



EXECUTIVE SUMMARY
Government of Guam Annual Leave Lump Sum Payments
OPA Report No. 11-08, October 2011

Public Law (P.L.) 27-106 in October 2004 lowered the limit on accumulated annual leave from 480 to 320 hours. Employees could transfer up to 100 hours to sick leave, but would either have to use or lose any remaining excess. Our audit found that the 320-hour cap has forced many employees to use existing policy to salvage their excess leave hours by “resigning artificially.” That is, they resign on paper, draw a lump sum payment for their unused annual leave then rescind the resignation. They never truly leave government service. The practice is common and the Department of Administration’s Human Resources (DOA HR) Division routinely processes resignations and lump sum payment requests if the required documents are in order. We found that 51 employees drew 65 lump sum payments totaling \$302,280 under even more questionable circumstances.

\$11.1 Million in Annual Leave Lump Sum Payments Issued

Between October 1, 2002 and April 30, 2011, 2,699 employees from 37 line agencies received annual leave lump sum payments totaling \$11.1 million (M). However, we are not confident that \$11.1M is accurate. Management’s lack of monitoring over the hours claimed and the rates and pay codes recorded casts doubt on the calculations.

Of the \$11.1M, the bulk, \$10,126,361, was paid to 2,505 employees who resigned, retired, were terminated, or passed away. The remaining \$1,007,031 was paid to 194 employees as follows:

- Consistent with law, \$307,589 was paid to 66 employees who transferred to another department who filled new positions; \$140,443 to 20 employees who filled new positions within the same department; and \$75,319 to 24 employees who filled the same positions and moved to another department;
- After a change in administration, \$181,400 was paid to 47 unclassified employees who resigned their appointments and returned to their previous jobs; and
- Questionably, \$302,280 was paid to 51 employees who resigned artificially.

We found no law authorizing annual leave lump sum payments to government employees who did not physically vacate their position. Since the 51 employees resigned temporarily and only on paper, we question their receipt of \$302,280 lump sum payments.

\$302,280 Paid To 51 Employees with Artificial Resignations

Of the 51 employees, 29 were classified and 22 were unclassified employees. The classified employees drew 41 lump sum payments totaling \$165,867 from 12 agencies while the unclassified employees drew 24 lump sum payments totaling \$136,413 from seven agencies.

Since the merit process applies to classified positions, those 29 employees who resigned temporarily should not have been able to do so without some sort of higher endorsement. Even if their resignations were immediately or subsequently canceled, the processing of annual leave lump sum payments should have stopped.

The 22 unclassified employees were cabinet level employees whose entitlement to, requests for and amounts of lump sum payments were issued beyond the changes in administration in January 2003 and 2007; and mayors in January 2003, 2005, 2007, and 2009. Therefore, we question why these lump sum payments were issued. For example:

- A department director resigned from his position effective April 26, 2008, and cancelled the resignation effective April 26, 2008. Despite the cancellation, this employee received a lump sum payment of \$13,680 for 320 annual leave hours. On September 30, 2009, this employee again resigned from his position, only to be rehired on October 1, 2009 for the same position in the same department. The employee again received another lump sum payment of \$13,680 for 320 annual leave hours for a total of \$27,360.
- Another director resigned and cancelled the resignation effective April 26, 2008, but received the lump sum payment of \$13,680 for 320 annual leave hours.
- Similarly, a deputy director resigned on September 30, 2009, only to be rehired in the same position and department on October 1, 2009, and received the lump sum payment of \$13,680 for 320 annual leave hours.

Conclusion

We found 51 employees artificially resigned and drew 65 lump sum payments totaling \$302,280. Rather than having to practice resigning on paper only and to avoid leave forfeiture, we urge agency heads to encourage personnel to take annual leave on a regular basis to prevent exceeding the 320 threshold. Consistent with the DOA Personnel Rules and Regulations, supervisors share the responsibility of monitoring employees' annual leave and employees are expected to submit reasonable estimates for use of their leave during the current year for scheduling purposes.

Management Response

DOA management generally concurred with the findings noted and provided some points of clarification, which were incorporated in the report as deemed appropriate. However, we disagree with DOA HR's position that the re-employment for classified employees is "non-competitive" pursuant to DOA's Personnel Rule 4.502 because the law specifies that former classified employees may be hired "at their former position if they apply for the same or comparable job in the same department."

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