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OFFICE OF THE PUBLIC AUDITOR

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December 30, 2008

Honorable Judith T. Won Pat, Ed.D.  
Speaker  
I Mina' Bente Nuebi Na Liheslaturan Guåhan  
155 Hesler Place  
Hagatna, Guam 96910

Dear Speaker Won Pat:

Hafa Adai! Transmitted herewith is OPA Report No. 08-10, Performance Audit of Government of Guam Wide Overtime from October 1, 2002 and ending September 30, 2008. For your convenience, you may also view and download the report in its entirety at [www.guamopa.org](http://www.guamopa.org).

*Senseramente,*

Doris Flores Brooks, CPA, CGFM  
Public Auditor

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OFFICE OF THE PUBLIC AUDITOR

## **Government of Guam Wide Overtime**

**Performance Audit  
October 1, 2002 through September 30, 2008**

**OPA Report No. 08-10  
December 2008**

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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.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



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## Introduction

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This report presents the results of our performance audit of the government of Guam General Fund overtime compensation incurred. The audit objectives were to quantify the amount of overtime incurred by the General Fund from FY 2003 through FY 2008 and determine whether the overtime was reasonably authorized and equitably distributed.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

### Background

The Department of Administration's (DOA) Payroll Division is the central payroll system for government of Guam line agencies funded by the General Fund. The line agencies' payroll information is inputted and maintained in the AS400 system. The AS400's object class codes for the three labor cost references are:

- 1) "111" = Regular and Other Special Pay Types;
- 2) "112" = All Overtime<sup>1</sup>; and
- 3) "113" = All Benefits.

The AS400 system has built-in security measures that automatically prevent the booking of overtime hours for employees identified as "exempt."<sup>2</sup> For example, the system prevents and flags "*Overtime/CTA<sup>3</sup> pay is not for exempt employees*" for employees not eligible to receive overtime.

The policies and regulations governing overtime for line agencies are contained in Guam Code Annotated Title 4, Chapters 4 and 6, DOA Personnel Rules and Regulations and the Fair Labor Standards Act (FLSA) 29 CFR 500 through 870. Overtime compensation is calculated at one and one-half (1 1/2) times the entitled employee's regular wage for time in excess of 40 hours per workweek.

With the exception of law enforcement officers and firefighters, overtime is typically earned for work performed in excess of 40 hours per workweek or 80 hours per pay period. Guam Police Department (GPD) and Department of Corrections (DOC) personnel earn overtime for hours worked in excess of 86 hours per pay period. Guam Fire Department (GFD) personnel are automatically entitled to 14 hours of overtime in excess of 106 hours per pay period, pursuant to 4 G.C.A. § 6219 (a).

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<sup>1</sup> Regular and other special pay types (i.e., hazardous pay, night differential, holiday pay, typhoon & disaster, emergency medical technician pay, and nurses pay) are lumped together.

<sup>2</sup> Exempt employees are exempt from overtime provisions of the Federal Labor Standards Act because of their positional duties and responsibilities and level of decision making authority. Usually applies to administrative, executive, or professional employees who receive annual salary.

<sup>3</sup> Compensatory Time Accrued.

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# Results of Audit

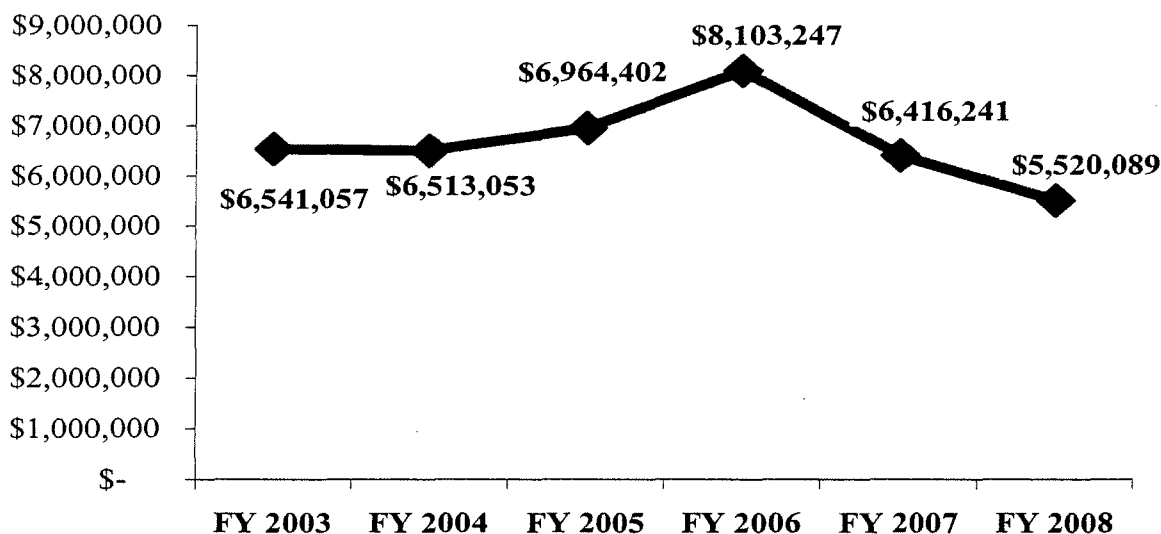
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The General Fund spent \$40 million (M) for overtime compensation in line agencies during the six-year period beginning of October 1, 2002 through September 30, 2008. As is the case for most general purpose government entities, the most overtime expenses were incurred by the public safety departments. Collectively, the Guam Police Department (GPD), Guam Fire Department (GFD), and the Department of Corrections (DOC) incurred over \$35M or 88% of overtime costs from the General Fund.

## Significant Overtime Costs

The General Fund spent \$40 million (M) for overtime from FY 2003 through 2008. Overtime costs have fluctuated from \$6.5M in FY 2003, peaking at \$8.1M in FY 2006, and declining to \$5.5M in FY 2008.<sup>4</sup>

**Chart 1: General Fund Overtime Costs  
for FY 2003 - 2008**



Over the six-year period, we noted that a substantial portion of the budgets for these agencies was spent on overtime. Of the \$40 million spent for overtime, GPD's total was \$11.4M or 28%; GFD's total was \$13M or 33%; and DOC's total was \$10.8M or 27%. See Table 1 for the detailed breakdown. Because of these concentrations, our review focused on these three agencies.

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<sup>4</sup> FY 2008 data provided by DOA Payroll Chief Supervisor is unaudited as of October 14, 2008.

**Table 1: Overtime Costs by Top Three Line Agencies**

Agency	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008 <sup>5</sup>	TOTAL	%
GFD	\$2,150,953	\$1,813,257	\$2,058,360	\$2,333,345	\$2,640,470	\$2,069,404	\$13,065,789	33%
GPD	1,633,404	1,729,359	1,946,436	2,689,386	1,837,335	1,536,108	11,372,028	28%
DOC	550,369	2,174,976	2,298,836	2,549,762	1,682,577	1,546,725	10,803,245	27%
Others	2,206,331	795,461	660,770	530,754	255,860	367,852	4,817,028	12%
<b>Total:</b>	<b>\$6,541,057</b>	<b>\$6,513,053</b>	<b>\$6,964,402</b>	<b>\$8,103,247</b>	<b>\$6,416,242</b>	<b>\$5,520,089</b>	<b>\$40,058,090</b>	<b>100%</b>

**Public Safety Overtime Above U.S. Cities**

Overtime for GPD, GFD, and DOC is significantly high and can be attributed, to a certain extent, to their 24-hour operation and to address emergency needs. Based on other U.S. cities we used for comparative purposes GPD, GFD, and DOC spend a higher percentage of their budget on 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.<sup>6</sup> However, GPD overtime is more than double this percentage and averaged 15% of its total personnel costs over the last six fiscal years. GPD overtime ranged 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.<sup>6</sup> GFD's average was higher, spending 16% of its total personnel costs over the last six fiscal years. GFD overtime ranged from a low of 13% in FY 2008 to a high of 18% in FY 2003.
- **DOC:** We did not find comparable overtime benchmarks 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 in supplemental appropriations. We were not able to confirm the transfer amounts for GPD. While the Governor's transfer authority is an appropriate budget tool to modify existing appropriations, we see that the public safety departments continually receive annual transfers. These transfers skew the budgetary process and distort the true cost of the agencies' operations in the development of their original budgets.

We recommend that the Chiefs of GPD and GFD, and the Director of DOC establish preventive measures and safeguards to ensure that overtime incurred is monitored, justified, and controlled by making reports showing overtime use per pay period available to all levels of management and conducting periodic analysis of overtime use and trends. Please refer to Appendix 7 for audit recommendations from other public safety overtime audits.

<sup>5</sup> Unaudited figures provided by DOA Payroll Division.

<sup>6</sup> City of Austin Citywide Overtime Report, Report No. AU04101.



### **GFD Automatically Entitled to 14-hours Overtime Per Pay Period**

GFD firefighting personnel are entitled to receive 106 regular hours plus 14 overtime hours per pay period pursuant to 4 G.C.A. § 6219 (a). This is based on firefighters working 24-hour shifts for five days per pay period.

### **Inequitable Overtime Distribution**

Distribution of overtime between employees should be planned, to the extent practical, to ensure equal opportunity for all personnel. However, our audit revealed that the distribution of overtime among personnel in like positions within GPD, GFD, and DOC is not equitable. We found a large variance in the distribution of hours earned by employees within the three agencies over the last fiscal year. In FY 2008, 823 public safety employees earned overtime pay. Specifically, we found the following:

- **GPD:** In FY 2008, 327 employees collectively earned 65,152 hours totaling \$1,536,107 in overtime pay. Of the 65,152 overtime hours, 55,726 hours, or 86%, totaling \$1,283,824 were worked by employees in the ranks of Police Officer I, II and III. The variance among the ranks of these top-earning positions ranged from a low of \$64 to a high of \$27,351.
- **GFD:** In FY 2008, 282 employees collectively earned 81,555 hours in overtime totaling \$2,069,404. Of the total overtime hours, 64,665 hours, or 79%, totaling \$1,550,957 were worked by employees in the ranks of Fire Fighter I, II, and Fire Specialist. The variance among the ranks ranged from a low of \$302 to a high of \$22,089.
- **DOC:** In FY 2008, 214 employees collectively earned 92,942 hours totaling \$1,546,724 in overtime. Of the total overtime hours, 75,508 hours, or 81%, totaling \$1,220,901 were worked by employees in the ranks of Correction Officer I, II, and III. The variance among the ranks ranged from a low of \$110 to a high of \$31,407.

We acknowledge that certain factors contribute to the high levels of overtime earned by some individuals, i.e., work requiring special qualifications and experience, availability of employees to work beyond their regular workweek, and opportunities for employees to decline overtime assignments.

### **Inequitable Overtime Distribution Among Like Positions**

For the purpose of this audit, we analyzed the top three positions that earned overtime and considered \$15,000 as the midpoint. Using this methodology, we found 621 employees that earned overtime. Of the 621 employees, 587 employees or 95%, made less than \$15,000 in overtime pay while 34 employees made more. Of the 34 employees, 14 were from GPD, two were from GFD, and 18 were from DOC. Together, they made \$704,984, or 14%, of the total overtime paid in FY 2008. See Table 2 below for illustration.

**Table 2: GPD, GFD, and DOC Overtime Distribution for FY 2008**

Agency	\$0-\$5K	\$5K-\$10K	\$10K-\$15K	\$15K-\$20K	\$20K-\$25K	\$25K-\$30K	Agency Total
GFD	42	166	16	0	2	0	226
GPD	135	60	23	8	4	2	232
DOC	67	54	24	8	4	6	163
<b>Totals:</b>	<b>244</b>	<b>280</b>	<b>63</b>	<b>16</b>	<b>10</b>	<b>8</b>	<b>621</b>

Table 2 illustrates that eight employees earned much higher than their peers and nearly doubled the \$15,000 overtime midpoint. Of the eight, six were from DOC and two were from GFD. Appendix 4 lists employees with cumulative overtime pay in excess of \$70,000 from FY 2003 through 2008 from the top three agencies.

We noted that distribution of overtime hours were inequitably allocated among like positions to a select few employees, thus allowing them to earn significantly more than their base salary. In FY 2008, eight GPD employees earned between 50% and 71% above their base salary in overtime compensation, and one GFD employee earned more than 50% above his base salary. DOC garnered the highest overtime earners with nine employees earning between 70% and 108% above their base salary in overtime compensations. See Appendix 4 for the overtime salary range for the top three positions. Some examples we found in FY 2008 were:

- **GPD:** A Police Officer III, with a base salary of \$38,278 earned \$27,351 in overtime, or 71% of his base salary, pushing his annual compensation to \$65,629, while another Police Officer III with the same base salary only earned \$1,559 or 3% of his base salary during the same year.
- **GFD:** A Firefighter I, with a base salary of \$32,083 earned \$22,089 in overtime or 69% of his base salary, pushing his annual compensation to \$54,172, while another Firefighter I with the same base salary earned only \$1,889 or 6% of his base salary during the year.
- **DOC:** A Correction Officer I, with a base salary of \$28,963 earned \$31,220 in overtime or 108% of his base salary. His income for the year totaled \$60,183. Another Correction Officer I, with the same base salary, earned only \$4,200 or 15% of his base salary during the year.

We did not examine the reasons as to why certain employees of these three agencies incurred such significant overtime hours, but it appears that overtime in these agencies is not being distributed equitably among eligible employees. The extent to which these employees worked significant additional hours in positions that provides public safety raises workload concerns about their ability to effectively perform their duties while potentially endangering themselves, other employees, and the public. For example, can a Corrections Officer I who earned 456 overtime hours in one year perform effectively if he is putting in an average of 17.5 additional hours per pay period? That comes to a little more than six days a week, every week for the entire year. Wouldn't exhaustion be a concern, especially since the work involves ensuring the safety of the public? Employees may rely on excess overtime as base income, which can perpetuate overtime use. Refer to Appendix 6 for FY 2008 top agencies' (GPD, GFD, and DOC) overtime users by positions.

We recommend that the Chiefs of GPD and GFD, and the Director of DOC establish preventive measures and safeguards to ensure that overtime incurred is equitably distributed by:

- Establishing guidelines for identifying potentially excessive overtime that triggers management review; and
- Developing equitable selection criteria for staff to perform overtime duties and defining and communicating to staff the method of allocating such duties.

These overtime guidelines can be used as a management tool for scrutiny of employees earning excessive overtime. It is also a useful tool to ensure equitable distribution of overtime among like-kind positions. Please refer to Appendix 7 for other recommendations made from public safety overtime audits.

## Overtime Timesheets

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 also found 26 timesheets, or 48%, for which overtime payments were not paid in the following pay period it was earned. Untimely overtime payments extended up to five months after the pay period.

### Timesheets Observations

We also noted that the GPD, GFD, and DOC's timesheets differed in format and processing. Specific timesheets observations follow.

- **GPD:** GPD uses a pre-printed weekly "Overtime Justification Form," which makes any subsequent changes, i.e., enhancing or inflating overtime hours, noticeable. The weekly overtime forms require a narrative justifying the overtime. GPD's overtime justifications are descriptive and cite case and investigation numbers. The most common justifications cited are activation for investigation and processing late case apprehensions. The forms must be approved by the immediate chief, division chief, and the Chief of Police.
- **GFD:** GFD also uses a pre-printed form, again making any subsequent alterations readily apparent. GFD's "Overtime/CTO<sup>7</sup> Request Form," requires employees to request for overtime payments accrued. It also requires a narrative justification or detailed description of the overtime work and is signed by the Supervisor, Commander, and the Fire Chief for approval. GFD automatically accrues 14 hours of overtime per pay period in excess of 106 hours, pursuant to 4 G.C.A § 6219 (a).
- **DOC:** DOC timesheets are done manually. Employees record both their regular and overtime hours. The timesheet also requires that "overtime justification shall be completed and verified daily." However, we noted that timesheets were not always dated, which would indicate if and when the supervisor had reviewed and verified overtime justifications. DOC overtime justifications appear general with little narrative, citing "awaiting relief" as the common reason for overtime. Although there is an approval process, the rationale and justification appears to be routine as it lacks specificity.

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<sup>7</sup> Compensatory Time Off.

### **Untimely Overtime Payments**

DOA Personnel Rules and Regulations require overtime payments to be made no later than the pay period following the performance of the overtime work. In addition, 4 G.C.A. Chapter 6 § 6221 states that any overtime not paid within 15 days after a request for payment is submitted shall earn interest at the rate of 10% per annum from the date due to the date paid.

We found discrepancies in the timeliness of GPD and DOC overtime payments. Specifically, we found 26 timesheets for which overtime was not paid in the following pay period. All 18 of GFD's overtime timesheets we tested were paid on time.

- **GPD:** GPD's overtime payments were the most and longest delayed, lagging by as much as five months. Of the 18 overtime timesheets we tested, 14 overtime payments were late.<sup>8</sup> Late payments ranged from as few as 14 days to as long as five months. In one instance, an overtime payment due in the pay period ending January 20, 2007 was not paid until July 13, 2007, or more than five months later.
- **GFD:** All 18 overtime timesheets for GFD were paid timely. This may be attributable to 4 G.C.A. § 6219 (a), automatically entitling GFD to receive 14 hours of overtime every pay period.
- **DOC:** Of the 18 overtime timesheets tested, 12 were paid as late as 21 days to four months. We found one payment that was due in pay period ending March 17, 2007, but was not paid until August 3, 2007, more than four months later.

According to the DOA payroll technicians who handle GPD and DOC, overtime payments are usually late because of insufficient funds. When funding becomes available payments are made in separate checks.

### **DOA Payroll Overtime Processing for GPD**

We observed that DOA Payroll Division processes GPD's timesheets differently than GFD and DOC. The process is different in part due to GPD's sheer volume of timesheets and the requirement to assign specific labor codes. Police officers can charge their work hours to a number of different expenditure accounts on any given day. The DOA Accounting Payroll Technician assigned to GPD informed us that she is the only staff responsible to process GPD's entire payroll. The other DOA payroll technicians cannot assist the GPD payroll technician when the individual is on leave because her methodology is different.

We recommend that the DOA Chief Payroll Supervisor evaluate the GPD payroll technician's processing methodology to ensure consistency, efficiency, continuity, cross-training and back-up. On December 24, 2008, DOA responded via email that work assignments among payroll technicians are reshuffled as part of the payroll division's cross-training.

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<sup>8</sup> Three overtime timesheets were missing and one timesheet did not accrue overtime.

## Other Matters

Certain matters related to the General Fund overtime obligation came to our attention during our audit.

### **Public Safety and Law Enforcement Officials Compensation Increase**

In August 2008, P.L. 29-105 authorized a 40% compensation increase for public safety and law enforcement personnel over the next four years. However, the law did not dedicate a funding source for the increase. In addition, the Director of the Bureau of Budget and Management Research stated that the FY 2009 budget “did not provide for the impact on overtime costs which is a norm with this group of employees and did not provide for the permanent impact these pay raises will have over the next four years which will amount to some \$25M.” It should be noted that large amounts of overtime by some individuals significantly increases their income, and thus their retirement pension benefits.

### **Compensatory Time-Off**

During our audit, we also saw that several line agencies used compensatory time-accrued (CTA) in lieu of overtime payments. We found a total of 2,099 employees received CTA in lieu of overtime payments totaling \$208,165 in FY 2008. We did not verify their accuracy of the CTA. DOA Payroll Division relies on agencies to self-report CTA. The failure to report CTA timely and regularly by entities may result in a materially misstated liability to the government of Guam.

## **Initiatives Taken By Public Safety Agencies**

All three public safety heads from GPD, GFD, and DOC concurred with our recommendations and have already begun initiatives to monitor and control overtime within their departments. However, a common concern among these officials has been the ever-increasing military deployments. Each expressed concerns about the effect of the deployments on the growing number of "first responders," the police, firefighters, and other emergency workers who also serve in the Army National Guard and other reserve units. These agencies must make do when public safety personnel are called to active duty. With fewer public safety employees, responding to regular public safety duties as well as emergencies becomes a continuing challenge.

Recent overtime initiatives taken by GPD, GFD, and DOC in FY 2008 include:

- **GPD:** In July 2008, the GPD Chief implemented an analysis of their core operations when allocating resources to ensure that all patrol beats are covered and established overtime thresholds. These thresholds are reviewed and approved by the Chief, Deputy Chief, or other senior managers on an individual basis.
- **GFD:** The GFD Chief implemented austerity measure by modifying its existing manpower level to ensure that a recall of personnel is not needed for augmentation.
- **DOC:** In January 2008 the DOC Director implemented overtime caps by rank, where officers work fewer hours to ensure DOC stays below the established threshold of 3,000 hours in overtime. DOC has begun billing for guard services it provides to other government entities, i.e., Department of Mental Health and Substance Abuse and Department of Public Works.

Based on unaudited figures, General Fund overtime costs declined to \$5.5 million in FY 2008. The decline may be due to initiatives taken by GPD, GFD, and DOC to control overtime. If sustained, these initiatives may indicate a downward trend in overtime for FY 2009.

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# Conclusion

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The government of Guam General Fund spent \$40M for overtime from FY 2003 through 2008. Of this amount, \$35M was earned by GPD, GFD, and DOC. Overtime for public safety personnel is common nation-wide. However, government of Guam overtime ranks above other U.S. cities. By comparison:

- **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.<sup>9</sup> However, GPD overtime is more than double this percentage and averaged 15% of its total personnel costs over the last six fiscal years.
- **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.<sup>9</sup> Again, GFD's average was higher, spending 16% of its total personnel costs over the last six fiscal years.
- **DOC:** We did not find comparable overtime benchmarks 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.

Over the last six fiscal years, government of Guam spent an average of \$6M annually. With the annual 10% increase in base salary for public safety personnel over the next four years, this cost will continue to escalate. It is incumbent upon the Chiefs of GPD and GFD and Director of DOC to ensure that overtime is scrutinized, equitably distributed, monitored and controlled.

See Appendix 7 for audit recommendations from other public safety overtime audits.

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<sup>9</sup> City of Austin Citywide Overtime Report, Report No. AU04101.

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# Recommendations

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We recommend that the:

1. The Chief of GPD, the Chief of GFD, and the Director of DOC establish preventive measures and safeguards to ensure that overtime incurred is justified, equitably distributed, monitored, and controlled by:
  - Making reports showing overtime use per pay period available to all levels of management and conducting periodic analysis of overtime use and trends.
  - Establishing guidelines for identifying potentially excessive overtime that triggers management review; and
  - Developing selection criteria for staff to perform overtime duties and defining and communicating to staff the method of allocating such duties.
  
2. The DOA's Chief Payroll Supervisor evaluate the GPD payroll technician's processing methodology to ensure consistency, efficiency, continuity, cross-training and back-up.

Refer to Appendix 7 for recommendations from other public safety overtime audits.



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# Management Response & OPA Reply

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A draft report was transmitted to DOA, GPD, GFD, and DOC on December 16, 2008, for their official response. On December 23, 2008, OPA collectively met with the Chiefs of GPD and GFD, DOC Director, and their management to discuss the findings and recommendations. All three heads concurred with our recommendations and provided feedback on specific actions taken by their department to address OPA's recommendations. See Appendices 8 through 10 for written responses. Excerpts of GPD, GFD, and DOC's management responses as follow:


- **GPD:** The GPD Chief concurred with the recommendations and has "previously self-imposed mechanisms to better control overtime and will also adopt best practices..." GPD is analyzing its core operations and reallocating patrol personnel among precincts on weekends. GPD also makes overtime reports per pay period available to upper management and will make such reports available for periodic analysis of overtime use and trends.
- **GFD:** The GFD Chief responded that "the overtime expenditure generated by this department is mandated under executive order allowing the 14 hours overtime to be built-in to each firefighter's salary every pay period... the department has taken steps in implementing an austerity measure by modifying its existing manpower level to ensure that a recall of personnel is not needed..."
- **DOC:** In his response, the DOC Director noted that "overtime compensation is a necessity for law enforcement." DOC's initiatives to mitigate and manage overtime include billing other entities for guard services and establishing overtime threshold pursuant to rank. Further, the DOC Director noted that there has been some resistance with recommendations regarding overtime and that OPA is "correct in stating that some GovGuam employees have come to rely on their overtime as their annual earnings."

DOA submitted their response via email and noted that they have provided cross-training and back-up to the GPD payroll technician.

The legislation creating the Office of the Public Auditor requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the GPD, GFD, and DOC and DOA to provide the target date and title of the official(s) responsible for implementing the recommendation.

We appreciate the cooperation shown by the GPD Chief, GFD Chief, DOC Director, DOA Director, and the staff at DOA Payroll Division.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA, CGFM  
Public Auditor

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**Appendix 1:****Scope and Methodology**

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The scope of our audit was the review and analysis of General Fund overtime expenditures for the 72-month period beginning October 1, 2002 and ending September 30, 2008. We used data from the AS400 system for overtime, costs associated with overtime, and other pertinent information. The audit methodology included gaining an understanding of the policies, procedures, applicable laws and regulations pertaining to overtime. This includes interviewing officials from DOA Payroll Division and Department of Labor Wage & Hour Division in Hagåtña, Guam.

During our review, we found that the AS400 system overtime labor cost code of “112” had approximately 29 categories besides regular overtime namely, night differential, various hazard pays, holiday, carrier pay, and typhoon. Since the costs of these categories were not material, we combined them as part of regular overtime.

We tested 54 timesheets from FY 2008, 2007, and 2006 of GPD, GFD, and DOC whose cumulative overtime earnings totaled \$70,000 and above. Timesheets from FY 2003 through 2005 were not selected because they were not available for review at DOA Payroll Division. Two pay periods were selected from each FY at pay period ending (PPE) intervals of four as follow:

- (1) FY 2008 = 2<sup>nd</sup> and 6<sup>th</sup> PPE;
- (2) FY 2007 = 8<sup>th</sup> and 12<sup>th</sup> PPE; and
- (3) FY 2006 = 14<sup>th</sup> and 18<sup>th</sup> PPE.

Tests were conducted to determine compliance with applicable laws and regulations and whether such overtime was properly authorized. Using pivot tables, we also analyzed overtime expenditures per fiscal year to determine overtime distribution among like positions.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our finding and conclusions based on our audit objectives. Although we did not examine the reasons for individuals incurring significant overtime and improving the processing of overtime timesheets, the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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**Appendix 2:****Prior Audit Coverage**

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**Office of the Public Auditor (OPA) Performance Audits***OPA Interim Report No. 02-08 issued in November 2002:*

In response to a series of allegations received through the OPA Hotline, OPA initiated an investigative audit into DOC's payroll and overtime practices in June 2002. The interim report noted discrepancies between the hours reported on DOC employee timesheets and the hours worked as documented by the Central Control Blotters (CCB) and several instances that indicate possible collusion, fraud, and abuse. Four recommendations were made and addressed.

*OPA Investigative Audit Report No. 03-03 issued in May 2003:*

The audit found that DOC employees were receiving two to three times the amount of their base annual salary. For example, a Corrections Supervisor III with a base salary of \$33,259 was paid \$102,546 in 2002 and \$75,729 in 2001. A Security Guard with a base salary of \$31,408 was paid \$81,636 in 2002 and \$96,306 in 2001 and \$90,407 in 2000. DOC employees are consistently incurring overtime in excess of the regularly scheduled 12 hours per day and we found little to no evidence that management took any steps to control overtime costs. Overtime hours of 153,856 were charged in FY 2001 and 88,323 hours were charged in the nine months ending June 30, 2002. DOC contends that overtime hours were mandated by Executive Orders 96-35 and 2000-06 and the Facility Superintendent believed that the executive orders relieved them of responsibility for controlling or justifying overtime. Although many people were in a position to know that overtime abuses were occurring OPA found little evidence that anyone questioned the authority of the Facility Superintendent, certain supervisors, and other personnel to incur excessive overtime. Seven recommendations were made and addressed.

While DOC indicated that recommendations were implemented, we found that overtime was reduced only in FY 2003 to \$550,369. Overtime rose to \$2.4M in FY 2004, then \$2.3M in FY 2005, \$2.5M in FY 2006, and then declined to \$1.7M in FY 2007, and \$1.5M in FY 2008.

**Government of Guam Financial Audits**

In FY 2003 and 2004, matters relative to overtime were reported in the government of Guam Audited Basic Financial Statements Management Letters:

- FY 2003: Compensation for overtime work issued without supporting timesheets; discrepancies between the recalculation of pay type hours and amounts reported on the AS400 Labor Cost report; overtime timesheets not signed by timekeeper and supervisor; and supporting timesheets for related overtime were not made available for review or were incomplete.
- FY 2004: Eight of 25 high valued overtime amounts were from DOC for hours worked between FY 2001 and 2003, which indicated excessive overtime hours claimed ranging between 80 to 131.5 hours per pay period.

These issues were resolved, as they were no longer reported in subsequent fiscal years.

**Appendix 3:****Overtime Percentage of Personnel Costs FY 2003-2008****FY 2003 - 2008 Guam Police Department**

<b>Fiscal Year</b>	<b>Regular Pay</b>	<b>Overtime Pay</b>	<b>Total Personnel Pay</b>	<b>Overtime %</b>
2003	\$ 9,413,069	\$ 1,633,404	\$ 11,046,473	15%
2004	\$ 9,779,277	\$ 1,729,359	\$ 11,508,636	15%
2005	\$ 11,052,905	\$ 1,946,436	\$ 12,999,341	15%
2006	\$ 11,438,453	\$ 2,689,386	\$ 14,127,839	19%
2007	\$ 11,897,673	\$ 1,837,335	\$ 13,735,007	13%
2008	\$ 12,340,770	\$ 1,536,108	\$ 13,876,878	11%
<b>TOTAL:</b>	<b>\$ 65,922,146</b>	<b>\$ 11,372,027</b>	<b>\$ 77,294,173</b>	<b>15%</b>

**FY 2003 - 2008 Guam Fire Department**

<b>Fiscal Year</b>	<b>Regular Pay</b>	<b>Overtime Pay</b>	<b>Total Personnel Pay</b>	<b>Overtime %</b>
2003	\$ 9,986,276.15	\$ 2,150,953	\$ 12,137,229	18%
2004	\$ 10,138,865.87	\$ 1,813,257	\$ 11,952,123	15%
2005	\$ 11,303,955.50	\$ 2,058,360	\$ 13,362,315	15%
2006	\$ 12,988,316.33	\$ 2,333,345	\$ 15,321,661	15%
2007	\$ 13,044,531.72	\$ 2,640,470	\$ 15,685,002	17%
2008	\$ 13,575,552.79	\$ 2,069,404	\$ 15,644,957	13%
<b>TOTAL:</b>	<b>\$ 71,037,498</b>	<b>\$ 13,065,788</b>	<b>\$ 84,103,287</b>	<b>16%</b>

**FY 2003 - 2008 Department of Corrections**

<b>Fiscal Year</b>	<b>Regular Pay</b>	<b>Overtime Pay</b>	<b>Total Personnel Pay</b>	<b>Overtime %</b>
2003	\$ 5,902,564	\$ 550,369	\$ 6,452,933	9%
2004	\$ 6,365,605	\$ 2,174,976	\$ 8,540,582	25%
2005	\$ 6,392,626	\$ 2,298,836	\$ 8,691,462	26%
2006	\$ 7,019,362	\$ 2,549,762	\$ 9,569,124	27%
2007	\$ 7,419,708	\$ 1,682,577	\$ 9,102,285	18%
2008	\$ 7,046,955	\$ 1,546,725	\$ 8,593,680	18%
<b>TOTAL:</b>	<b>\$ 40,146,820</b>	<b>\$ 10,803,246</b>	<b>\$ 50,950,066</b>	<b>21%</b>

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**Cumulative Overtime in Excess of \$70,000 from FY 2003-2008**


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	Agency	Position	Total
1	DOC	CORRECTION OFFICER II	\$ 237,396
2	DOC	CORRECTION OFFICER III	188,687
3	GPD	POLICE OFFICER IIIA	170,499
4	DOC	CORRECTION OFFICER II	145,986
5	DOC	CORRECTION OFFICER I	141,580
6	DOC	SECURITY GUARD (ARMED)	141,138
7	DOC	CORRECTION OFFICER I	135,584
8	DOC	CORRECTION OFFICER II	132,010
9	DOC	CORRECTION OFFICER SUPERVISOR I	129,808
10	DOC	DETENTION FACILITY GUARD	128,891
11	DOC	CORRECTION OFFICER III	126,494
12	DOC	CORRECTION OFFICER I	123,648
13	GFD	FIREFIGHTER I	123,608
14	DOC	CORRECTION OFFICER II	122,144
15	GPD	POLICE OFFICER III	120,657
16	DOC	CORRECTION OFFICER III	120,164
17	DOC	ADMINISTRATIVE ASSISTANT	116,790
18	DOC	CORRECTION OFFICER SUPERVISOR I	114,592
19	DOC	CORRECTION OFFICER I	113,730
20	GPD	POLICE OFFICER III	112,833
21	GPD	POLICE OFFICER III	107,319
22	GPD	POLICE OFFICER II	106,229
23	GPD	POLICE SERGEANT I	105,260
24	DOC	CORRECTION OFFICER I	105,252
25	DOC	CORRECTION OFFICER I	103,515
26	GPD	POLICE OFFICER III	103,242
27	DOC	CORRECTION OFFICER I	102,173
28	DOC	CORRECTION OFFICER II	100,616
29	DOC	CORRECTION OFFICER II	100,311
30	GPD	POLICE OFFICER III	99,632
31	DOC	CORRECTION OFFICER III	98,794
32	GFD	FIRE BATTALION CHIEF	94,952
33	DOC	CORRECTION OFFICER III	93,206
34	GPD	POLICE OFFICER II	91,848

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**Cumulative Overtime in Excess of \$70,000 from FY 2003-2008**


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	Agency	Position	Total
35	DOC	CORRECTION OFFICER II	\$ 90,135
36	DOC	CORRECTION OFFICER I	89,826
37	GPD	POLICE OFFICER III	89,259
38	GPD	POLICE OFFICER III	88,392
39	DOC	CORRECTION OFFICER III	88,039
40	GPD	POLICE OFFICER III	87,762
41	DOC	CORRECTION OFFICER III	87,172
42	DOC	CORRECTION OFFICER SUPERVISOR I	86,723
43	GPD	POLICE OFFICER III	85,360
44	GFD	FIRE SERVICE SPECIALIST	85,044
45	GPD	POLICE OFFICER III	84,109
46	GPD	POLICE OFFICER III	83,968
47	DOC	CORRECTION OFFICER II	83,384
48	DOC	CORRECTION OFFICER I	82,354
49	DOC	CORRECTION OFFICER I	81,649
50	DOC	CORRECTION OFFICER I	81,550
51	GPD	POLICE OFFICER II	81,209
52	DOC	CORRECTION OFFICER SUPERVISOR II	80,778
53	DOC	DETENTION FACILITY GUARD	79,980
54	GPD	POLICE OFFICER III	79,920
55	DOC	CORRECTION OFFICER III	78,011
56	GFD	FIRE SERVICE SPECIALIST	77,879
57	GPD	POLICE SERGEANT I	77,584
58	DOC	CORRECTION OFFICER II	77,216
59	DOC	CORRECTION OFFICER SUPERVISOR I	77,011
60	DOC	CORRECTION OFFICER II	76,762
61	DOC	GUARD	76,750
62	GFD	FIRE CAPTAIN	76,694
63	GFD	FIRE BATTALION CHIEF	76,444
64	GPD	POLICE OFFICER II	76,407
65	GPD	POLICE OFFICER II	76,173
66	GFD	FIRE CAPTAIN	76,094
67	GPD	POLICE SERGEANT I	75,997

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**Cumulative Overtime in Excess of \$70,000 from FY 2003-2008**


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	Agency	Position	Total
68	GPD	POLICE OFFICER III	\$ 75,079
69	GPD	POLICE OFFICER III	74,993
70	GPD	POLICE OFFICER III	74,961
71	GPD	POLICE OFFICER II	73,979
72	GFD	FIRE SERVICE SPECIALIST	73,386
73	DOC	CORRECTION OFFICER I	72,994
74	DOC	DETENTION FACILITY GUARD	72,358
75	GFD	FIRE CAPTAIN	72,266
76	DOC	CORRECTION OFFICER II	71,971
77	GFD	FIREFIGHTER II	71,810
78	GPD	POLICE OFFICER I	71,494
79	GFD	FIRE CAPTAIN	71,389
80	GFD	FIREFIGHTER II	71,006
81	GPD	POLICE OFFICER II	70,759
82	GFD	FIRE CAPTAIN	70,758
83	GFD	FIRE CAPTAIN	70,707
84	DOC	CORRECTION OFFICER I	70,500
85	DOC	CORRECTION OFFICER III	70,418

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**Appendix 5:**

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**Overtime Compensation Range for Top Three Positions**

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**Guam Police Department**

<b>Positions</b>	<b>Total Number of Employees</b>	<b>Highest OT Paid</b>	<b>Lowest OT Paid</b>
POLICE OFFICER III	81	\$ 27,352	\$ 348
POLICE OFFICER II	76	\$ 15,970	\$ 192
POLICE OFFICER I	75	\$ 14,874	\$ 64

**Guam Fire Department**

<b>Positions</b>	<b>Total Number of Employees</b>	<b>Highest OT Paid</b>	<b>Lowest OT Paid</b>
FIRE SERVICE SPECIALIST	81	\$ 20,302	\$ 302
FIREFIGHTER II	77	\$ 10,391	\$ 413
FIREFIGHTER I	68	\$ 22,089	\$ 302

**Department of Corrections**

<b>Positions</b>	<b>Total Number of Employees</b>	<b>Highest OT Paid</b>	<b>Lowest OT Paid</b>
CORRECTION OFFICER I	122	\$ 31,220	\$ 110
CORRECTION OFFICER II	27	\$ 31,407	\$ 148
CORRECTION OFFICER III	14	\$ 25,489	\$ 646



## FY 2008 Top Agencies Overtime Users by Positions

### Guam Police Department

Positions	Overtime Hours	Overtime Costs	Base Salary	OT % of Base
POLICE OFFICER III	991	\$ 27,352	\$ 38,278	71%
POLICE OFFICER III	956	26,386	38,278	69%
POLICE OFFICER III	818	24,304	42,440	57%
POLICE OFFICER II	920	15,583	27,244	57%
POLICE OFFICER III	787	23,302	42,440	55%
POLICE OFFICER III	757	22,366	41,005	55%
POLICE OFFICER IIIA	714	23,508	45,648	51%
POLICE OFFICER II	714	15,947	30,972	51%
POLICE OFFICER III	709	20,985	42,440	49%
POLICE OFFICER III	630	16,517	36,984	45%
POLICE OFFICER II	558	15,250	39,491	39%
POLICE OFFICER II	540	15,970	42,304	38%
POLICE SERGEANT I	520	16,835	45,648	37%
POLICE OFFICER III	503	16,477	45,463	36%
POLICE OFFICER III	495	15,177	43,925	35%

### Guam Fire Department

Positions	Overtime Hours	Overtime Costs	Base Salary	OT % of Base
FIREFIGHTER I	955	\$ 22,089	\$ 32,083	69%
FIRE SERVICE SPECIALIST	867	20,302	47,246	43%
FIRE SERVICE SPECIALIST	458	12,512	45,648	27%
FIRE CAPTAIN	506	12,182	44,524	27%
FIRE CAPTAIN	364	11,690	44,524	26%
FIRE CAPTAIN	364	11,690	44,524	26%
FIRE CAPTAIN	364	11,690	44,524	26%
FIRE CAPTAIN	364	11,690	44,524	26%
FIRE CAPTAIN	364	12,520	47,695	26%
FIRE CAPTAIN	364	11,659	44,524	26%
FIRE CAPTAIN	364	11,892	46,082	26%
FIRE CAPTAIN	420	12,274	47,695	26%
FIRE SERVICE SPECIALIST	392	11,670	45,648	26%
FIRE BATTALION CHIEF	322	12,394	54,329	23%
FIRE BATTALION CHIEF	308	11,661	52,492	22%

## FY 2008 Top Agencies Overtime Users by Positions

### Department of Corrections

Positions	Overtime Hours	Overtime Costs	Base Salary	OT % of Base
CORRECTION OFFICER I	2129	\$ 31,220	\$ 28,963	108%
CORRECTION OFFICER II	1664	31,407	35,571	88%
SECURITY GUARD (ARMED)	1528	29,089	36,053	81%
CORRECTION OFFICER I	1438	22,794	28,963	79%
ADMINISTRATIVE ASSISTANT	1101	25,232	32,119	79%
CORRECTION OFFICER I	1253	22,228	29,962	74%
CORRECTION OFFICER I	1249	24,949	34,382	73%
DETENTION FACILITY GUARD	1226	22,386	31,011	72%
CORRECTION OFFICER I	1264	21,048	29,962	70%
CORRECTION OFFICER III	1022	25,937	38,155	68%
CORRECTION OFFICER III	1236	25,489	38,155	67%
CORRECTION OFFICER III	1044	25,631	40,873	63%
CORRECTION OFFICER II	921	25,277	40,819	62%

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**Appendix 7:**

**Recommendations from Public Safety Overtime Audits**

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Based on our review of public safety audits, we found the following overtime audit recommendations.

- Review all overtime requests in advance to assist management in controlling overtime costs.<sup>10</sup>
- Agencies should analyze their core operations and determine the best use of limited resources. By doing so, overtime can be curtailed and distribution of opportunities for employees to earn overtime can be planned and equal distribution can be facilitated.<sup>10</sup>
- Management should regularly gather and summarize overtime data to facilitate decision-making process by anticipating overtime needs and identifying alternatives to overtime in advance.<sup>11</sup>
- Establish limits and thresholds that give supervisors guidelines to follow when making decisions on overtime assignments and a higher level of supervisory review once an individual reaches a pre-set threshold.<sup>12</sup>
- Make reports showing overtime use per pay period available to all levels of management and require periodic analysis of overtime use and trends.<sup>12</sup>

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<sup>10</sup> Clark County Audit of Overtime Hours, Nevada.

<sup>11</sup> Rockland County Correctional Center Managing Overtime Report, Comptroller State of New York.

<sup>12</sup> Citywide Overtime Audit by the Office of the City Auditor Austin, Texas.

# GPD Management Response



## GUAM POLICE DEPARTMENT DIPATTAMENTON POLISIAN GUAHAN



FELIX P. CAMACHO  
Governor of Guam  
  
MICHAEL W. CRUZ, M.D.  
Lieutenant Governor

Government of Guam  
Bldg No. 233, Central Avenue, Tiyan, Guam 96913  
Telephone: (671) 475-8473 (Switchboard); (671) 475-8508 / 8509 / 8512  
Fax: (671) 472-4036

PAUL R. SUBA  
Chief of Police  
  
COLONEL JOAQUIN G. REYES  
Police Commander

December 19, 2008

Mrs. Doris Flores Brooks, CPA, CGFM  
Public Auditor  
Office of the Public Auditor of Guam  
Suite 401, DNA Building  
238 Archbishop Flores Street  
Hagatfia, Guam 96910

RECEIVED  
OFFICE OF THE PUBLIC AUDITOR

DATE: 12/22/08

TIME: 2:50 PM

Subject: Preliminary Draft Report of the  
Government of Guam Wide Overtime Analysis  
(October 1, 2002 through September 30, 2008). BY: Rgn

Dear Mrs. Brooks:

The Guam Police Department concurs with the recommendations you set forth in your Report of Government of Guam Wide Overtime Analysis as they pertain to GPD. We had previously self imposed mechanisms to better control overtime and will also adopt the best practices stated in Appendix 6 of your Report. The extent to which we have adopted the best practices is discussed below in the order they are presented in Appendix 6 of your Report.

The Chief of Police has directed all uniformed and civilian employees to request authorization from him via their chain of command before scheduling or performing any overtime work.

We have analyzed our core operations and determined that the best use of our limited personnel resources is to ensure that all patrol beats are covered by existing available personnel per shift and augmenting shifts by deploying patrol personnel from other precincts when needed. Reallocating patrol personnel among precincts on weekends and when there are more disturbances reduces the amount of overtime required by a given precinct during a peak demand.

Currently, management gathers and summarizes overtime data every pay period.

## GPD Management Response

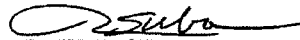
Mrs. Doris Flores Brooks, CPA, CGFM, Public Auditor of Guam  
Subject: Preliminary Draft Report of the Government of Guam Wide Overtime Analysis  
(October 1, 2002 through September 30, 2008)  
December 19, 2008  
Page 2 of 2  
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The Chief of Police has established limits and thresholds that give supervisors guidelines to follow when making decisions on overtime assignments. The Chief of Police is the highest level of supervisory review once an individual reaches the pre-set thresholds. The limits and thresholds are set forth in Chief of Police Memorandums dated July 3, 2008 and October 24, 2008. The Memorandums are attached. Again, these thresholds were in consideration of police personnel and community safety issues.

Currently, reports showing overtime use per pay period are made available to upper levels of management. Henceforward, the reports will be made available to all levels of management for periodic analysis of overtime use and trends.

Thank you for your thoughtful analysis.

Sincerely,

  
PAUL R. SUBA  
Chief of Police

cc: Governor of Guam  
Lieutenant Governor of Guam  
Police Commander  
Deputy Chief of Police [Acting]  
GPD ASO

PRSJTM:scr

Appendix 9:

**GFD Management Response**



Felix P. Camacho  
Governor

Michael W. Cruz, M.D.  
Lt. Governor

**GUAM FIRE DEPARTMENT**  
**DIPATTAMENTON GUAFI GUAHAN**



David Q. Peredo  
Fire Chief

December 24, 2008

RECEIVED  
OFFICE OF THE PUBLIC AUDITOR

DATE: 12/24/08

TIME: 4:15 PM

BY: DC

**MEMORANDUM**

To: Public Auditor  
From: Fire Chief  
Subject: Government of Guam wide Overtime Analysis

After properly reviewing the preliminary overtime report, I find such evident to be accurate and justified. On the other hand, as you had stated on your report, the overtime expenditure generated by this department is mandated under executive order allowing the 14 hours overtime to be built-in to each firefighter's salary every pay period.

Notwithstanding the provision of this mandate, the department has taken steps in implementing an austerity measure by modifying its existing manpower level to ensure that a re-call of personnel is not needed for augmentation purposes, thus saving this department \$1.2 million dollars annually in overtime cost. Such austerity also includes power, water and fuel conservation adding more to our cost containment measures.

Rest assure, that by applying these measures, such will be realistically seen at the closing of the books come September 30<sup>th</sup>.

Submitted for your information.

DAVID Q. PEREDO

Suite 807 DNA Building, 238 Archbishop Flores Street Hagatna, Guam 96910  
Phone: (671) 472-3311 & Fax: (671) 472-3360  
Mailing Address: GFD, P.O. Box 2950, Agana Guam 96932

# DOC Management Response



Felix P. Camacho  
Governor

Michael W. Cruz, M.D.  
Lt. Governor

DEPARTMENT OF CORRECTIONS  
*Depattamenton Mangngurihi*  
P.O. Box 3236  
Hagatna, Guam 96932



Jose B. Palacios  
Director

December 22, 2008

## MEMORANDUM

To: Doris Flores Brooks  
Public Auditor

Subject: Draft Report of the Government of Guam Overtime Analysis

Ref: Management response

Buenas,

Thank you for allowing us to review the draft report regarding Government of Guam overtime expenditures. After careful review and consideration the Department of Corrections concurs with your draft report and its findings.

We agree that the "use of overtime can be an effective staffing tool to address operational needs and provide management flexibility to adjust resources as needs change". Overtime compensation is a necessity for law enforcement such as the DOC which currently is at 74% of its authorized FTE's for security. Even if we were to hire the additional 28 officers we still would need an additional 94 bodies just to staff our housing units in order to meet minimum security manning requirements. This is not considering the fact that there may be institutional emergencies or natural disasters that may become an additional overtime burden.

Two things were implemented to curb or manage overtime.

1. We began billing other entities for Guard services we perform to assist in meeting their mandates.
  - a. Department Of Mental health and Substance Abuse owes DOC about 168 thousand for guard services.



Tel. No.: 473-7021 / 7022 / 7023 / 7025 / 7026  
Fax. No.: 473-7024

**DOC Management Response**

- b. DPW records are being reconciled to determine the cost of guards services to assist with emergency repairs at GPSS sites before the start of the school year.
- c. Veterans Cemetery transferred \$30000 to DOC's Prison Industries program.

**2. Overtime Cap pursuant to rank.**

- a. Even with the increased workloads we have implemented cost containment policies, to ensure that there is an equitable disbursement of overtime compensation. An overtime cap was implemented in January 2008 that authorized overtime hours pursuant to rank. The higher paid officers work lesser hours to ensure that we stayed under 3000 hours of overtime.
- b. Prior to the implementation of the Cap, Overtime trends were analyzed for (4) pay periods from 10/13/07 to 11/24/07 which indicated that DOC was averaging at least 3000 or more hours thru the last 3 pay periods. To curtail that an OVERTIME cap was recommended, approved and implemented. Any hours earned above the authorized maximum was subject to non payment.
- c. The following were utilized as justification
  - i. OPA report #02-08 and its recommendations
  - ii. Department of Administration PERSONNEL RULES and REGULATIONS, Chapter 07, Section 7.600, UNAUTHORIZED WORK...
  - iii. DOC General Orders General orders 07-002 and 07-003.

During your review it has been established that Overtime earned during the reporting periods was approximately 92942 hours or an average of 3574 hours per month. DOC Goal was to pay out up to 3000 hours per pay period and stay within 1.9 million dollars. We ended up paying \$1,546,725. We also tried to ensure prompt payment of overtime to all employees and fortunately paid most hours out within a month or month and a half. At the end of the fiscal year we were only due one pay period which was paid out during the first week of October.

Unfortunately as with all policies there was some resistance and there is still resistance even with the implementation of additional recommendations and action regarding overtime matters. You are correct in stating that some Gov-Guam employees have come to rely on their overtime as their annual earnings. We are finally gaining acceptance of this new method of controlling and managing overtime at the DOC.

The overtime cap is mentioned in this submittal as part of our testament to ensuring good governance and responsible financial control. With the cap we have established the following;



## DOC Management Response

1. Guidelines for identifying potentially excessive overtime practices thereby preventing excessive overtime and unsafe working environments.
2. Affording interested staff to perform overtime work pursuant to their overtime thresholds with equitable opportunity to increase their base pay and still having the opportunity to rest appropriately.
3. Ensuring that supervisors properly document and control the accumulation and commitment of unauthorized overtime funds as an additional burden and financial liability to the Government of Guam.

In closing I will add that we appreciate the opportunity to review the draft report and agree with the auditor's findings. We hope that cost containment measures implemented at the DOC be considered as a step in the right direction. I look forward to any additional advise or guidance you wish to provide.



Jose B. Palacios

**Appendix 11:**

**Status of Audit Recommendations**

	<b>Audit Recommendation</b>	<b>Status</b>	<b>Action Required</b>
1	<p>The Chief of GPD, the Chief of GFD, and the Director of DOC establish preventive measures and safeguards to ensure that overtime incurred is justified, equitably distributed, monitored, and controlled by:</p> <ul style="list-style-type: none"> <li>• Making reports showing overtime use per pay period available to all levels of management and conducting periodic analysis of overtime use and trends.</li> <li>• Establishing guidelines for identifying potentially excessive overtime that triggers management review; and</li> <li>• Developing selection criteria for staff to perform overtime duties and defining and communicating to staff the method of allocating such duties.</li> </ul>	<p>Management Concur. Additional Information Needed.</p>	<p>Provide a written status report of overtime cost every six months until the end of FY 2009.</p>
2	<p>The DOA's Chief Payroll Supervisor evaluate the GPD payroll technician's processing methodology to ensure consistency, efficiency, continuity, cross training and back-up.</p>	<p>Management Concur. Additional Information Needed.</p>	<p>Provide the name of the alternate GPD Payroll Technician.</p>

**Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:**



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- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401  
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