



OFFICE OF THE PUBLIC AUDITOR
EXECUTIVE SUMMARY

Government of Guam Wide Overtime Audit
Report No. 08-10, December 2008

The government of Guam General Fund expended \$40 million (M) in overtime compensation in the six-year period from October 1, 2002 to September 30, 2008. Most of the overtime incurred were by the public safety agencies, namely the Guam Police Department (GPD), Guam Fire Department (GFD), and Department of Corrections (DOC). The overtime accrued in these agencies is substantially higher than other United State (U.S.) cities. The average overtime for the three agencies ranged between 15% and 21% of their total personnel costs, more than double other U.S. cities. We found that overtime among like positions in these agencies was inequitably distributed and overtime payments were made up to five months late.

Public Safety Overtime Above U.S. Cities

Of the \$40M in total government overtime costs, \$35M, or 88%, was incurred by GPD, GFD, and DOC, collectively. Annually, these three agencies incur approximately \$6M in overtime.

- **GPD:** Police departments in U.S. cities averaged 4.1%, ranging from a low of 0.5% in Fort Worth, Texas to a high of 6.4% in El Paso, Texas and Virginia Beach, Virginia. GPD, however, spent more than double this percentage, averaging about 15% of its total personnel costs over the last six fiscal years, ranging from a low of 11% in FY 2008 to a high of 19% in FY 2006.
- **GFD:** Overtime for fire departments in other U.S. cities averaged 7.5%, and ranged from a low of 3.2% in Phoenix, Arizona to a high of 12.5% in Las Vegas, Nevada. Again, GFD's average was higher, spending 16% of its total personnel costs over the last six fiscal years on overtime. GFD overtime ranged from a low of 13% in FY 2008 to a high of 18% in FY 2003. Pursuant to 4 G.C.A. § 6219 (a), firefighting personnel are entitled to receive 14 hours of overtime in excess of 106 regular hours per pay period.
- **DOC:** We did not find a comparable overtime benchmark for correction agencies, but did find that DOC's overtime costs were notably higher than either GPD or GFD, averaging 21% of its total personnel costs over the last six fiscal years. Overtime ranged from a low of 9% in FY 2003 to a high of 27% in FY 2006.

To supplement operations, the Governor had consistently used his transfer authority to move appropriations from other Executive Branch agencies. From FY 2005 through 2007, GFD received \$7M and DOC received \$8.6M. We were not able to confirm the transfer amount for GPD. While the Governor's transfer authority is an appropriate budget tool, the public safety departments' continual need for annual transfers skews the budgetary process and distorts the true cost of the agencies' operations.

Inequitable Overtime Distribution

Distribution of overtime hours was inequitably allocated to a select few employees, allowing them to earn significantly more than their base salary. Eight GPD employees earned between 50% and 71% of their base salaries, one GFD employee earned more than 50%, and nine DOC employees earned between 70% and 108% of their base salaries. Such excess of overtime can lead to employees relying on overtime as base income, which can perpetuate overtime use. For example, in FY 2008:

- **GPD:** Among Police Officers I, II, and III, the variance ranged from as low as \$64 to as high as \$27,352.
- **GFD:** Among Fire Fighters I, II, and Fire Specialist, the variance ranged from as low as \$302 to as high as \$22,089.
- **DOC:** Among Corrections Officers I, II, and III, the variance ranged from as low as \$148 to as high as \$31,407.

Overtime Justifications

Of the 54 tested overtime timesheets, 50 timesheets or 93% had an authorized signature. The exceptions were three timesheets that could not be located, and one timesheet that lacked an authorized signature for the overtime. We noted that overtime justification for GPD is more detailed and has more narrative, citing case and investigations numbers. On the other hand, DOC overtime justifications appear almost general with little narrative, citing “awaiting relief” as the common reason for the overtime. GFD consistently accrues overtime because they are entitled by 4 G.C.A § 6219 (a) to receive 14 hours of overtime in excess of 106 regular hours per pay period.

Untimely Overtime Payments

We also found that 26 overtime payments accrued by GPD and DOC were not paid in the following pay period it was earned.

- **GPD:** GPD overtime payments were delayed as long as five months. For example, an overtime payment due in the pay period ending January 20, 2007 was not paid until July 13, 2007. Late overtime payments for GPD may be due to GPD’s sheer volume of timesheets and because of the requirement to assign specific labor codes.
- **GFD:** We found no late overtime payments for GFD, which may be attributable to 4 G.C.A. § 6219 (a), entitling firefighting personnel to receive 14 overtime hours per pay period after 106 of regular hours for working five days per pay period on 24-hour shifts.
- **DOC:** Some DOC overtime payments lagged up to four months. For example, an overtime payment due in the pay period ending March 17, 2007 was not paid until August 3, 2007. According to the DOA payroll technician, overtime payments are usually late because of insufficient funds.

Conclusion and Recommendations

Overtime for public safety personnel is a nation-wide norm. However, government of Guam overtime ranks above other U.S. cities, and spent \$40 million, averaging \$6M annually just for GPD, GFD, and DOC. With the enactment of P.L. 29-105 requiring the annual 10% increase in base salary for public safety, overtime costs will continue to escalate. It is incumbent upon the Chiefs of GPD and GFD and the Director of DOC to ensure that overtime is scrutinized, equitably distributed, monitored and controlled.

We recommend to the Chiefs of GPD and GFD, and Director of DOC to establish preventive measures and safeguards to ensure that overtime incurred is justified, equitably distributed, monitored and controlled by establishing guidelines to identify potentially excessive overtime and conducting periodic analysis of overtime use and trends.

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