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POLICY MEMORANDUM NO. 01-90

| To: | Subject: Procedures for Overtime and Compensatory Time Administration |
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| Port Employees | |
| Effective Date: 6/21/90 | Revision Date: September 28, 1993 |
| Approved By: PEDRO A. LEON GUERRERO JR., General Manager | |

ALL REVISIONS ARE UNDERSCORED

I. **PURPOSE:** To establish a policy regarding the conditions and situations under which overtime and compensatory time may be used, and to establish controls and procedures for their approval.

II. **BACKGROUND:** Overtime costs and the lack of compensatory time use in lieu of irregular overtime continue to be of concern within the Port Authority of Guam. Although control limitations and guidance were established in prior years, recent usage trends and audit findings demonstrate the need for consistent attention to ensure compliance with overtime and compensatory time policies.

III. **DEFINITIONS:**

A. **Overtime:** For full-time, part-time and intermittent tours of duty, overtime is officially approved work in excess of eight (8) hours in a day or forty (40) hours in a week. Under Fair Labor Standards Act (FLSA), overtime is all hours worked in excess of forty (40) hours per week, excluding periods of time taken for paid leave.

B. **Hours Worked:** Under FLSA, hours worked are the actual hours an employee spends on duty or the actual hours the employee is required to be on the Authority's premises or at a prescribed work place, and all the time the employee is suffered or permitted to work for the Authority.

C. **Irregular or Occasional Overtime:** Overtime work which is not regularly scheduled.

D. **Regularly Scheduled Overtime:** Overtime work duly authorized in advance and scheduled to recur on successive days or after specified intervals.

E. Emergency Overtime: Overtime work required to meet an emergency condition.

F. Callback Overtime Pay: Irregular or occasional overtime work performed by an employee on a day when work was not scheduled for him/her or which he/she is required to return to his/her place of employment, shall be considered at least two hours in duration for the purpose of overtime pay, whether or not work is performed.

G. Compensatory Time Off: Compensatory time off is time off in lieu of overtime pay for irregular or occasional overtime work that an employee is required to perform. Compensatory time-off shall be earned at one and a half for each hour the employee worked. Compensatory time-off may be used in lieu of annual leave.

IV. DISCUSSION: Overtime or compensatory time will be approved only when it can be justified on grounds of real necessity or overall economy as follows:

A. It is necessary because of disaster or emergency conditions.

B. It is necessary to meet essential deadlines.

C. It is necessary to maintain vital operations.

D. The use of the overtime will result in overall savings.

V. POLICY: It is the policy of this Authority to use overtime or compensatory time only in cases of real necessity or demonstrable economy as defined above and further amplified herein.

A. Overtime, especially overhead charges, will not be used to assist in making scheduled dates which could otherwise be met by assignment of additional manpower on straight-time basis, by the use of supervisor and management techniques, or by rescheduling without jeopardy to timely completion.

B. Authorization of overtime or compensatory time work shall be in writing in advance of the performance of the work, except when the exigency of the situation prevents prior approval, in which instance written approval will be accomplished not later than the first normal working day after the work. Overtime Request and Authorization Form is available for this purpose. Overtime and compensatory time worked will be recorded on the standard timecard or timesheet as prescribed by the payroll office.

C. Based upon effectiveness in meeting schedules and when resulting in overall savings, consideration should be given to:

1. Utilization of part-time and intermittent employees, and full-time employees in temporary positions, provided current budget ceiling limitations are not exceeded.

2. Contract work, if not in conflict with generally accepted practices of government employment.

3. Maximum use of shift work.

D. Overtime or compensatory time hours will be requested in a specific amount. An "open end" authorization citing "work until completed" or similar phrase will not be approved.

E. Crediting of overtime work will be as follows:

1. Each fifteen (15) minutes of "regularly scheduled" overtime will be accounted for and compensated.

2. Irregular, unscheduled or emergency overtime no matter how small will be accounted on an excees of eight hours actual work or closes to one (1) quarter of an hour.

F. While the objective of this Policy Memorandum is to reduce the amount of paid overtime, nothing in this Policy Memorandum is to be construed as encouraging or condoning the ordering or approval of unrecorded overtime or compensatory time.

G. Compensatory time will apply as follows:

1. Concurred by the employee.

2. The selection of compensatory time or overtime made by management or the employee, as appropriate, is final and not subject to later change except in instances whereby the payroll office determines the employee would be entitled to a greater benefit under FLSA.

3. Compensatory time will be accounted for in the same manner as overtime.

4. Compensatory time must be earned before it can be used.

5. Employee will be charged with compensatory time instead of annual leave when they have a compensatory time balance, unless as a direct consequence, annual leave would be forfeited.

VI. **PROCEDURE:** The following procedure will be followed:

A. Overtime or compensatory time requests will be submitted on the Overtime Request and Authorization Form, stating the name of each individual for whom authorization is requested, date(s), times and full justification as to its need and purpose. The Overtime Request and Authorization Form must be forwarded for approval in sufficient time to allow time for its approval before work is begun (emergencies excepted).

1. All requests must be submitted to the Controller for certification of funds availability.

2. Upon clearance from the Controller, the form must then be forwarded to the General Manager for approval/disapproval.

NOTE: No overtime/compensatory work is to be performed without the prior approval of the General Manager. No overtime/compensatory time is to be paid or granted unless such request is approved by the General Manager.

B. The signed authorization form will be forwarded to Payroll for retention to validate time card overtime entries.

VII. **ACTION:**

A. Division Heads/Supervisors shall:

1. Assure that all overtime or compensatory time requests are in compliance with the provisions of Sections IV, V and VI of this Policy Memorandum.

2. Forward requests for overtime or compensatory time to the General Manager for approval/disapproval.

3. Schedule employees to take compensatory time off within the four pay periods in which it is earned. Failure to meet this requirement would mandate a written justification from the Division Head as to why the compensatory time could not be granted within the four pay periods.

4. Assure that all overtime or compensatory time are distributed equally among the employee(s) within the division/section.

B. All levels of management shall assure that they do not "suffer or permit" work to be performed outside of regular working hours unless written approval has been obtained in advance.

C. It shall be the responsibility of the Payroll Section to notify employees of their accrued compensation hours. Said notification must be provided no later than the following Friday of the closing pay period in which it is earned and should be transmitted via the employee's division head/supervisor.

Attachment: Overtime Request and Authorization Form