



## ACCOUNTING AND USE OF COMPENSATORY TIME IN THE ALBANY POLICE DEPARTMENT

Review performed by the Office of the Albany City Comptroller

### SUMMARY:

We reviewed operations of the Albany Police Department related to compensatory time<sup>1</sup> to assess compliance with internal standards and to evaluate the adequacy of internal controls. The following are findings and recommendations based on that review.

*Compensatory time* is time-off granted in lieu of overtime pay. Some employees of the Albany Police Department have accumulated large balances of compensatory time and are being paid for the time upon retirement, instead of taking time-off as intended. Because of promotions and negotiated wage increases, these "buy-outs" are at a higher rate of pay than if they were paid as overtime at the time they were earned.

The accumulation of large balances of compensatory time by police personnel is partially caused by conflicts between the City of Albany's Personnel Policies and Procedures Manual and provisions of collective bargaining agreements between the City of Albany and the public safety unions. Additionally, supervisors have not been working with employees to ensure compensatory time is used up expeditiously. Further, the Police Department has not been reporting accumulated compensatory time either to the Personnel Department or the Comptroller as required by the City's Personnel Policies and Procedures Manual.<sup>2</sup> Consequently, the City's financial statements through 2002 do not reflect this long-term liability.

### BACKGROUND

Compensatory time is time-off taken in place of overtime pay. Compensatory time is a subset of overtime. More complete background on overtime is contained in the report on Police Overtime prepared by Urbach Kahn & Werlin, LLP in February

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<sup>1</sup> In his March 25, 2004 testimony to the Albany Common Council, then Police Chief Robert Wolfgang described an informal version of compensatory time known as "Atta Boy" days, whereby certain employees were given days off and not required to use personal time, vacation time, or compensatory time. This procedure is not provided for in either the City's Personnel Policies and Procedures Manual or in any of the collective bargaining agreements. This issue will be addressed in a separate report.

<sup>2</sup> Other City of Albany departments also fail to report compensatory hours, however, the City's additional liability is much smaller than it is for the Police Department.

2004. Various City of Albany departments grant compensatory time. However, a vast majority of compensatory time is taken through the Albany Police Department, which is provided for in the various collective bargaining agreements.

The City of Albany's Personnel Policies and Procedures Manual provides for awarding of compensatory time to certain employees for work beyond requisite hours. These hours are to be awarded (except in cases of an emergency) with the authorization of the Department Head and the City Comptroller. In emergency cases the Department Head is required to notify the personnel office and the Comptroller no later than 48 hours after the time is accumulated. The manual provides that supervisors work with employees to use-up compensatory time as soon as is practicable, and in all cases by the end of the following year.

In contrast, the contracts with the police collective bargaining units (which run through 2005) provide that compensatory time may be taken in lieu of regular and preplanned overtime, *at the discretion of the employee*. If the employee retires prior to using compensatory time, the employee is paid for that time at the rate of pay at the time of retirement. When there is a conflict between provisions of the City's Policy and Procedures Manual and the union contract, the contract prevails.

Compensatory time (along with vacation time that has not been prescheduled) is maintained on 12 separate logs corresponding to the various police stations and units: North Station, Traffic Safety Unit, Special Operations...etc. There is some variation in the method of tracking time, however, all are now required to maintain running balances for each employee. The logs indicate when and how time is earned, and when time is taken. Entries into the logs are based on overtime slips, which are submitted with the signatures of the employee and the supervisor.

In early 2003, the Comptroller began requiring that requests for buy-outs of compensatory time at retirement include details of compensatory hours worked. Prior to that time no supporting documents accompanied buy-outs.

In early 2004 the Police Department began calculating the citywide total of compensatory hours as of December 31, 2003. Consequently, the City's financial statements for the year ending 2003 will reflect the accumulation of these hours.

#### FINDINGS:

- The Comptroller and Personnel Department have not required that departments report compensatory hours. Unlike vacation time, personal time, and holiday pay (which are reported monthly by all departments) compensatory time has not been reported to the Personnel Department or the Comptroller and therefore has not been reflected in the City of Albany's personnel or accounting records.

- ❑ Records of Compensatory time accumulated and used is maintained at the various station houses and units. Because they are not reported to and audited by either the Personnel Department or the Comptroller, this decentralized maintenance of records undermines accounting of the accrual and use of hours.
- ❑ The Police Department has undertaken to calculate and report total compensatory hours by person, which consequently will be reflected in the City's 2003 financial statements.
- ❑ Some employees are accumulating large balances of compensatory time. These balances are being paid-out at retirement as substantial cost to the city. (These payments for compensatory time from 2002 through 2003 ranged from one hour to 400 hours costing from \$46 to almost \$25,000. Of these payments, 11 exceeded \$5,000.)
- ❑ The value of compensated hours accrued for police department personnel at year-end 2003 totaled \$937,700.
- ❑ Because compensatory payments at retirement sometimes occur years after they are earned, they reflect negotiated wage increases and wage increases from promotions. Consequently, they are paid-out at the employee's rate of pay at time of retirement, which is much higher than if they were paid at the time they were earned.
- ❑ Management has not been ensuring that employees use compensatory hours prior to the year after they are earned as provided for by the Policy and Procedures Manual.

#### RECOMMENDATIONS:

- ❑ Supervisors should conform to the City's Personnel Policies and Procedures Manual and work with employees to ensure that compensatory time is used-up by the following calendar year. At the time when employees schedule their vacation time for the following year they should simultaneously schedule use of compensatory time.
- ❑ The Police Department should work with the Comptroller and the Personnel Department to develop a reporting system for compensatory time so that records of time accrued and used are updated continuously and sent at least monthly to the Personnel Department and the Comptroller. These records will permit needed oversight of the accumulation and use of compensatory time.

- ❑ Management should provide oversight to ensure uniform recording of hours at the various locations and uniform reporting to a central location to be forwarded to the Comptroller and Personnel Director.
- ❑ Other City departments that provide for compensatory time should also begin reporting these balances to the Comptroller and the Personnel Department.
- ❑ The City of Albany's Personnel Policies and Procedures Manual should be updated to accurately describe the reporting of compensatory hours as well as the accrual and use of compensatory hours consistent with collective bargaining agreements

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April 15, 2004