3,979,626	78	10,843,866	7%
\$70,000 - \$79,999	45	3,394,416	54	4,041,084	57	4,239,830	95	11,675,330	8%
\$60,000 - \$69,999	64	4,145,061	68	4,419,126	64	4,118,224	122	12,682,411	8%
\$50,000 - \$59,999	77	4,235,760	72	3,973,970	80	4,384,101	148	12,593,832	8%
\$40,000 - \$49,999	139	6,292,258	150	6,718,826	153	6,836,284	253	19,847,368	13%
\$30,000 - \$39,999	199	6,879,958	194	6,755,900	192	6,580,315	321	20,216,173	13%
\$20,000 - \$29,999	240	5,951,208	282	7,048,551	247	6,090,109	404	19,089,868	12%
\$10,000 - \$19,999	165	2,735,093	134	2,143,716	136	2,151,326	304	7,030,135	5%
Less than \$10,000	139	707,778	88	397,775	78	354,522	268***	1,460,076	1%
<b>Subtotal</b>	<b>1,137</b>	<b>40,455,524</b>	<b>1,104</b>	<b>40,978,375</b>	<b>1,067</b>	<b>39,960,467</b>	<b>1,304**</b>	<b>121,394,366</b>	<b>79%</b>
More than \$100,000	57	10,801,876	59	10,991,853	57	10,622,698	76	32,416,427	21%
<b>TOTAL</b>	<b>1,194</b>	<b>\$ 51,257,400</b>	<b>1,163</b>	<b>\$51,970,228</b>	<b>1,124</b>	<b>\$50,583,165</b>	<b>1349**</b>	<b>\$153,810,793</b>	<b>100%</b>

\* Employees  
 \*\* This amount eliminates the double counting of individuals who were categorized in multiple ranges of pay above. Due to the inconsistencies of compensation received from one year to another, one individual can be counted in different ranges of pay.  
 \*\*\* There were 268 employees compensated between \$1 and \$9,920 as they were new employees, employees who left GMHA before the end of the year, and employees with base salaries below \$10K.

### Top 10 Individuals Compensation

We identified 10 individuals who received the highest cumulative compensation from CY 2010 through 2012 due to their already high base salary: eight were Staff Nurse IIs, the Administrator of Hospital Food Services, and a Respiratory Therapist II. These employees were collectively compensated \$2.8M and worked in the following departments: Skilled Nursing, Medical/Surgical, ICU/CCU, Progressive Care Unit, Respiratory Care, Labor & Delivery, Operating Room, and Dietary. See Table 3 for details.

**Table 3: Analysis of Top 10 Compensation from CY 2010 ~ 2012<sup>1</sup>**

Department	Position Title	Data	CALENDAR YEAR			Total	Average Salary
			2010	2011	2012		
DIETARY (INCLUDE CAFETERIA)	ADMIN HOSPITAL FOOD SERVICES	Wages, Tips	96,210	94,378	96,229	286,817	95,606
		Base Salary	89,419	89,419	89,419	268,258	

<sup>1</sup> Analysis of individuals receiving below \$100K.

		CALENDAR YEAR					Average	
Department	Position Title	Data	2010	2011	2012	Total	Salary	
		% Over Base	8%	6%	8%			
2	SKILLED NURSING	STAFF NURSE II	Wages, Tips	96,440	93,787	94,529	284,756	94,919
			Base Salary	66,358	66,358	66,358	199,074	
			% Over Base	45%	41%	42%		
3	MEDICAL/ SURGICAL	STAFF NURSE II	Wages, Tips	96,970	90,626	95,512	283,108	94,369
			Base Salary	64,114	64,114	64,114	192,343	
			% Over Base	51%	41%	49%		
4	ICU/CCU & TELEPROGRESSIVE CARE UNIT (PCU)	STAFF NURSE II	Wages, Tips	93,705	97,790	91,058	282,553	94,184
			Base Salary	61,946	64,114	64,114	190,175	
			% Over Base	51%	53%	42%		
5	RESPIRATORY CARE	CHIEF RESP THER (HCA), RESP THERAPIST II	Wages, Tips	96,858	93,016	89,391	279,266	93,089
			Base Salary	71,510	53,768	53,768	179,046	
			% Over Base	35%	73%	66%		
6	ICU/CCU	STAFF NURSE II	Wages, Tips	87,376	91,993	98,912	278,281	92,760
			Base Salary	68,681	71,084	71,084	210,849	
			% Over Base	27%	29%	39%		
7	LABOR & DELIVERY	STAFF NURSE II	Wages, Tips	90,894	92,882	89,499	273,274	91,091
			Base Salary	61,946	64,114	64,114	190,175	
			% Over Base	47%	45%	40%		
8	MEDICAL/ SURGICAL	STAFF NURSE II	Wages, Tips	94,473	86,234	91,663	272,370	90,790
			Base Salary	66,358	68,681	68,681	203,720	
			% Over Base	42%	26%	33%		
9	OPERATING ROOM (SURGERY)	STAFF NURSE II	Wages, Tips	87,199	92,777	90,980	270,956	90,319
			Base Salary	78,813	81,570	81,570	241,953	
			% Over Base	11%	14%	12%		
10	ICU/CCU	STAFF NURSE II	Wages, Tips	94,674	92,216	83,166	270,055	90,018
			Base Salary	64,114	66,358	66,358	196,830	
			% Over Base	48%	39%	25%		
<b>TOTAL WAGES, TIPS</b>			<b>\$934,799</b>	<b>\$925,699</b>	<b>\$920,938</b>	<b>\$ 2,781,436</b>		
<b>TOTAL BASE SALARY</b>			<b>\$693,260</b>	<b>\$689,582</b>	<b>\$689,582</b>	<b>\$ 2,072,424</b>		

During the three years under review, the Administrator of Hospital Food Services received the highest total compensation of \$287K or averaged \$96K annually. This employee's annual base salary was at a constant \$89K and was annually compensated between 6% and 8% over their base salary. According to GMHA, this employee is entitled to certification pay, which allowed the employee to earn additional compensation. In CY 2010, the Chief Respiratory Therapist had a base salary of \$72K. During CY 2011 and 2012, this employee became a Respiratory Therapist II, which resulted in a 25% decrease in base salary to \$54K. Despite the decrease in base salary, this employee was able to maintain an average compensation of \$93K.

### Analysis of Actual Hours Worked

During CY 2010 through 2012, we found almost 99% of GMHA employees compensated below \$100K worked less than 2,500 hours. The remaining 1% or 30 full-time employees worked more than 2,500 hours. In contrast, there were 11 part-time employees who worked more than 2,000 hours, which is nearly equivalent to a full-time position. These employees were from various GMHA departments, such as Intensive Care Unit/Critical Condition Unit (ICU/CCU), Dietary, Emergency Room, and Patient Registration. Table 4 below shows the range of hours worked per year for the 1,304 individuals who earned less than \$100K annually. Refer to Appendix 3 for the number of full-time (FT) and part-time (PT) employees' range of actual hours worked per division.

**Table 4: CY 2010 ~ 2012 Range of Hours Worked**

RANGE OF HOURS	2010		2010 Total	2011		2011 Total	2012		2012 Total
	FT	PT		FT	PT		FT	PT	
MORE THAN 3,000 HOURS	5		5	2		2	4		4
2,500 - 3,000 HOURS	15		15	8		8	12		12
2,100 - 2,500 HOURS	177	5	182	140	3	143	136	4	140
2,000 - 2,100 HOURS	138	2	140	122	3	125	135	2	137
LESS THAN 2,000 HOURS	631	145	776	691	121	812	644	118	762
NONE	15	4	19	12	2	14	12		12
<b>GRAND TOTAL</b>	981	156	1,137	975	129	1,104	943	124	1,067

Of the 30 employees who worked more than 2,500 hours, 16 employees are from the Housekeeping department. The 30 identified employees worked within the following divisions and departments and had the following positions:

- Fiscal Services Division
  - Two Medical Records Clerks
  - Patient Affairs Accounting Tech Supervisor
- Nursing Division
  - Three Emergency Room Staff Nurse II's
  - ICU/CCU Cardiac Monitoring Technician
- Operations Division
  - Communications Telephone Operator Supervisor
  - Facilities Maintenance Engineer Supervisor
  - Chief of Environmental Services
  - Twelve Housekeeper I's
  - Housekeeper II
  - Housekeeping Laundry Manager
  - Skilled Nursing Unit (SNU) – Housekeeping Supervisor
- Professional Support Division
  - Pharmacy Aide
  - Two Pharmacy Technicians
  - Physical Therapy Hospital Rehab Technician III
  - Radiology Imaging Services X-ray Technician II

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## Results of Audit

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With salaries being the largest expenditure ranging from 63% to 68% of GMHA's total budget for fiscal years (FY) 2010 through 2012, we found payroll control procedures were better managed for those who were compensated below \$100 thousand (K) compared to physicians and other employees compensated over \$100K. Specifically, GMHA documented compensation for multiple types of leave, overtime and additional straight time; timekeeping was electronically maintained through the GMHA AS400; all tested timesheets were reviewed and approved; and compensation was generally accurately calculated. Although GMHA has controls in place, we found:

- Certain exempt employees were compensated \$9K in overtime and \$31K in additional straight-time;
- Four Housekeeping employees consistently worked over 3,000 hours annually, of which two received \$115K in overtime pay over a three-year period;
- Part-time employees were compensated as high as 316% of their base pay; and
- Errors due to manual inputting of weekend and certification pay resulted in nominal questioned cost of \$(86).

For this audit, we tested the payroll data and documentation for 28 selected individuals with compensation below \$100K, and identified questioned costs of: \$1,174 for the straight-time compensation to an exempt employee and \$(86) for errors in the manual inputting of certification and weekend pay.

In contrast, our previous audit on GMHA Compensation Controls (OPA Report No. 12-04) identified questioned costs amounting to \$206K for the three pay periods tested for 15 selected individuals compensated over \$100K. Our previous audit found that payroll controls over staff compensation over \$100K were lenient, especially for Physicians. Specific findings included: 1) there was a lack of scrutiny over Radiologists' hours; 2) timesheets were not reviewed or approved; and 3) work hours were not authorized or justified. The inconsistent application of payroll controls and administration provide increased opportunities for excessive compensation, errors, misreporting, and abuse.

### **Better Managed Controls for Employees Compensated below \$100K**

We noted in this current audit that timekeeping errors were minimized as there were better payroll controls for employees compensated less than \$100K, compared to OPA Report No. 12-04 where there were payroll control deficiencies for Physicians and employees compensated over \$100K. Established controls presently included a review of payroll transactions from Unit Timekeeper to Unit Supervisor to Payroll, which provide independent verifications of pay input to ensure prompt identification and correction of any transactions flagged as a possible error. We also found that GMHA generally applied payroll processing requirements consistently and completed proper documentation for pay codes, such as annual leave, sick leave, and overtime. However, some internal procedures still lack consistency in their application, such as the calculation of manually inputted pay types.

## **Overtime and Straight-Time Pay for Certain Exempt Employees Questioned**

The Fair Labor Standards Act (FLSA) requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek. However, Section 13(a)(1) and Section 13(a)(17) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional, outside sales, and certain computer employees. To qualify for the exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 per week. Job titles do not determine exempt status; instead, an employee's specific job duties and salary must meet all the requirements of the regulations.

In line with FLSA, GMHA is not required to pay overtime or compensatory time to "exempt" employees who are in a bona fide executive, administrative, or professional capacity. According to the GMHA Personnel Services Administrator, there are two ways to determine whether an employee is exempt or non-exempt: job duties and pay classification. Certain exempt employees, such as all nursing positions, may earn overtime or compensatory time for direct patient care duties. In addition, any GMHA employee compensated at K pay grade and above is considered exempt.

Since 2007, Guam's Minimum Wage and Hour Act, Title 22 of the Guam Code Annotated, Section 3108(b) regarding employee exemptions has mirrored the FLSA's definitions and limits of exemptions under Title 29 Code of Federal Regulations (CFR), Section 541. According to the Department of Labor Wage and Hour Division Administrator, the pay grade does not determine the exempt status, but rather by an employee's duties. The Department of Administration (DOA) strictly follows the listing of exempt positions specified in Executive Order 2005-28.

GMHA provides overtime pay to address emergency situations, deliver essential services, provide holiday coverage, and to supplement other priority staffing needs that require employees to work beyond their normally scheduled hours.

For the three-year period, we found GMHA compensated a total of \$9K in overtime to two exempt employees: an Inventory Management Officer and a Hospital Property Management Officer. In addition, we found \$11K in additional straight-time compensated to 19 exempt employees within pay periods ended July 30, 2011 and December 15, 2012. GMHA considered these employees exempt due to their job duties and pay classification, but they may have been misclassified as their tasks do not fit the established FLSA and GMHA criteria for exempt employees.

The payment of additional compensation to exempt employees is not illegal, but it is a questionable practice that is not equitably applied between executive line agencies and GMHA.

### ***Exempt Employees Compensated Overtime***

GMHA paid \$9K for 386 hours in overtime over the past three years to an Inventory Management Officer and Hospital Property Management Officer within the Materials Management department. The \$9K is a cost not allowed by GovGuam statutes and GMHA policies and procedures and therefore considered a questioned cost.

We also identified another \$1.2M for 28,933 hours in overtime and double time compensated to 113 Nursing and Professional Support employees, including Hospital Unit Supervisors, Hospital Staff Nurse 2 – Clinical, and Respiratory Therapists. These 113 employees are classified as exempt employees. However, they are eligible for the overtime and double time due to the direct patient care they may provide.

### ***Additional Straight-Time Provided to Exempt Employees***

We interviewed the DOA Chief Payroll Supervisor and found that DOA uses the DOA Organization Circular No. 05-022 as criteria to classify positions as exempt or non-exempt. This Circular explains the mechanics by which the rules under the FLSA would be applied to employees in the executive, administrative and professional exempt categories within the government. Refer to Appendix 4 for details of the DOA Organization Circular No. 05-022. Exempt employees within the GovGuam line agencies are held to this criteria and are barred from receiving overtime pay or additional pay. Should these types of compensation be inputted, the DOA AS400 has flags in its system to alert payroll technicians of an employee's exempt status and restricts the processing of payroll. The DOA Chief Payroll Supervisor is the only employee who can perform a manual override for additional compensation, which can only be approved by an accompanying Executive Order or Public Law.

In contrast to DOA's procedures, GMHA provides pre-approved additional straight-time for their exempt employees. The Department Managers would submit their department's requests to the Chief Financial Officer (CFO) for approval. Unlike overtime for non-exempt employees who receive time and a half, pre-approved additional straight-time pay is compensated at the employee's base rate. However, we did not find any policy to allow for additional straight-time for exempt employees in lieu of overtime, which has been a common practice for GMHA for years dating as far back as 1985.

According to GMHA's General Accounting Supervisor, exempt employees should be compensated for all hours worked. However, in our interview with the Personnel Services Administrator, exempt employees should be restricted from additional straight-time compensation. Prior to employment, exempt employees are notified that they are not eligible for overtime or other forms of compensation for additional hours worked. As exempt employees, they are entitled to a salary based on 2,080 hours. The compensation of additional hours is not permitted because it is considered into the base salary.

A Senator in the 31<sup>st</sup> Guam Legislature requested OPA to review a "Whistleblower Complaint" alleging certain exempt employees received overtime not legally authorized. The provided documents alleged that employees inappropriately received thousands of dollars in excess of their full-time salaries. Of the seven individuals noted in the "Whistleblower Complaint", we tested an Accounting Tech Supervisor, Accountant III, and General Accounting Supervisor to determine whether they received authorized and accurate compensation. In addition, during our analysis, we found that the Patient Affairs Accounting Tech Supervisor was compensated 2,530 hours in CY 2010, but the actual hours worked decreased by 18% to 2,073 in CY 2012. For these three employees, we found that no overtime hours were compensated and any additional straight-time hours paid were justified.

We also analyzed four exempt employees who worked over 2,200 hours annually and received additional straight-time compensation from CY 2010 through 2012 totaling \$196K. The four exempt employees were a Laundry Manager, Housekeeping Supervisor, Engineer Supervisor and Telephone Operator Supervisor. These additional straight-time hours were allowed at management's discretion for special projects, to meet deadlines, and to supplement staff shortages. In discussions with the Department of Labor, the payment of additional straight-time is not illegal, but a questionable practice because it is not consistent with DOA's Human Resources policy regarding exempt employee's compensation.

Of the four exempt employees, we question only one, the Engineer Supervisor, who received 1,137 in additional straight-time totaling \$31K. Based on the straight-time justifications provided during pay periods ended (PPE) July 30, 2011 and December 15, 2012, the employee's tasks were of an executive capacity where his primary duty was managing the Facilities Maintenance department. This Supervisor regularly directs the work of two or more employees and monitors on-going GMHA projects and site inspections.

Also, for PPE July 30, 2011 and December 15, 2012, 19 exempt employees were compensated \$11K of pre-approved additional straight-time in lieu of overtime. We reviewed the justifications for the additional straight-time and found that the tasks performed by 18 of the 19 exempt employees did not fit the criteria of the GovGuam and FLSA requirements for exempt employees. Thus, GMHA may have incorrectly classified these employees as exempt.

While the GMHA payroll system has built-in controls that does not allow exempt employees to receive additional straight-time and overtime pay, the above findings occurred due to management's discretion and subsequent manual override. Accordingly, management should review all employees classified as exempt to ensure their exemption is correct so as to limit management's override of additional compensation for exempt employees.

In summary, GMHA is not required to pay overtime or compensatory time to employees in a bona fide executive, administrative, or professional capacity, which is in line with FLSA, except for exempt employees who provide direct patient care. In lieu of overtime, GMHA allowed exempt employees to receive pre-approved and justified additional straight-time compensation. Though this has been a common GMHA practice and is not illegal, it is a questionable practice that is not equitably applied between executive line agencies and GMHA. We recommend that:

- GMHA Personnel Services Administrator review whether employees are properly classified as exempt and non-exempt to ensure employees of specific position titles are compensated according to their duties and to reflect CFR requirements of said duties; and
- GMHA Management limit the instances of manual override and restrict positions considered "exempt" from overtime compensation.

### **Selected Housekeeping Employees Worked over 3,000 Hours**

During CY 2010 through 2012, Housekeeping was the only department wherein 16 employees worked more than 2,500 hours in at least one of the three years. Of the 16 employees, four employees consistently worked more than 3,000 hours in at least two years. Our test confirmed that overtime hours and pay were generally in compliance with GMHA policies and procedures, approved, and substantiated. However, certain overtime could be better managed, such as high

levels of overtime incurred by the same employees in multiple years. For example, one Housekeeper II was compensated an average of \$44K annually and worked an average of 1,605 hours or \$25K in overtime. In addition, the Housekeeper II's 3,000-plus hours ranged from 61% to 115% more than the average hours of other Housekeeper IIs who worked those same years.

Further, one Housekeeping Supervisor worked a total of 4,306 hours or 83 hours every week in CY 2010. With confirmation from Personnel Services, this position is an exempt position and is not entitled to overtime. However, this individual was compensated 2,226 hours or \$35K in additional straight-time during CY 2010. If a Housekeeping employee is on annual leave, sick leave, or not at work for any reason, the Housekeeping Supervisor will seek out replacements. If there are no volunteers, the supervisors or managers will work the schedule and as a result, accumulate greater amounts of straight-time pay.

We question management's approval of the extensive hours and whether management intended for employees to work these hours. A total of four employees consistently worked more than 3,000 hours, of which two employees received \$115K in overtime over the three-year period. Had GMHA formally adopted their Safe Hours of Work policy, a portion of \$115K in overtime paid to the two employees would have likely been included in questioned cost. See Table 5 lists the Housekeeping employees with more than 3,000 actual hours worked.

**Table 5: Housekeeping Employees with More than 3,000 Actual Hours Worked**

POSITION TITLE	DATA	2010	2011	2012	TOTAL
HOUSEKEEPER II	ANNUAL HOURS WORKED	3,969	2,941	3,640	10,550
	BASE SALARY	\$ 19,800	\$ 22,486	\$ 22,486	\$ 64,772
	WAGES, TIPS	\$ 46,745	\$ 38,076	\$ 48,163	\$ 132,984
HOUSEKEEPER I	ANNUAL HOURS WORKED	3,684	1,195	-	4,879
	BASE SALARY	\$ 18,916	\$ 21,384	\$ 21,384	\$ 61,684
	WAGES, TIPS	\$ 44,261	\$ 28,453	\$ 3,290	\$ 76,004
LAUNDRY MANAGER	ANNUAL HOURS WORKED	3,443	3,067	3,590	10,101
	BASE SALARY	\$ 31,418	\$ 32,517	\$ 32,517	\$ 96,452
	WAGES, TIPS	\$ 55,744	\$ 49,813	\$ 58,766	\$ 164,323
HOUSEKEEPING SUPERVISOR	ANNUAL HOURS WORKED	4,306	3,266	3,598	11,169
	BASE SALARY	\$ 32,228	\$ 36,816	\$ 36,816	\$ 105,860
	WAGES, TIPS	\$ 65,880	\$ 57,508	\$ 64,465	\$ 187,853
HOUSEKEEPER I	ANNUAL HOURS WORKED	3,037	2,604	3,382	9,023
	BASE SALARY	\$ 16,079	\$ 19,800	\$ 19,800	\$ 55,679
	WAGES, TIPS	\$ 26,913	\$ 30,803	\$ 39,360	\$ 97,076
TOTAL ANNUAL HOURS WORKED		18,438	13,073	14,210	45,722
TOTAL BASE SALARY		\$ 118,441	\$ 133,003	\$133,003	\$ 384,447
TOTAL WAGES, TIPS		\$ 239,544	\$ 204,654	\$214,042	\$ 658,240
*Annual Hours Worked is based solely on straight-time hours, overtime hours, and double time hours.					

According to the Chief of Environmental Services, Housekeeping overtime and additional straight-time was needed due to:

- Significant efforts to achieve the Joint Commission's Accreditation in April 2010;
- Staffing level required for a 24-hour operations controlled by GMHA Infection Control standards, Nursing Division recommendations, and State and Federal Regulatory requirements, which include the Joint Commission and Centers for Medicare and Medicaid services;
- Lack of GMHA Discharge Policy to consistently discharge patients during a certain time period and allow for smooth room transfers; and
- Employee coverage for staff on annual and sick leave.

Based on our review of overtime and additional straight-time justifications for the pay period ended July 30, 2011, we found that there were six vacancies within the department and several Housekeeping employees were on annual leave, sick leave, and on light duty. Light duty is work that has been gathered to give the individual with a disability the opportunity to do meaningful work while they are recovering from his or her illness or injury.

The maximum hours of work needs to be monitored to ensure the safety and health of the employee and the patients. GMHA does not have any built-in mechanisms within its payroll system to indicate when an employee is exceeding their scheduled hours within a pay period. Also, management did not provide oversight or review how scheduled hours compare to actual hours.

In 2005, GMHA drafted a Safe Hours of Work policy to ensure that the employee's work is performed in a safe manner. Should this policy be formally adopted:

1. An employee will not be allowed to work more than 16 hours consecutively, or in one 24-hour day;
2. An employee will not be authorized to work more than 84 hours within a single seven-day period; and
3. An employee will not be required to work more than 28 hours within a time span of two days.

Per the policy, exceptions to the above may be made only if the employee volunteers his services and has the specific approval of his department head, and/or division managers, and in cases where excessive hours of work are necessary because of weather conditions, necessary seasonal activities, or emergencies. Written documentation would be submitted by the department head and/or division managers to the Administrator within 48 hours of such occurrence.

As previously noted, we found instances where four Housekeeping employees worked beyond 3,000 hours. However, there was written documentation from the Chief of Environmental Services on file to authorize the occurrences, which had rationale that ranged from replacement of staff shortage and staff on annual leave to strip and wax of entire Respiratory Department and Delivery Rooms.

Currently, GMHA Payroll generates bi-weekly and quarterly reports of employees who are paid more than 25% of their scheduled hours. The bi-weekly reports are forwarded to the CFO for review. The quarterly reports are forwarded to the Department Managers to provide a justification for excessive compensation. Further, Payroll prepares daily and weekly reports on employee work hours for review and correction or justification by the employee's department manager. For example, the daily report will identify employees that have worked more than 16 hours per day

while the weekly report will identify employees that have worked more than 84 hours per week. GMHA management should continue to monitor hours worked to ensure that the maximum hours of work is not exceeded and work is performed in a safe manner. We recommend that GMHA formally adopt a Safe Hours of Work policy to ensure the safety of patients and that work is performed in safe manner with employees.

## Compensation and Hours Worked Were Excessive For Some Part-Time Employees

We interviewed staff from Communications, Patient Affairs, Facilities Maintenance, General Accounting, Dietary, Housekeeping, Pharmacy, and eight Nursing units. The common concern was lack of staff coverage and resources to run their daily operations. To address the staff shortage, departments would schedule planned overtime to cover employees no longer employees at GMHA, employees on leave, and for department projects. In instances of unplanned leave or absences, employees covering shifts may receive overtime without prior approval. However, proper justification and approval from Department Managers are obtained. Of the 13 departments reviewed, nine departments saw a decrease in employee count. While Pharmacy saw an increase of three employees, Medical Telemetry (PCU) saw the highest decrease when one full-time and five part-time employees left. See Table 6 for details. Based on our review between CY 2010 to CY 2011, straight-time hours decreased by 2% or 17,377 hours and overtime increased by 14% or 9,586 hours, which meant that staff were working regular shifts plus extra hours due to the staff shortages.

**Table 6: CY 2010 ~ 2012 Sample Departments Employee Count**

	DEPARTMENT	2010		2010 TOTAL	2011		2011 TOTAL	2012		2012 TOTAL	VARIANCE (CY 2010 ~ 2012)		
		FT	PT		FT	PT		FT	PT		FT	PT	TOTAL
1	MEDICAL TELEMETRY (PCU)	59	10	69	60	8	68	58	5	63	-1	-5	-6
2	COMMUNICATIONS	13	0	13	9		9	9		9	-4	0	-4
3	PATIENT AFFAIRS	27	3	30	26	3	29	23	3	26	-4	0	-4
4	FACILITIES MAINTENANCE*	41	0	41	41	0	41	38	0	38	-3	0	-3
5	GENERAL ACCOUNTING	19	0	19	16	0	16	16	0	16	-3	0	-3
6	MEDICAL/SURGICAL	55	6	61	54	4	58	55	3	58	0	-3	-3
7	OPERATING ROOM (SURGERY)	35	6	41	33	5	38	34	5	39	-1	-1	-2
8	DIETARY (INCLUDE CAFETERIA)	50	12	62	46	10	56	50	11	61	0	-1	-1
9	SURGICAL	54	4	58	58	4	62	54	3	57	0	-1	-1
10	HOUSEKEEPING/LAUNDRY*	47	1	48	47	0	47	48	0	48	1	-1	0
11	EMERGENCY ROOM	44	15	59	48	12	60	52	8	60	8	-7	1
12	ICU/CCU	22	9	31	20	10	30	22	11	33	0	2	2
13	PHARMACY	22	3	25	22	3	25	24	4	28	2	1	3
	<b>Grand Total</b>	<b>488</b>	<b>69</b>	<b>557</b>	<b>480</b>	<b>59</b>	<b>539</b>	<b>483</b>	<b>53</b>	<b>536</b>	<b>483</b>	<b>53</b>	<b>-21</b>

\* Includes department employees who work within the Skilled Nursing Unit.

### Compensation More Than 25% over Base Pay

Most GMHA employees have the ability to receive additional types of pay, such as overtime, on-call, weekend, certification, etc. During CY 2010 through 2012, our analysis revealed that of the 1,304 individuals who received less than \$100K, 341 employees received more than 25% over their base pay ranging from 25% to 316%, wherein 88 employees were annually compensated

more than 25% over base pay in all three years and 77 employees in two years. Among the 88 employees compensated more than 25% over base pay in all three years, 21 employees received more than 50% over their base pay and eight received more than 100% over their base pay in all three years. Refer to Appendices 5 through 7 for complete listings of individuals who received more than 50% and more than 100% over base pay.

Within the 1,304 individuals, we identified 1,114 full-time employees and 190 part-time employees. We found no compensation threshold policy in place to flag management when cumulative compensation of an employee exceeds an established threshold, such as 25%. We found that with the absence of a compensation threshold policy, GMHA continued to compensate employees more than 50% over their base pay. For that reason, further scrutiny should occur when cumulative compensation exceeds a higher threshold, such as 50% and even more scrutiny at 100%. Furthermore, we found that there are opportunities for part-time employees to earn excess compensation, especially in overtime.

*Part-Time Employees Compensated More Than 25% over Base Pay*

During our analysis of a GMHA part-time employee compensated more than 25% over their base pay, we found that these GMHA part-time employees earned an average of 120% over their base pay. These part-time employees earned between 26% and 316% over their base pay. We also found that 46 part-time employees received more than 50% over their base pay, wherein 13 of these employees were compensated over 50% in all three years and 11 employees in two years.

We sampled 11 part-time employees who received more than 100% over their base pay. Five part-timers received over 200% of their base pay in all three years due to the amount of hours actually worked, coupled with their low base salaries. For example, a Medical/Surgical Staff Nurse II was compensated in excess of 300% over base pay in two of the three calendar years. This employee averaged 2,235 in actual hours worked, which is equivalent to a full-time status. See Table 7 for details. Refer to Appendix 8 for a full listing of sample part-time employees compensated 50% over base pay.

**Table 7: CY 2010 ~ 2012 Top 5 Part-Time Employees Percentage over Base Pay**

	DEPARTMENT	POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
1	PHARMACY	HOSPITAL PHARMACIST	2010	26,773	87,774	61,001	228%	1,811
			2011	26,773	92,413	65,640	245%	1,896
			2012	26,773	84,183	57,410	214%	1,729
			TOTAL		264,371			
2	EMERGENCY ROOM	STAFF NURSE II	2010	20,651	70,130	49,479	240%	1,815
			2011	21,374	64,445	43,071	202%	1,714
			2012	21,374	68,869	47,495	222%	1,762
			TOTAL		203,444			
3	MEDICAL/SURGICAL	STAFF NURSE II	2010	16,349	66,868	50,520	309%	2,231
			2011	16,349	61,991	45,642	279%	2,159
			2012	16,349	67,935	51,586	316%	2,316
			TOTAL		196,795			
4	SURGICAL	STAFF NURSE II	2010	98,909	96,283	(2,626)	-3%	1,499
			2011	19,963	63,912	43,949	220%	871
			2012	19,963	30,322	10,359	52%	894
			TOTAL		190,518			

	DEPARTMENT	POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
5	EMERGENCY ROOM	STAFF NURSE II	2010	16,349	64,027	47,679	292%	2,290
			2011	16,349	60,909	44,560	273%	2,169
			2012	16,349	57,571	41,222	252%	2,118
			TOTAL		182,507			

We also analyzed part-time employees who were compensated more than \$50K and found that they included Anesthesiologists, Hospital Pharmacists and Staff Nurse II's from Emergency Room, ICU/CCU, Labor & Delivery, Medical/Surgical, NICU, Operating Room, Skilled Nursing Unit, and Surgical.

*Full-Time Employees Compensated More Than 25% over Base Pay*

During our analysis of full-time employees who were compensated more than 25% over their base pay, we found that these full-time employees earned an average of 40% over their base pay. These full-time employees earned between 25% and 193% over their base pay. We also found that 54 full-time employees received more than 50% over their base pay, wherein eight employees were compensated more than 50% over their base pay in all three years and three employees in two years.

We tested 17 full-time employees, of which 10 were compensated more than 50% over their base pay. The highest percentage over base pay was 136%, which was earned by the same Housekeeper II mentioned in the prior section. This individual was compensated over 100% in at least two of the years under review and worked an average of 3,517 hours annually. See Table 8 for details. Refer to Appendix 10 for a full listing of sample full-time employees compensated 50% over their base pay.

**Table 8: CY 2010 ~ 2012 Top 5 Full-Time Employees Percentage over Base Pay**

	DEPARTMENT	POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
1	ICU/CCU	STAFF NURSE II	2010	61,946	93,705	31,759	51%	2,310
			2011	64,114	97,790	33,676	53%	2,306
			2012	64,114	91,058	26,943	42%	2,245
			TOTAL		282,553			
2	ICU/CCU	STAFF NURSE II	2010	68,681	87,376	18,695	27%	1,944
			2011	71,084	91,993	20,909	29%	2,017
			2012	71,084	98,912	27,828	39%	2,144
			TOTAL		278,281			
3	EMERGENCY ROOM	STAFF NURSE II	2010	59,881	99,752	39,871	67%	2,570
			2011	59,881	86,293	26,412	44%	2,236
			2012	59,881	80,398	20,517	34%	2,147
			TOTAL		266,442			
4	EMERGENCY ROOM	STAFF NURSE II	2010	39,943	67,307	27,364	69%	2,737
			2011	46,457	69,871	23,415	50%	2,563
			2012	46,459	82,502	36,043	78%	2,819

	DEPARTMENT	POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
			TOTAL		219,680			
5	FACILITIES MAINTENANCE	ENGINEER SUPERVISOR	2010	55,274	72,739	17,465	32%	2,467
			2011	57,209	68,979	11,770	21%	2,288
			2012	57,209	75,435	18,226	32%	2,622
			TOTAL		217,153			

## Manual Inputting Resulted in Nominal Errors

Of the compensation controls tested for 28 individuals with 737 transactions totaling \$109K, and unlike our previous audit of GMHA individuals compensated over \$100K, we found that all 28 individuals timed-in and timed-out of the GMHA AS400 so missing manual timesheets were not an issue. However, there continues to be a heightened risk of errors in GMHA’s AS400 as the automation of multiple pay types is still not in place, which led to the identification of three tested transactions with deficiencies totaling \$(86) or -0.08% of the \$109K. In the previous audit, we questioned \$6,721 due to errors identified from the manual inputting of hours for certain pay types, such as certification and weekend pay.

GMHA policy requires employees to “clock in and out of the system according to the approved work schedule.”<sup>2</sup> While we found the nursing, operations, and fiscal services staff consistently practice clocking in and out through the payroll system, certification pay and weekend pay continue to be manually inputted. As noted in our previous audit, we recognize that manually inputting some timekeeping information may be necessary, however, this should be done sparingly as the manual process is susceptible to the risk of entering and reporting incorrect information. We found errors during our testing related to the manual inputting of timekeeping information as described below.

### *Certification Pay*

Certification pay is afforded to nurses and other healthcare professionals who have a national or Guam Board certification, and are practicing in their area of certification. It is calculated at 15% of base rate. We found that the GMHA payroll system does not automatically calculate the premium for the hours worked by a certified individual. Instead, the timekeeper must manually input the certification hours. We identified a minor error in the hours manually inputted for an Emergency Room Staff Nurse II who was paid 122 hours of certification pay during PPE December 15, 2012, but 123 hours were justified, or a shortage of one hour.

### *Weekend Pay*

All work performed between the hours of 12:00 midnight on any Friday and 12:00 midnight of the following Sunday night shall be compensated at the rate of one and one-half (1 ½) times the regular straight time rate of the nurse or any employee who is responsible for direct delivery of patient services. With the manual inputting of weekend hours, we found two instances where weekend hours granted did not match regular and overtime hours worked. For PPE July 30, 2011, an Emergency Room Staff Nurse II worked 25 hours, but claimed 32 hours of weekend pay or seven

<sup>2</sup> GMHA Administration Policy 6440-10 Policy IV (A)(1)

hours over. According to GMHA Nursing, the employee has been notified of the error and a correction in compensation will be forthcoming. In addition, during the same PPE, a Hospital Pharmacist worked 36 hours, but claimed 28 hours of weekend pay or eight hours short.

While the inputting error identified in our testing resulted in an immaterial questioned cost of \$(86), the long-term impact of having multiple input errors can be potentially significant. Since our prior audit, payroll queries and other payroll reports are generated on a bi-weekly basis upon completion of the payroll checks processing as a means of performing quality control. The Payroll Supervisor reviews the payroll reports to identify possible payroll errors. However, miscellaneous pay, such as certification and weekend pay are still manually inputted. We recommend automation of certification and weekend pay within the GMHA payroll system to automatically calculate certification pay for certified individuals and weekend pay for employees working between the hours of 12:00 midnight on any Friday and 12:00 midnight of the following Sunday night.

As previously recommended in OPA Report No. 12-04 relative to GMHA Compensation Controls over \$100K, GMHA management implement a built-in mechanism within its payroll system to automatically calculate the different pay types such as certification and weekend pay.

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## Conclusion and Recommendations

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Over the last three years, GMHA experienced fluctuating staffing levels and a number of vacancies in several departments, which have fostered the need for additional hours worked and overtime for its employees. Accordingly, compensation represents the largest expenditure at nearly 70% of GMHA's total budget for FY 2010 through 2012. We identified \$40K in questioned costs due to prohibited additional compensation to GMHA employees and deficient system controls. At a time when the Government of Guam is actively implementing cost-cutting measures, GMHA's practice of additional compensation to exempt employees is questionable.

In our previous audit on GMHA's compensation controls for employees compensated over \$100K, questioned costs were due to the following: 1) \$71K from timesheets not reviewed and approved; 2) \$98K for hours not authorized or justified; 3) \$30K for dual employment not authorized; and 4) \$7K for manual inputting errors. In contrast, we did not identify these conditions for those compensated below \$100K, except for:

- \$9K in overtime compensated to exempt employees;
- \$31K in additional straight-time compensated to an exempt Supervisor; and
- \$(86) in errors due to the manual inputting of certification and weekend pay.

Accordingly, GMHA has policies and procedures in place for employees compensated below \$100K in contrast to employees compensated above \$100K, especially for Physicians. Based on our review, the risk of excessive compensation, errors, misreporting, and abuse are higher for those over \$100K.

Since the arrival of the new Hospital Administrator and CFO, GMHA has implemented daily and weekly reports on employee work hours prepared by Payroll for review and correction or justification by the employee's department manager. The daily report identifies employees that have worked more than 16 hours per day while the weekly report identifies employees that have worked more than 84 hours per week. There has also been improved review and oversight from the current CFO. In addition, current management has drafted a policy to address additional compensation for exempt employees.

Although GMHA generally has effective controls in place for employees compensated below \$100K, our audit found certain exempt employees were allowed overtime and additional straight-time compensation; GMHA does not have any built-in mechanisms within its payroll system to indicate when an employee is exceeding their scheduled hours within a pay period; and the lack of system automation contributed to multiple pay type errors. To improve these deficiencies, we recommend that the GMHA Director:

1. Amend classification of exempt positions to reflect the CFR requirements of said duties;
2. Restrict positions considered "exempt" from overtime compensation; and
3. Formally adopt a Safe Hours of Work Policy to ensure the safety of patients and employees.

As previously recommended in OPA Report No. 12-04, GMHA Compensation Controls, we recommend the GMHA Director automate of certification and weekend pay within its payroll system to automatically calculate certification pay for certified individuals and weekend pay for employees working between the hours of 12:00 midnight on any Friday and 12:00 midnight of the following Sunday night.

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## Management Response and OPA Reply

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A draft was transmitted to GMHA on November 8, 2013 for their official response. We met with GMHA officials in November 19, 2013 to discuss findings and recommendations. The Hospital Administration generally concurred with the findings and recommendations and provided their official response on November 25, 2013.

The GMHA Chief Financial Officer agreed with one recommendation and clarified the remaining three audit findings as follows:

1. GMHA does not pay overtime to exempt employees. However, based on our analysis of GMHA's Labor Distribution report, we found GMHA compensated a total of \$9K in overtime to two Materials Management exempt employees: an Inventory Management Officer and Hospital Property and Management Officer.
2. GMHA does not have an approved "Safe Hours of Work policy". However, a Safe Hours of Work policy was drafted and posted on GMHA's website, which was later removed. We recommend implementation of a Safe Hours of Work policy to ensure the safety of patients and employees.
3. Due to NTT Data's software limitations, GMHA cannot make the changes for automating certification and weekend pay.

See Appendix 10 for GMHA's management response.

The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendations, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. We will be contacting GMHA to provide the target date and title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation given to us by the staff and management of GMHA.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM  
Public Auditor

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**Appendix 1:**  
**Classification of Monetary Amounts**

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	<b>Finding Area</b>	<b>Questioned Costs</b>
<b>1</b>	<b>Overtime and Straight-time Pay Afforded to Exempt Employees</b>	
	<i>Overtime compensated to two exempt employees</i>	
	Inventory Management Officer compensated 124 overtime hours	\$ 3,279
	Hospital Property Management Officer compensated 262 overtime hours	\$ 5,548
		\$ 8,827
	<i>Additional straight-time compensated to Facilities Maintenance Engineer Supervisor</i>	\$ 30,907 <sup>3</sup>
<b>2</b>	<b>Errors in Weekend and Certification Pay</b>	
	Weekend Hours did not Match	
	Emergency Room Staff Nurse II claimed an overage of seven hours	\$ 78
	Hospital Pharmacist claimed a shortage of eight hours	\$ (161)
	Certification Pay Shortage	\$ (3)
		\$ (86)
	<b>Totals</b>	<b>\$ 39,648</b>

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<sup>3</sup> Of the \$30,907 compensated for additional straight-time, \$1,174 was identified in PPEs 07/30/11 and 12/15/12.

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**Objectives, Scope, Methodology, and Prior Audit Coverage**

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The objectives of this audit were to determine:

- (1) Whether controls were in place to ensure that GMHA staff were receiving authorized and accurate compensation; and
- (2) Whether overtime was paid to eligible GMHA personnel in accordance with regulations and policies and procedures.

For the purposes of this engagement, we reviewed compensation for services rendered of personnel who received less than \$100K.

The period of review was from January 1, 2010 through December 31, 2012. The audit scope encompassed a review of compensation received by all GMHA personnel based on W-2 information, salary information provided in staffing patterns, and Salaries Reports provided by GMHA. In addition, we reviewed laws, rules and regulations, policies, prior audit findings, and other information pertinent to GMHA personnel compensation during January 1, 2010 through December 31, 2012. We interviewed the Chief Financial Officer, Personnel Services Administrator, Payroll Supervisor, various unit timekeepers, DOA Chief Payroll Supervisor, and DOL Wage & Hour Division Administrator. The audit was conducted mainly at the Guam Memorial Hospital in Tamuning.

To accomplish our objective, we performed the following:

- (1) Conducted walk-through of specific units and interviews with key personnel.
- (2) Analyzed payroll data and accomplished the following:
  - a. Identified individuals and positions that received the highest compensation;
  - b. Determined whether personnel received pay in accordance with established rules and regulations and contracts;
  - c. Determined individuals and positions that received significantly higher compensation in comparison to their base pay; and
  - d. Determined the composition of pay that contributed to actual pay being significantly higher than base pay.
- (3) Reviewed the following:
  - a. Timekeeping records maintained by GMHA, including schedules, manual and electronic timesheets, and overtime justification forms;
  - b. GMHA Employee Paycheck History;
  - c. GMHA Personnel Rules & Regulations; and
  - d. GMHA Salaries Reports for actual hours worked.
- (4) Randomly selected two pay periods during calendar years 2011 and 2012: July 30, 2011 and December 15, 2012. The tests were conducted to determine whether internal controls were sufficient to ensure proper processing of GMHA compensation for individuals receiving less than \$100K in pay. During the period under review, we selected 28 individuals, of which three were the highest compensated individuals during the three years, 10 worked the most hours annually, and 12 were compensated in excess of 100% over base pay, and judgmentally selected three employees mentioned in the “Whistleblower Complaint” with the highest total hours worked.
- (5) We stratified the hours worked and percentages over base pay to determine thresholds. We reviewed payroll and timekeeping documents as part of our testing, as well as the following:

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**Objectives, Scope, Methodology, and Prior Audit Coverage**

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- a. Traced time shown on electronic timesheets to the approved work schedule;
- b. Verified the proper coding of the hours worked and reported (i.e., regular hours, overtime, back-in, etc.);
- c. Traced all leave and overtime shown on the payroll system to leave and overtime justification forms;
- d. Reviewed the “Y” listing for approval of timekeeping transactions;
- e. Reviewed Human Resources records to determine the approved compensation rate for each employee and compared to the payroll system rate utilized for each pay period (for regular hours only); and
- f. Verified the accuracy of the calculation of each type of pay as inputted into the AS400 system.

We conducted this performance audit in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. These standards require that we plan our audit objectives and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

**Prior Audit Coverage**

We did not identify any findings within GMHA’s financial audit during fiscal years 2010 through 2012 relative to the compensation, payroll and timekeeping of GMHA personnel. However, we did identify two prior audits: OPA Report No. 12-04, GMHA Compensation Controls and GMHA Operational Assessment performed by Eide Bailly, LLP.

**OPA Report No. 12-04**

The audit team found weak basic controls to ensure authorized and accurate compensation to personnel who were paid more than \$100K annually. There was weak management oversight as thresholds were not established, the Safe Hours of Work policy was not enforced, and timekeeping and payroll controls were not implemented. This was particularly prevalent for Physicians’ compensation where there was a lack of review or reluctance to question the hours worked by physicians, including Radiology Physicians. Further, there is no system in place to correlate the hours compensated to physicians compared to billable hours charged to patients. These and other management oversight weaknesses contributed to employees receiving more than 25% over their base pay during fiscal years 2009 through 2011 without review and authorization, which can be potentially excessive and unauthorized. Total questioned costs amounted to \$206K for the 15 individuals tested in the three pay periods. The \$206K represents 53% of the \$387K in total compensation paid for the three pay periods.

**GMHA Operational Assessment (Eide Bailly, LLP)**

Eide Bailly conducted an operational analysis of the hospital in order to assess the opportunity to improve long-term financial performance.

### Appendix 3:

## Actual Hours Worked per GMHA Division

		NONE	Less Than 2,000 Hours	2,000 - 2,100 Hours	2,100 - 2,500 Hours	2,500 - 3,000 Hours	More Than 3,000 Hours	Total
<b>2010</b>								
Administration	FT	-	22	1	-	-	-	23
	PT							-
Fiscal Services	FT	3	60	19	14	1	-	97
	PT	-	6	-	-	-	-	6
Medical Services	FT	-	15	-	-	-	-	15
	PT	-	35	-	-	-	-	35
Nursing	FT	6	288	69	95	3	-	461
	PT	2	80	1	2	-	-	85
Operations	FT	2	118	22	33	7	5	187
	PT	1	-	-	-	-	-	1
Professional Support	FT	4	128	27	35	4	-	198
	PT	1	24	1	3	-	-	29
<b>SUBTOTAL</b>	FT	15	631	138	177	15	5	981
	PT	4	145	2	5	-	-	156
<b>2011</b>								
Administration	FT	-	23	-	-	-	-	23
	PT							-
Fiscal Services	FT	2	76	4	8	-	-	90
	PT	-	5	-	-	-	-	5
Medical Services	FT	1	16	1	1	-	-	19
	PT	-	20	-	-	-	-	30
Nursing	FT	6	313	66	84	1	-	470
	PT	2	64	2	2	-	-	70
Operations	FT	-	107	21	20	6	2	156
	PT							-
Professional Support	FT	3	156	30	27	1	-	217
	PT	-	22	1	1	-	-	24
<b>SUBTOTAL</b>	FT	12	691	122	140	8	2	975
	PT	2	121	3	3	-	-	129
<b>2012</b>								
Administration	FT	-	18	-	-	-	-	18
	PT							-
Fiscal Services	FT	-	54	16	11	2	-	83
	PT	-	3	1	1	-	-	5
Medical Services	FT	-	13	1	1	-	-	15
	PT	6	28	-	-	-	-	28
Nursing	FT	5	318	65	68	2	-	457
	PT	-	55	1	2	-	-	58
Operations	FT	3	115	23	23	8	4	176
	PT							-
Professional Support	FT	6	126	30	33	-	-	194
	PT	-	32	-	1	-	-	33
<b>SUBTOTAL</b>	FT	12	644	135	136	12	4	943
	PT	-	118	2	4	-	-	124
<b>TOTAL</b>	FT	39	1,966	395	453	35	11	2,899
	PT	6	384	7	12	-	-	409
<b>GRAND TOTAL</b>		<b>45</b>	<b>2,350</b>	<b>402</b>	<b>465</b>	<b>35</b>	<b>11</b>	<b>3,308</b>

**Department of Administration Organization Circular 05-022**



Felix P. Camacho  
Governor  
Kaleo S. Moylan  
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION  
(DIPATTAMENTON ATMENESTRASION)  
DIRECTOR'S OFFICE  
(Ufisinan Direktot)  
Post Office Box 884 \* Hagatna, Guam 96932  
TEL: (671) 475-1101/1250 \* FAX: (671) 477-6788

**AUG 04 2005**



Lourdes M. Perez  
Director  
Joseph C. Manibusan  
Deputy Director

**DEPARTMENT OF ADMINISTRATION ORGANIZATION CIRCULAR NO. 05-022**

To: All Line Agency and Department Heads  
From: Director, Department of Administration  
Subject: Application of the New Rules of the U. S. Department of Labor  
Re: Fair Labor Standards Act (FLSA)

Buenas yan Hafa Adai! Effective August 23, 2004, the U. S. Department of Labor implemented new provisions for the application of bona fide exempt positions in the executive, administrative, professional and other categories. The exemption of these positions restricts overtime and compensatory time off for employees occupying those positions. The Governor's Executive Order 2005-28 which takes effect on August 23, 2004, lists all bona fide exempt positions in the line agencies of the Executive Branch of the government of Guam, and is included as an attachment to this Circular.

The purpose of this Circular is to explain the general mechanics by which the new rules under the Fair Labor Standards Act, as amended, will be applied to employees in the affected categories within the government. The following definitions for all exempt categories of positions are provided below for your guidance:

1. **Executive Exemption.** To qualify for this exemption, all of the following tests must be met:
  - The employee must be compensated on a salary basis at a rate not less than \$455 per week;
  - The employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
  - The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
  - The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight.

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**Department of Administration Organization Circular 05-022**

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**NEW RULES OF U.S. DEPT. OF LABOR  
PAGE TWO**

**2. Administrative Exemption.** To qualify for the administrative employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis at a rate not less than \$455 per week;
- The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and
- The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

**3. Professional Exemption.** There are four categories of professionals for exemption purposes.

**A. Learned Professional Exemption:** To qualify for the learned professional employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis at a rate not less than \$455 per week;
- The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment;
- The advanced knowledge must be in a field of science or learning; and
- The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.

**B. Creative Professional Exemption:** To qualify for the creative professional exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis at a rate not less than \$455 per week;
- The employee's primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

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**Department of Administration Organization Circular 05-022**

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**NEW RULES OF U.S. DEPT. OF LABOR  
PAGE THREE**

**C. Teachers.** Teachers are exempt if their primary duty is teaching, tutoring, instructing or lecturing in the activity of imparting knowledge, and if they are employed and engaged in this activity as a teacher in an educational establishment. Exempt teachers include, but are not limited to, regular academic teachers; kindergarten or nursery school teachers, teachers of gifted or disabled children; teachers of skilled and semi-skilled trades and occupations; teachers engaged in automobile driving instruction; aircraft flight instructors; home economics teachers; and vocal or instrument music teachers. The salary and salary basis requirements do not apply to bona fide teachers.

**D. Practice of Law or Medicine.** An employee holding a valid license or certificate permitting the practice of law or medicine is exempt if the employee is actually engaged in such a practice. An employee who holds the requisite academic degree for the general practice of medicine is also exempt if he or she is engaged in an internship or resident program for the profession. The salary and salary basis requirements do not apply to bona fide practitioners of law or medicine.

**4. Highly Compensated Employees.** Highly compensated employees performing office or non-manual work and paid total annual compensation of \$100,000 or more (which must include at least \$455 per week paid on a salary or fee basis) are exempt from the Fair Labor Standards Act (FLSA) if the employee's primary duty includes performing office or non-manual work; and if they customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests described above.

**5. Computer Employees Exemption.** To qualify for the computer employee exemption, the following tests must be met.

- The employee must be compensated **either on a salary or fee basis at a rate not less than \$455 per week or, if compensated on an hourly basis, at a rate not less than \$27.63 an hour;**
- The employee must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below;
- The employee's primary duty must consist of:

A. The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;

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**Department of Administration Organization Circular 05-022**

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**NEW RULES OF THE U.S. DEPT. OF LABOR  
PAGE FOUR**

B. The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;

C. The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or

D. A combination of the aforementioned duties, the performance of which requires the same level of skills.

For information purposes, the exemptions provided by the FLSA and defined in the foregoing paragraphs, do not apply to police officers, detectives, deputy sheriffs, state troopers, highway patrol officers, investigators, inspectors, correctional officers, parole or probation officers, park rangers, fire fighters, paramedics, emergency medical technicians, ambulance personnel, rescue workers, hazardous materials workers and similar employees, **regardless of rank or pay level**, who perform work such as preventing, controlling or extinguishing fires of any type; rescuing fire, crime or accident victims; preventing or detecting crimes; conducting investigations or inspections for violations of law; performing surveillance; pursuing, restraining and apprehending suspects; detaining or supervising suspected and convicted criminals, including those on probation or parole; interviewing witnesses; interrogating and fingerprinting suspects; preparing investigative reports; or other similar work.

Additionally, the FLSA provides minimum standards that may be exceeded, but cannot be waived or reduced. Employers must comply, for example, with any Federal, State or municipal laws, regulations or ordinances establishing a higher minimum wage or lower maximum workweek than those established under the FLSA. Similarly, employers may, on their own initiative or under a collective bargaining agreement, provide a higher wage, shorter workweek, or higher overtime premium than provided under the FLSA. While collective bargaining agreements cannot waive or reduce FLSA protections, nothing in the FLSA or the Code of Federal Regulations (CFR), Part 541, relieves employers from their contracted obligations under such bargaining agreement.

"Salary Basis" means that an employee is paid under his employment agreement (for government of Guam employees, the employment agreement is their Personnel Action) if he/she regularly receives each pay period, on a weekly, bi-weekly, semi-monthly, monthly or annually, a pre-determined amount constituting all or part of his compensation, which amount is not subject to reduction because of variations in the number of hours worked or in the quantity or quality of the work performed during the pay period.

Factors for determining "Primary Duty" of an employee include:

1. The relative importance of the exempt duties as compared with other types of duties.
2. The amount of time spent performing exempt work.
3. The employee's relative freedom from direct supervision.
4. The relationship between employee's salary and the wages paid to other employees for the same kind of non-exempt work

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**Department of Administration Organization Circular 05-022**

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**NEW RULES OF THE U.S. DEPT. OF LABOR  
PAGE FIVE**

In time of **emergencies**, exempt employees will not lose the exemption by performing work of a normally non-exempt nature because of the existence of an emergency. Thus, when emergencies arise that threaten the safety of employees, a cessation of operations or serious damage to the employer's property, any work performed in an effort to prevent such results is considered exempt work. Hence, exempt employees called in for emergency work will not be entitled to overtime or compensatory time off.

For purposes of **Public Accountability**, 29 CFR Section 541.710 provides that exempt employees of a public agency shall not be disqualified from exemption on the basis that such employee is paid according to a pay system established by statute, ordinance or regulation, or by a policy or practice established pursuant to principles of public accountability, under which the employee accrues personal leave and sick leave and which requires the public agency employee's pay to be reduced or such employee to be placed on leave without pay for absences for personal reasons or because of illness or injury of less than one work day when accrued leave is not used by the employee because:

1. Permission for its use has not been sought, or has been sought and denied;
2. Accrued leave has been exhausted;
3. The employee chooses to use leave without pay.

Pay docking for budget required furlough does not disqualify the employee from being paid on a salary basis, except in the work-week in which furlough occurs and for which the employee's pay is accordingly reduced.

Additionally under public accountability, employers, without affecting employees' exempt status, may take deductions from accrued leave accounts; may require exempt employees to record and track hours; may require exempt employees to work specified schedule; and may implement across-the-board changes in schedule under certain circumstances

The above guidance is taken out of the U. S. Department of Labor Final Rule on 29 CFR 541. The impact of FLSA on management responsibility is minimal. The basic responsibility of managers and supervisors to effectively manage and control the work of the agency/department, and to make efficient use of money and manpower resources towards this end, is in no way altered by FLSA. Managers will continue to ensure that work is performed by employees when they need and want it performed, and equally they must also ensure that work is not performed when it is not needed and when they do not want it performed. FLSA gives special emphasis to this continuing responsibility. In addition, management cannot accept the benefits of a non-exempt employee's work without compensating the employee for that work. No work will be ordered to a non-exempt employee outside the normal work hours without a clear indication of approval by the manager or supervisor for overtime or compensatory time off if the employee has performed work over 40 hours a week.

As explained above, virtually all benefits previously allowed for exempt employees, e.g., absence of less than 8 hours may not be docked from an employee's pay, no requirement to clock in or out during the work day, are no longer authorized under the new revised rules. The 20% of non-exempt duties performed by exempt employees, which makes those employees eligible for overtime or compensatory time, if they work over 40 hours during the workweek, no longer applies. Therefore, the form which records the 20% non-exempt hours worked by exempt employees, to determine eligibility for overtime/compensatory time off, will no longer be required

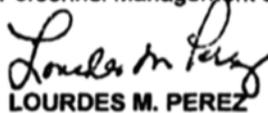
**Department of Administration Organization Circular 05-022****NEW RULES OF THE U.S. DEPT. OF LABOR  
PAGE SIX**

to be submitted to the Human Resources Division for approval. Exempt employees are not entitled to overtime pay or compensatory time off.

Exceptions to the exemptions will be appropriately communicated to the respective departments/agencies. This Circular is not intended to be all inclusive, therefore, the Department of Administration and the Civil Service Commission will conduct special orientations for all managers, supervisors and affected employees. This orientation will be coordinated with the Department of Administration Training and Development Division and the schedule will be announced by that office. Department/Agency heads are requested to allow for maximum participation of affected employees at this orientation.

**PLEASE ENSURE THAT COPIES OF THIS CIRCULAR ARE DISSEMINATED TO THE AFFECTED EMPLOYEES IN YOUR ORGANIZATION.**

Lastly, we hope the information provided above will give you a general understanding of how exemptions were determined for those employees occupying positions in executive, administrative, professional and other categories. If you have any questions concerning this matter, you may contact the Division of Personnel Management at 475-1131 or 475-1265.

  
LOURDES M. PEREZ

**Attachment**

cc: Executive Director, Civil Service Commission  
DOA Chrono  
EMR Chrono  
EMR FLSA File  
Classification Branch  
~~HR-D. Caveno~~

CGMARTINEZ:cgm  
9/8/04  
FLSA NEW REV RULES.CIR

**Department of Administration Organization Circular 05-022**

**ISLAND OF GUAM  
OFFICE OF THE GOVERNOR  
HAGAÑA, GUAM 96932  
U.S.A.**

**EXECUTIVE ORDER NO. 2005- 28**

**RELATIVE TO RE-DEFINING THE POSITIONS EXEMPTED BY THE FAIR LABOR STANDARDS ACT FROM MINIMUM WAGE AND OVERTIME PROVISIONS AND RE-DESIGNATING BONAFIDE EXECUTIVE, ADMINISTRATIVE AND PROFESSIONAL CATEGORIES PREVIOUSLY DESIGNATED BY EXECUTIVE ORDER 95-11. A POLICY IS HEREBY ESTABLISHED TO DECLARE EMPLOYEES OCCUPYING EXEMPT POSITIONS INELIGIBLE TO BE COMPENSATED FOR OVERTIME HOURS OR COMPENSATORY TIME WORKED, AND DIRECTING IMMEDIATE IMPLEMENTATION.**

**WHEREAS**, the government of Guam has previously designated bonafide executive, administrative and professional positions to be exempted from the minimum wage and overtime provisions of the Fair Labor Standards Act;

**WHEREAS**, the new U.S. Department of Labor Rules, which became effective August 23, 2004, have revised and re-defined the duties and salary tests for the executive, administrative and professional positions;

**WHEREAS**, the new Federal Rules added new exemption categories to include other Professional categories, e.g., the Learned Professionals, Creative Professionals; Computer Professionals, Academic Professionals and Nurses; and

**WHEREAS**, all agencies and departments of the government of Guam are governed by the term "bonafide executive, administrative, or professional exemption; as defined in 29 Code of Federal Regulations, Part 541 and Department of Labor Fact Sheets 17A, B, C, D, E, G, H, I, J, K, L, N and O.

**NOW, THEREFORE, I, FELIX P. CAMACHO**, by virtue of the authority vested in me by the Organic Act of Guam, do hereby order the following:

1. Effective August 23, 2004, employees in non-autonomous departments and agencies, who occupy position titles listed in Attachment I herein, as set by §6201 of Title 4, Guam Code Annotated, and which are defined as bona fide administrative, executive and/or professional positions of the government of Guam, accordingly, shall not receive overtime pay or compensatory time for working more than forty (40) hours per week.
2. Heads of autonomous agencies are required to identify and define bona fide administrative, executive and/or professional positions in their agencies and submit to the Civil Service Commission to be included in the list of exempt positions.
3. The Department of Administration shall provide guidance through a departmental circular to assist heads of departments and agencies in the implementation and application of the exemption procedures based on the federal guidelines.

**Department of Administration Organization Circular 05-022**



**ISLAND OF GUAM**  
**OFFICE OF THE GOVERNOR**  
HAGĀTÑA, GUAM 96932  
U.S.A.

4. The Department of Administration and the Civil Service Commission shall conduct appropriate orientations to departments and agencies regarding the provisions of this Executive Order.

SIGNED AND PROMULGATED at Hagåtña, Guam this 11<sup>th</sup> day of July, 2005.

**FELIX P. CAMACHO**  
*I Maga' lāhen Guåhan*  
Governor of Guam

**Appendix 5:**

**CY 2012 Compensation More than 50% Base Pay**

FULL-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	HOUSEKEEPING	HOSP ENVIRON SVCS TECH II <sup>4</sup>	22,486	48,163	25,676	114%
2	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	19,800	39,360	19,560	99%
3	HOUSEKEEPING	LAUNDRY MANAGER	32,517	58,766	26,248	81%
4	EMERGENCY ROOM	STAFF NURSE II	46,459	82,502	36,043	78%
5	SNU - HOUSEKEEPING	HOSP ENVIRON SVCS SUPERVISOR	36,816	64,465	27,649	75%
6	RESPIRATORY CARE	RESPIRATORY THERAPIST II	55,661	97,259	41,599	75%
7	RESPIRATORY CARE	RESPIRATORY THERAPIST II	53,768	89,391	35,623	66%
8	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	21,384	35,368	13,984	65%
9	EMERGENCY ROOM	HOSPITAL LPN I	29,962	48,369	18,407	61%
10	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	21,384	33,874	12,490	58%
11	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	19,800	31,258	11,458	58%
12	PHARMACY	PHARMACY TECHNICIAN	34,382	54,087	19,705	57%
13	OPERATING ROOM (SURGERY)	HOSPITAL LPN II	43,726	67,932	24,206	55%
14	RESPIRATORY CARE	RESPIRATORY THERAPIST II	55,661	86,273	30,612	55%
15	HEMODIALYSIS	STAFF NURSE I	35,505	54,870	19,365	55%
16	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	20,592	31,685	11,093	54%
17	RESPIRATORY CARE	RESPIRATORY THERAPIST II	59,613	91,588	31,975	54%
18	PATIENT AFFAIRS	ACCOUNTING TECHNICIAN II	33,206	50,767	17,561	53%
19	RESPIRATORY CARE	RESPIRATORY THERAPIST II	53,768	81,512	27,744	52%
		<b>TOTAL</b>	<b>\$ 696,489</b>	<b>\$ 1,147,489</b>	<b>\$ 451,000</b>	

PART-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	MEDICAL/SURGICAL	STAFF NURSE II	16,349	67,935	51,586	316%
2	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	3,783	14,347	10,564	279%
3	EMERGENCY ROOM	STAFF NURSE II	16,349	57,571	41,222	252%
4	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	3,783	13,018	9,235	244%
5	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	53,660	37,311	228%
6	EMERGENCY ROOM	STAFF NURSE II	21,374	68,869	47,495	222%
7	PHARMACY	HOSPITAL PHARMACIST	26,773	84,183	57,410	214%
8	DIETARY (INCLUDE CAFETERIA)	COOK I	5,281	16,332	11,052	209%
9	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	5,045	14,457	9,412	187%
10	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	5,045	13,752	8,707	173%
11	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	42,270	25,921	159%
12	LABOR & DELIVERY	STAFF NURSE II	21,374	54,867	33,493	157%
13	PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE II	16,343	37,060	20,717	127%
14	DIETARY (INCLUDE CAFETERIA)	CASHIER I	5,281	11,630	6,350	120%

<sup>4</sup> As of CY 2011, GMHA renamed position titles with “Housekeeper” to “Hospital Environmental Services Tech” and the “Housekeeping Supervisor” to “Hospital Environmental Services Supervisor”.

**Appendix 5:**

**CY 2012 Compensation More than 50% Base Pay**

PART-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
15	PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE I	11,836	25,297	13,461	114%
16	PATIENT REGISTRATION	COLLECTION AGENT	9,362	19,292	9,930	106%
17	EMERGENCY ROOM	STAFF NURSE II	13,767	27,503	13,736	100%
18	LABORATORY	MED LAB TECHNICIAN III	7,648	14,761	7,113	93%
19	EMERGENCY ROOM	STAFF NURSE II	17,209	33,101	15,892	92%
20	PATIENT REGISTRATION	COLLECTION AGENT	9,362	17,904	8,542	91%
21	ICU/CCU	STAFF NURSE II	19,963	36,260	16,297	82%
22	LABORATORY	MED LAB TECHNICIAN III	7,648	13,625	5,977	78%
23	PATIENT AFFAIRS	COLLECTION AGENT	9,362	16,401	7,040	75%
24	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	28,257	11,908	73%
25	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	28,165	11,817	72%
26	EMERGENCY ROOM	STAFF NURSE II	14,622	25,051	10,429	71%
27	PATIENT AFFAIRS	COLLECTION AGENT	9,362	15,499	6,137	66%
28	LABORATORY	MED LAB TECHNICIAN III	7,645	12,655	5,010	66%
29	NICU	STAFF NURSE II	16,349	26,797	10,448	64%
30	LABOR & DELIVERY	STAFF NURSE II	19,963	32,469	12,506	63%
31	SURGICAL	STAFF NURSE II	15,488	24,646	9,158	59%
32	DIETARY (INCLUDE CAFETERIA)	SPECIAL DIET ASST	5,553	8,788	3,235	58%
33	SURGICAL	STAFF NURSE II	19,963	30,322	10,359	52%
<b>TOTAL</b>			<b>\$ 427,276</b>	<b>\$ 986,749</b>	<b>\$ 559,473</b>	

	DEPARTMENT	EMPLOYEE COUNT		TOTAL EMPLOYEE COUNT	BASE SALARY	WAGES, TIPS	% OVER BASE PAY
		FULL-TIME	PART-TIME				
1	RESPIRATORY CARE	5	-	5	\$ 278,470	\$ 446,024	60%
2	EMERGENCY ROOM	2	5	7	\$ 159,742	\$ 342,967	115%
3	HOUSEKEEPING0	8	-	8	\$ 194,779	\$ 342,938	76%
4	OPERATING ROOM (SURGERY)	1	4	5	\$ 109,121	\$ 220,284	102%
5	PHARMACY	1	1	2	\$ 61,155	\$ 138,270	126%
6	DIETARY (INCLUDE CAFETERIA)	-	7	7	\$ 33,771	\$ 92,325	173%
7	LABOR & DELIVERY	-	2	2	\$ 41,337	\$ 87,336	111%
8	PATIENT AFFAIRS	1	2	3	\$ 51,929	\$ 82,667	59%
9	MEDICAL/SURGICAL	-	1	1	\$ 16,349	\$ 67,935	316%
10	PROGRSSIVE CARE UNIT(PCU)	-	2	2	\$ 28,179	\$ 62,357	121%
11	SURGICAL	-	2	2	\$ 35,451	\$ 54,969	55%
12	HEMODIALYSIS	1	-	1	\$ 35,505	\$ 54,870	55%
13	LABORATORY	-	3	3	\$ 22,942	\$ 41,042	79%
14	PATIENT REGISTRATION	-	2	2	\$ 18,723	\$ 37,196	99%
15	ICU/CCU	-	1	1	\$ 19,963	\$ 36,260	82%
16	NICU	-	1	1	\$ 16,349	\$ 26,797	64%
<b>TOTAL</b>		<b>19</b>	<b>33</b>	<b>52</b>	<b>\$ 1,123,764</b>	<b>\$ 2,134,238</b>	

**Appendix 6:**

**CY 2011 Compensation More than 50% Base Pay**

FULL-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	RADIOLOGY IMAGING SERVICES	HOSP RAD TECHNOLOGIST II	15,470	27,744	12,274	79%
2	RESPIRATORY CARE	RESPIRATORY THERAPIST II	53,768	93,016	39,248	73%
3	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	21,384	36,232	14,848	69%
4	HOUSEKEEPING	HOSP ENVIRON SVCS TECH II	22,486	38,076	15,590	69%
5	ANESTHESIA	ANESTHESIA TECHNICIAN	27,149	44,749	17,600	65%
6	REHAB SERVICES	HOSPITAL REHAB TECHNICIAN III	24,376	38,448	14,071	58%
7	OPERATING ROOM (SURGERY)	HOSPITAL LPN II	43,726	68,425	24,699	56%
8	HOUSEKEEPING	HOSP ENVIRON SVCS SUPERVISOR	36,816	57,508	20,692	56%
9	PATIENT REGISTRATION	COLLECTION AGENT	9,362	14,573	5,212	56%
10	EMERGENCY ROOM	HOSPITAL LPN I	29,962	46,634	16,672	56%
11	HOUSEKEEPING	HOSP ENVIRON SVCS TECH I	19,800	30,803	11,003	56%
12	HOUSEKEEPING	LAUNDRY MANAGER	32,517	49,813	17,296	53%
13	OPERATING ROOM (SURGERY)	STAFF NURSE II	59,881	91,665	31,785	53%
14	OPERATING ROOM (SURGERY)	STAFF NURSE I	39,943	61,001	21,058	53%
15	PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE II	64,114	97,790	33,676	53%
16	LABOR & DELIVERY	STAFF NURSE II	61,946	93,484	31,538	51%
17	LABOR & DELIVERY	STAFF NURSE II	61,946	93,382	31,436	51%
18	EMERGENCY ROOM	STAFF NURSE II	46,457	69,871	23,415	50%
19	EMERGENCY ROOM	STAFF NURSE I	37,724	56,617	18,893	50%
<b>TOTAL</b>			<b>\$ 708,827</b>	<b>\$ 1,109,833</b>	<b>\$ 401,007</b>	

PART-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	MEDICAL/SURGICAL	STAFF NURSE II	16,349	61,991	45,642	279%
2	EMERGENCY ROOM	STAFF NURSE II	16,349	60,909	44,560	273%
3	PHARMACY	HOSPITAL PHARMACIST	26,773	92,413	65,640	245%
4	SURGICAL	STAFF NURSE II	19,963	63,912	43,949	220%
5	DIETARY (INCLUDE CAFETERIA)	COOK I	5,281	16,200	10,919	207%
6	EMERGENCY ROOM	STAFF NURSE II	21,374	64,445	43,071	202%
7	EMERGENCY ROOM	STAFF NURSE II	13,767	41,299	27,531	200%
8	LABOR & DELIVERY	STAFF NURSE II	21,374	62,196	40,822	191%
9	SURGICAL	STAFF NURSE II	16,343	44,912	28,570	175%
10	EMERGENCY ROOM	STAFF NURSE II	17,209	46,739	29,530	172%
11	DIETARY (INCLUDE CAFETERIA)	SPECIAL DIET ASST	5,553	14,029	8,476	153%
12	DIETARY (INCLUDE CAFETERIA)	CASHIER I	5,281	13,206	7,926	150%
13	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	38,091	21,742	133%

**Appendix 6:**

**CY 2011 Compensation More than 50% Base Pay**

PART-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
14	LABOR & DELIVERY	STAFF NURSE I	13,316	29,604	16,288	122%
15	NICU	STAFF NURSE II	19,274	40,817	21,542	112%
16	EMERGENCY ROOM	STAFF NURSE II	14,622	29,780	15,157	104%
17	PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE II	15,488	30,582	15,094	97%
18	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	28,979	12,630	77%
19	SURGICAL	STAFF NURSE II	15,488	26,292	10,804	70%
20	PATIENT AFFAIRS	COLLECTION AGENT	9,362	15,770	6,408	68%
21	LABOR & DELIVERY	STAFF NURSE II	19,963	32,493	12,530	63%
22	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	26,547	10,198	62%
23	EMERGENCY ROOM	STAFF NURSE I	22,190	35,841	13,650	62%
24	DIETARY (INCLUDE CAFETERIA)	CASHIER I	7,920	12,434	4,513	57%
25	NICU	STAFF NURSE II	16,349	24,572	8,224	50%
<b>TOTAL</b>			<b>\$ 388,634</b>	<b>\$ 954,053</b>	<b>\$ 565,419</b>	

	DEPARTMENT	EMPLOYEE COUNT		TOTAL EMPLOYEE COUNT	BASE SALARY	WAGES, TIPS	% OVER BASE PAY
		FULL-TIME	PART-TIME				
1	EMERGENCY ROOM	3	6	9	\$ 219,655	\$ 452,134	106%
2	OPERATING ROOM (SURGERY)	3	3	6	\$ 192,596	\$ 314,709	63%
3	LABOR & DELIVERY	2	3	5	\$ 178,545	\$ 311,159	74%
4	HOUSEKEEPING	5	-	5	\$ 133,003	\$ 212,433	60%
5	SURGICAL	-	3	3	\$ 51,794	\$ 135,117	161%
6	PROGRSSIVE CARE UNIT(PCU)	1	1	2	\$ 79,603	\$ 128,372	61%
7	RESPIRATORY CARE	1	-	1	\$ 53,768	\$ 93,016	73%
8	PHARMACY	-	1	1	\$ 26,773	\$ 92,413	245%
9	NICU	-	2	2	\$ 35,623	\$ 65,389	84%
10	MEDICAL/SURGICAL	-	1	1	\$ 16,349	\$ 61,991	279%
11	DIETARY (INCLUDE CAFETERIA)	-	4	4	\$ 24,034	\$ 55,868	132%
12	ANESTHESIA	1	-	1	\$ 27,149	\$ 44,749	65%
13	REHAB SERVICES	1	-	1	\$ 24,376	\$ 38,448	58%
14	RADIOLOGY IMAGING SERVICES	1	-	1	\$ 15,470	\$ 27,744	79%
15	PATIENT AFFAIRS	-	1	1	\$ 9,362	\$ 15,770	68%
16	PATIENT REGISTRATION	1	-	1	\$ 9,362	\$ 14,573	56%
	<b>TOTAL</b>	<b>19</b>	<b>25</b>	<b>44</b>	<b>\$ 1,097,461</b>	<b>\$ 2,063,886</b>	

**Appendix 7:**

**CY 2010 Compensation More than 50% Base Pay** Page 1 of 3

FULL-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	OBSTETRICS	STAFF NURSE II	18,586	54,368	35,781	193%
2	HOUSEKEEPING	HOUSEKEEPER II	19,800	46,745	26,945	136%
3	HOUSEKEEPING	HOUSEKEEPER I	18,916	44,261	25,345	134%
4	HOUSEKEEPING	HOUSEKEEPER SUPVR	32,228	65,880	33,652	104%
5	TELE PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE I	12,576	23,334	10,758	86%
6	HOUSEKEEPING	LAUNDRY MANAGER	31,418	55,744	24,326	77%
7	EMERGENCY ROOM	STAFF NURSE I	39,943	67,307	27,364	69%
8	HOUSEKEEPING	HOUSEKEEPER I	16,079	26,913	10,834	67%
9	EMERGENCY ROOM	STAFF NURSE II	59,881	99,752	39,871	67%
10	FACILITIES MAINTENANCE	ELECTRICIAN II	28,875	46,906	18,031	62%
11	HOUSEKEEPING	HOUSEKEEPER I	18,916	30,345	11,429	60%
12	LABOR & DELIVERY	STAFF NURSE I	11,836	18,882	7,046	60%
13	FACILITIES MAINTENANCE	ELECTRICIAN SUPERVISOR	37,128	59,083	21,955	59%
14	HOUSEKEEPING	HOUSEKEEPER I	16,079	25,544	9,465	59%
15	FACILITIES MAINTENANCE	ELECTRONIC TECH I	25,967	41,123	15,156	58%
16	NICU	STAFF NURSE II	59,881	94,763	34,882	58%
17	FACILITIES MAINTENANCE	PLUMBER II	32,083	50,713	18,631	58%
18	OPERATING ROOM (SURGERY)	HOSPITAL LPN II	43,726	69,055	25,329	58%
19	HEMODIALYSIS	STAFF NURSE II	49,041	77,016	27,975	57%
20	NICU	STAFF NURSE II	61,946	97,264	35,318	57%
21	HEMODIALYSIS	STAFF NURSE I	37,724	59,113	21,390	57%
22	NICU	STAFF NURSE II	53,686	83,950	30,264	56%
23	DIETARY (INCLUDE CAFETERIA)	SPECIAL DIET ASST	16,656	25,913	9,257	56%
24	RESPIRATORY CARE	RESP THERAPY PROGM SUPERVIS	60,278	93,259	32,981	55%
25	FACILITIES MAINTENANCE	MAINTENANCE WORKER	29,962	45,995	16,034	54%
26	HOUSEKEEPING	HOUSEKEEPER I	20,429	31,264	10,835	53%
27	FACILITIES MAINTENANCE	MAINTENANCE SUPERVISOR	39,491	60,302	20,811	53%
28	EMERGENCY ROOM	HOSPITAL LPN I	28,963	44,145	15,182	52%
29	HOUSEKEEPING	HOUSEKEEPER I	22,699	34,477	11,778	52%
30	TELE PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE II	61,946	93,705	31,759	51%
31	MEDICAL/SURGICAL	STAFF NURSE II	64,114	96,970	32,856	51%
32	TELE PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE II	55,751	84,300	28,549	51%
33	LABOR & DELIVERY	STAFF NURSE II	59,881	90,377	30,496	51%
34	PHARMACY	PHARMACY TECHNICIAN	34,382	51,870	17,488	51%
35	NICU	STAFF NURSE II	64,114	96,282	32,168	50%
<b>TOTAL</b>			<b>\$ 1,284,982</b>	<b>\$ 2,086,921</b>	<b>\$ 801,940</b>	

**Appendix 7:**

**CY 2010 Compensation More than 50% Base Pay**

PART-TIME EMPLOYEES						
	DEPARTMENT	POSITION TITLE	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]
1	MEDICAL/SURGICAL	STAFF NURSE II	16,349	66,868	50,520	309%
2	EMERGENCY ROOM	STAFF NURSE II	16,349	64,027	47,679	292%
3	TELE PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE I	12,576	45,013	32,437	258%
4	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	57,222	40,873	250%
5	EMERGENCY ROOM	STAFF NURSE II	20,651	70,130	49,479	240%
6	PHARMACY	HOSPITAL PHARMACIST	26,773	87,774	61,001	228%
7	LABOR & DELIVERY	STAFF NURSE II	20,651	65,301	44,650	216%
8	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	5,045	15,945	10,900	216%
9	DIETARY (INCLUDE CAFETERIA)	COOK I	5,281	16,518	11,238	213%
10	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	44,341	27,992	171%
11	MEDICAL/SURGICAL	STAFF NURSE II	16,349	43,260	26,912	165%
12	SURGICAL	STAFF NURSE II	16,343	42,435	26,092	160%
13	LABOR & DELIVERY	STAFF NURSE I	13,316	32,496	19,180	144%
14	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	3,783	8,039	4,256	112%
15	NICU	STAFF NURSE II	16,349	34,671	18,322	112%
16	EMERGENCY ROOM	STAFF NURSE II	16,349	33,762	17,413	107%
17	LABORATORY	MED LAB TECHNICIAN III	7,645	14,697	7,052	92%
18	SURGICAL	STAFF NURSE II	14,628	27,526	12,899	88%
19	EMERGENCY ROOM	EMERGENCY ROOM TECHNICIAN	7,022	13,208	6,186	88%
20	EMERGENCY ROOM	STAFF NURSE I	12,572	22,543	9,972	79%
21	NICU	STAFF NURSE II	16,349	29,274	12,925	79%
22	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	27,191	10,843	66%
23	OPERATING ROOM (SURGERY)	STAFF NURSE II	16,349	26,328	9,979	61%
24	TELE PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE I	11,836	18,075	6,238	53%
25	LABORATORY	MED LAB TECHNICIAN III	7,645	11,646	4,001	52%
<b>TOTAL</b>			<b>\$ 349,256</b>	<b>\$ 918,292</b>	<b>\$ 569,036</b>	

**Appendix 7:**

**CY 2010 Compensation More than 50% Base Pay**      **Page 3 of 3**

	DEPARTMENT	EMPLOYEE COUNT		TOTAL EMPLOYEE COUNT	BASE SALARY	WAGES, TIPS	% OVER BASE PAY
		FULL- TIME	PART- TIME				
1	NICU	4	2	6	\$ 272,325	\$ 436,204	60%
2	EMERGENCY ROOM	3	5	8	\$ 201,729	\$ 414,873	106%
3	HOUSEKEEPING	9	-	9	\$ 196,564	\$ 361,173	84%
4	FACILITIES MAINTENANCE	6	-	6	\$ 193,506	\$ 304,124	57%
5	TELE PROGRSSIVE CARE UNIT(PCU)	3	2	5	\$ 154,686	\$ 264,426	71%
6	OPERATING ROOM (SURGERY)	1	4	5	\$ 109,121	\$ 224,138	105%
7	MEDICAL/SURGICAL	1	2	3	\$ 96,812	\$ 207,099	114%
8	LABOR & DELIVERY	2	2	4	\$ 105,684	\$ 207,056	96%
9	PHARMACY	1	1	2	\$ 61,155	\$ 139,644	128%
10	HEMODIALYSIS	2	-	2	\$ 86,764	\$ 136,129	57%
11	RESPIRATORY CARE	1	-	1	\$ 60,278	\$ 93,259	55%
12	DIETARY (INCLUDE CAFETERIA)	1	3	4	\$ 30,765	\$ 66,415	116%
13	SURGICAL	-	2	2	\$ 30,971	\$ 69,962	126%
14	OBSTETRICS	1	-	1	\$ 18,586	\$ 54,368	193%
15	LABORATORY	-	2	2	\$ 15,291	\$ 26,343	72%
	<b>TOTAL</b>	<b>35</b>	<b>25</b>	<b>60</b>	<b>\$ 1,634,237</b>	<b>\$ 3,005,213</b>	

**Appendix 8:  
CY 2010 ~ 2012 Sample Employees' Percentage over Base Pay  
(Part-Time)**

	DEPARTMENT	CURRENT POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
1	PHARMACY	HOSPITAL PHARMACIST	2010	26,773	87,774	61,001	228%	1,811
			2011	26,773	92,413	65,640	245%	1,896
			2012	26,773	84,183	57,410	214%	1,729
				TOTAL		264,371		
2	EMERGENCY ROOM	STAFF NURSE II	2010	20,651	70,130	49,479	240%	1,815
			2011	21,374	64,445	43,071	202%	1,714
			2012	21,374	68,869	47,495	222%	1,762
				TOTAL		203,444		
3	MEDICAL/ SURGICAL	STAFF NURSE II	2010	16,349	66,868	50,520	309%	2,231
			2011	16,349	61,991	45,642	279%	2,159
			2012	16,349	67,935	51,586	316%	2,316
				TOTAL		196,795		
4	SURGICAL	STAFF NURSE II	2010	98,909	96,283	(2,626)	-3%	1,499
			2011	19,963	63,912	43,949	220%	871
			2012	19,963	30,322	10,359	52%	894
				TOTAL		190,518		
5	EMERGENCY ROOM	STAFF NURSE II	2010	16,349	64,027	47,679	292%	2,290
			2011	16,349	60,909	44,560	273%	2,169
			2012	16,349	57,571	41,222	252%	2,118
				TOTAL		182,507		
6	OPERATING ROOM (SURGERY)	STAFF NURSE II	2010	16,349	57,222	40,873	250%	2,020
			2011	16,349	12,270	(4,079)	-25%	440
			2012	16,349	53,660	37,311	228%	2,008
				TOTAL		123,152		
7	PROGRSSIVE CARE UNIT(PCU)	STAFF NURSE I	2010	12,576	45,013	32,437	258%	1,962
			2011	13,316	18,163	4,847	36%	796
			2012	-	-	-	0%	-
				TOTAL		63,176		

**Appendix 8:  
CY 2010 ~ 2012 Sample Employees' Percentage over Base Pay  
(Part-Time)**

	DEPARTMENT	CURRENT POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
8	DIETARY (INCLUDE CAFETERIA)	COOK I	2010	5,281	16,518	11,238	213%	2,110
			2011	5,281	16,200	10,919	207%	2,087
			2012	5,281	16,332	11,052	209%	2,103
			TOTAL		49,050			
9	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	2010	-	-	-	0%	-
			2011	5,045	5,402	357	7%	719
			2012	5,045	14,457	9,412	187%	1,978
			TOTAL		19,859			
10	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	2010	-	-	-	0%	-
			2011	3,783	4,780	997	26%	648
			2012	3,783	14,347	10,564	279%	1,975
			TOTAL		19,127			
11	DIETARY (INCLUDE CAFETERIA)	FOOD SERVICE WORKER	2010	-	-	-	0%	-
			2011	3,783	4,868	1,085	29%	669
			2012	3,783	13,018	9,235	244%	1,834
			TOTAL		17,886			

**Appendix 9:  
CY 2010 ~ 2012 Sample Employees' Percentage over Base Pay  
(Full-Time)**

	DEPARTMENT	CURRENT POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
1	ICU/CCU	STAFF NURSE II	2010	61,946	93,705	31,759	51%	2,310
			2011	64,114	97,790	33,676	53%	2,306
			2012	64,114	91,058	26,943	42%	2,245
				TOTAL		282,553		
2	ICU/CCU	STAFF NURSE II	2010	68,681	87,376	18,695	27%	1,944
			2011	71,084	91,993	20,909	29%	2,017
			2012	71,084	98,912	27,828	39%	2,144
				TOTAL		278,281		
3	EMERGENCY ROOM	STAFF NURSE II	2010	59,881	99,752	39,871	67%	2,570
			2011	59,881	86,293	26,412	44%	2,236
			2012	59,881	80,398	20,517	34%	2,147
				TOTAL		266,442		
4	EMERGENCY ROOM	STAFF NURSE II	2010	39,943	67,307	27,364	69%	2,737,
			2011	46,457	69,871	23,415	50%	2,563
			2012	46,459	82,502	36,043	78%	2,819
				TOTAL		219,680		
5	FACILITIES MAINTENANCE	ENGINEER SUPERVISOR	2010	55,274	72,739	17,465	32%	2,467
			2011	57,209	68,979	11,770	21%	2,288
			2012	57,209	75,435	18,226	32%	2,622
				TOTAL		217,153		
6	GENERAL ACCOUNTING	GENERAL ACCOUNTING SUPVR	2010	67,946	72,095	4,149	6%	2,071
			2011	62,344	62,480	136	0%	1,984
			2012	64,526	68,431	3,905	6%	1,904
				TOTAL		203,006		
7	SNU - HOUSEKEEPING	HOSP ENVIRON SVCS SUPERVISOR	2010	32,228	65,880	33,652	104%	4,306
			2011	36,816	57,508	20,692	56%	3,266
			2012	36,816	64,465	27,649	75%	3,598
				TOTAL		187,853		
8	GENERAL ACCOUNTING	ACCOUNTANT III	2010	55,341	61,010	5,669	10%	2,081
			2011	57,278	58,408	1,130	2%	1,931
			2012	57,278	63,223	5,945	10%	2,013
				TOTAL		182,642		

**Appendix 9:  
CY 2010 ~ 2012 Sample Employees' Percentage over Base Pay  
(Full-Time)**

	DEPARTMENT	CURRENT POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
9	HOUSEKEEPING	LAUNDRY MANAGER	2010	31,418	55,744	24,326	77%	3,443
			2011	32,517	49,813	17,296	53%	3,067
			2012	32,517	58,766	26,248	81%	3,590
				TOTAL		164,323		
10	HOUSEKEEPING	HOUSEKEEPER II	2010	19,800	46,745	26,945	136%	3,969
			2011	22,486	38,076	15,590	69%	2,941
			2012	22,486	48,163	25,676	114%	3,640
				TOTAL		132,984		
11	COMMUNICATIONS	TELEPHONE OPERATOR SUPERVISOR	2010	28,085	38,698	10,613	38%	2,771
			2011	29,068	38,560	9,492	33%	2,505
			2012	29,068	38,541	9,473	33%	2,611
				TOTAL		115,798		
12	PATIENT AFFAIRS	ACCOUNTING TECH SUPERVISOR	2010	34,518	40,163	5,645	16%	2,530
			2011	35,751	34,103	(1,648)	-5%	2,083
			2012	35,751	38,241	2,490	7%	2,073
				TOTAL		112,508		
13	HOUSEKEEPING	HOUSEKEEPER I	2010	18,916	30,345	11,429	60%	2,694
			2011	21,384	36,232	14,848	69%	2,756
			2012	21,384	35,368	13,984	65%	2,730
				TOTAL		101,945		
14	HOUSEKEEPING	HOUSEKEEPER I	2010	16,079	26,913	10,834	67%	3,037
			2011	19,800	30,803	11,003	56%	2,604
			2012	19,800	39,360	19,560	99%	3,382
				TOTAL		97,076		
15	HOUSEKEEPING	HOUSEKEEPER I	2010	17,024	23,917	6,893	40%	2,412
			2011	20,592	28,956	8,364	41%	2,410
			2012	20,592	31,685	11,093	54%	2,824
				TOTAL		84,558		
16	HOUSEKEEPING	HOUSEKEEPER I	2010	16,079	25,544	9,465	59%	2,839
			2011	19,800	28,214	8,414	42%	2,539
			2012	19,800	26,629	6,829	34%	2,377
				TOTAL		80,387		

**Appendix 9:**

**CY 2010 ~ 2012 Sample Employees' Percentage over Base Pay  
(Full-Time)**

	DEPARTMENT	CURRENT POSITION TITLE	CALENDAR YEAR	BASE SALARY [A]	WAGES, TIPS [B]	VARIANCE [B-A]=[C]	% OVER BASE [C÷A]=[D]	ACTUAL HOURS WORKED
17	SNU - DIETARY	SPECIAL DIET ASST	2010	16,656	19,619	2,963	18%	2,287
			2011	16,656	19,168	2,512	15%	2,169
			2012	17,697	21,503	3,805	22%	2,240
			TOTAL		60,290			

**Appendix 10:**  
**GMHA Management Response**



**Guam Memorial Hospital Authority**  
**Aturidåt Espetåt Mimuriåt Guåhan**

850 GOV. CARLOS CAMACHO ROAD  
 OKA, TAMUNING, GUAM 96913  
 TEL: 647-2444 or 647-2330  
 FAX: (671) 649-0145



November 25, 2013

Ms. Doris Flores Brooks, CPA  
 Public Auditor  
 Office of Public Accountability  
 Suite 401, DNA Building  
 238 Archbishop Flores Street  
 Hagatna, GU 96910

Dear Doris:

Thank you for auditing GMHA's compensation controls for employees earning less than \$100,000.00 (One hundred thousand dollars) during calendar years 2010, 2011 and 2012. We were pleased to learn that GMHA's compensation controls were stronger for this employee group in contrast to your November 2012 report.

Since Mr. Verga and I joined GMHA in late 2012, we have introduced new processes and internal controls to ensure accurate human resource and payroll procedures. In addition, we have added "payroll accuracy measures" in GMHA's performance improvement program.

This letter will respond to the four recommendations in your report.

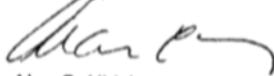
Audit Finding	GMHA Response
Amend classifications of exempt positions to reflect the CFR requirements.	Liz Claros, Personnel Services Administrator, will review the exempt employee job classes and the corresponding job duties to ensure the positions are properly classified as "exempt".
Restrict positions considered "exempt" from overtime compensation.	<p>To clarify... GMHA does not pay overtime to exempt employees. For over ten years, GMHA has paid straight time to certain exempt employees who work more than forty (40) hours in a work week.</p> <p>Since January 2013, GMHA Administration has initiated controls for this additional straight time. All straight time must be pre-approved by the Chief Executive Officer and Chief Financial Officer.</p> <p>In January, Mr. Verga and I drafted a policy for exempt employees that defined when an exempt employee was entitled to straight time compensation for work over forty (40) hours in the work week. The policy has been reviewed by GMHA's legal counsel, DOA and GMHA's executive management committee members. GMHA's Board will review and finalize the policy at a future meeting.</p>
Comply with GMHA Personnel	As discussed on November 19, GMHA does not have an

**Appendix 10:**  
**GMHA Management Response**

Audit Finding	GMHA Response
Rules & Regulations regarding Safe Hours of Work Policy.	approved "safe hours of work policy".  Weekly, GMHA's Payroll Department and Chief Financial Officer review and investigate worked hours to ensure propriety.
Automation of certification and week-end pay within the payroll system.	Because of NTT Data's software limitations, GMHA cannot make the changes you are recommending. As discussed on November 19, the NTT Data software used for payroll processing does not allow the computerization of certification and week-end pay.  NTT Data has informed GMHA leaders that, as part of its software solution for GMHA, NTT Data will migrate to a new Human Resources and Payroll system. The conversion to this new software system has not begun.

Mr. Verga, Ms. Claros, the Human Resources and Finance/Payroll staff and i are available to answer other questions about GMHA's compensation controls for this employee group.

Sincerely,



Alan C. Ulrich  
Chief Financial Officer

- cc: Joseph P. Verga, MS, FACHE, Hospital Administrator/CEO  
Liz Claros, Personnel Services Administrator  
Geri Tainatongo, Personnel Specialist IV  
Mary Palomo, Payroll Supervisor  
Sabina Aguilo, Accountant III  
Jun Infante, General Accounting Supervisor

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**Appendix 11:****Status of Audit Recommendations**

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<b>Audit Recommendation</b>	<b>Status</b>	<b>Action Required</b>
<b>To the GMHA Hospital Administrator</b>		
<b>1</b> Amend classifications of exempt positions to reflect the CFR requirements of said duties and restrict positions considered “exempt” from overtime compensation;	Open	Please provide target date and title of the official(s) responsible for implementing the recommendation.
<b>2</b> Restrict positions considered “exempt” from overtime compensation;	Open	Please provide target date and title of the official(s) responsible for implementing the recommendation.
<b>3</b> Formally adopt the Safe Hours of Work Policy to ensure that the maximum hours of work is not exceeded and work is performed in a safe manner; and	Open	Please provide target date and title of the official(s) responsible for implementing the recommendation.
<b>4</b> Automation of certification and weekend pay within its payroll system to automatically calculate certification pay for certified individuals and weekend pay for employees working between the hours of 12:00 midnight on any Friday and 12:00 midnight of the following Sunday night.	Open	Please provide target date and title of the official(s) responsible for implementing the recommendation.



Guam Memorial Hospital Authority  
Compensation Controls for Employees' Salaries Below \$100,000  
Report No. 13-04, December 2013

## ACKNOWLEDGEMENTS

**Key contributions to this report were made by:**  
Franklin Cooper-Nurse, Audit Supervisor  
Clariza Roque, Auditor in Charge  
Michele Brillante, Audit Staff  
Doris Flores Brooks, CPA, CGFM, Public Auditor

## MISSION STATEMENT

**To improve the public trust,  
we audit, assess, analyze, and make recommendations  
for accountability, transparency,  
effectiveness, efficiency, and economy of the government of Guam  
independently, impartially, and with integrity.**

## VISION

**Guam is the model for good governance in the Pacific.**

## CORE VALUES

<b>Integrity</b>	<b>Independence</b>	<b>Impartiality</b>
<b>Accountability</b>	<b>Transparency</b>	

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- Visit our website at [www.guamopa.org](http://www.guamopa.org)
- Call our office at 475-0390
- Fax our office at 472-7951
- Or visit us at Suite 401, DNA Building in Hagåtña;

**All information will be held in strict confidence.**