



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND  
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

REPLY TO  
ATTENTION OF

AMCRM-P

02 AUG 2001

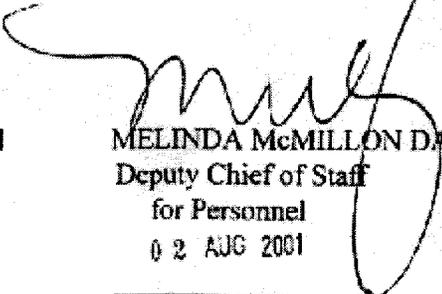
MEMORANDUM FOR-SEE DISTRIBUTION

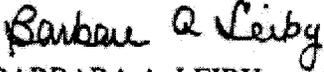
SUBJECT: Management and Control of Overtime

1. Management, administration, and control of overtime is a perennial issue of high level interest and scrutiny in government. It is a principal function of management, a Management Control area of interest, and a frequent audit topic.
2. A recent internal review audit of overtime and compensatory time at Headquarters, U.S. Army Materiel Command (AMC) found that documentation for overtime justification and approval was not maintained the required length of time. Previously, the DoD Financial Management Regulation (FMR), Volume 8, Chapter 2, required such records to be retained for a period of 6 years or until audited, whichever is first. The current edition of that chapter, updated August 1999, increased that period to 6 years and 3 months. Records in the audited offices were not retained even the previously required period of time.
3. Accordingly, we are issuing the enclosed policy for Management and Control of Overtime, not only to the headquarters but command wide, with the request that particular attention be paid to the required retention of documentation (enclosed). Even with normal attrition of workforce, office moves, and reorganizations, retaining files (and audit trails) for this period of time will require sustained management oversight.
4. The DCSR point of contact is Mr. Hank Curtis, AMCRM-P, DSN 767-9179, commercial 703-617-9179, DSN 767-9179. The DCSPER point of contact is Ms. Nathalie Shipp, AMCPE-C, commercial 703-617-3414, DSN 767-3414.
5. AMC – Army READINESS Command . . . Serving Every Soldier Every Day.

FOR THE COMMANDER:

Encl

  
MELINDA McMILLON DARBY  
Deputy Chief of Staff  
for Personnel  
02 AUG 2001

  
BARBARA A. LEIBY  
Deputy Chief of Staff  
for Resource Management

**U.S. ARMY MATERIEL COMMAND**

**MANAGEMENT AND CONTROL OF OVERTIME POLICY**

9 August 2001

1. REFERENCES.

- a. DOD 7000.14-R, Financial Management Regulation, Volume 8.
- b. AR 570-4, Manpower Management Activities.

2. PURPOSE. Establish policy, guidance, and procedures for requesting, approving, using, recording, and reporting overtime.

3. SCOPE. The policies and procedures outlined herein cover civilian personnel assigned to or for duty within the Army Materiel Command.

4. GENERAL.

a. The "judicious use" of overtime to accomplish mission essential workload is encouraged by DA in lieu of hiring additional manpower, but only after considering and eliminating alternative means of performing the work.

b. Although the referenced AR 570-4 focuses its management controls only on paid overtime, and not on compensatory time, this memorandum addresses the same management controls to both since paid overtime and compensatory time are equally subject to fraud, waste and illegal use.

c. The principal areas of management (and audit) concern in regards to paid or compensatory overtime are that:

- (1) The need for it is properly justified;
- (2) Written authorization be granted prior to the hours worked, or as soon as possible afterward;
- (3) Adequate documentation of the use of overtime, including written justification/authorization and employees' time reports, be recorded, retained and kept readily available for inspection and possible audit; and,
- (4) The overtime worked be effectively monitored.

## 5. POLICY.

a. Supervisors are responsible for authorizing overtime for their employees. Designated higher level supervisors may also authorize overtime. During absences, supervisors may delegate their overtime authorization authority, along with their other duties, to other individuals whom they designate in writing to act in their behalf.

b. Maintenance of overtime records is the responsibility of the individuals having authorization authority.

c. Overtime should be used only to accomplish unforeseen, mission essential workload requirements exemplified by, but not limited to, the following:

(1) Support of combat operations.

(2) Meeting emergencies.

(3) Preservation of human life.

(4) Meeting suspense work.

(5) Correcting a disruption of a critical ADP system, utility, or communication system that could compromise national security or have a severe, adverse impact on the workforce.

(6) Accomplishing peak workloads that are predictable and seasonal, but temporary.

d. Managers cannot direct (order or coerce) employees to work overtime without compensation, either in the form of pay or compensatory time.

(1) Nonexempt employees must be paid for overtime work unless they specifically request, in writing, compensatory time.

(2) Exempt employees whose basic rate of compensation is less than the step 10 rate for grade GS-10 may choose their form of compensation, either pay or compensatory time. For those whose basic rate of compensation exceeds the GS-10 step 10 rate, management chooses the method of compensation.

(3) Compensatory time must be used by the end of the 26th pay period following the period worked, or it will automatically convert to paid overtime. (This automatic conversion and payment does not apply to compensatory time earned before 8 June 97, which was placed in an "old compensatory time" account. Also called "grandfathered" compensatory time, time in this account will only be charged if an employee has insufficient current compensatory time to cover the requested compensatory time off.)

(a) When an employee separates from the federal service or transfers to another federal department or DOD agency, unused compensatory time, including the old compensatory time, will be paid to the employee at the overtime rate at which it was earned. When an employee transfers between Army MACOMs or agencies, that employee's compensatory time transfers with him or her to the new organization. In such transfers, to avoid passing unfunded requirements to the new organization, HQDA directed in February 2001 that the losing organization will transfer appropriate funds to the gaining organization to cover the cost of the transferring compensatory time.

(b) As a general rule, no exempt employee may be paid an amount exceeding the maximum rate of pay (step 10) of GS-15, whether for paid overtime or for compensatory time that has converted to paid overtime. Under extreme circumstances (for example, during war) this provision may be waived by higher authority. When an emergency has been properly declared (e.g., by the Office of Personnel Management and Department of Defense), an employee who is performing work in connection with the emergency shall be paid premium pay under the annual limitation of earnings rather than the biweekly limitations of earnings.

## 6. PROCEDURES.

a. Supervisors are responsible for maintaining records for their employees' overtime. They must ensure that adequate supporting information is recorded, retained, and is readily available for inspection and possible audit. This documentation must include copies of overtime authorizations and time reports. The authorizations may be in the form of memoranda for record or other written formats. Appendix A is a sample form that can be used (or adapted) both as an authorization document and as a running log of approved overtime.

b. Use of overtime must be attained in writing, normally before the hours are worked. When this is not feasible, it must be done as soon as possible after the work has been performed. If an employee works overtime without prior written authorization, the authorization form should state that its purpose is to document that fact.

c. The authorization document for overtime must include the following information: the actual dates and times when the overtime will be worked; name of employee; Fair Labor Standards Act (FLSA) exemption status; form of compensation; a specific description of the work to be performed (if not readily apparent, reason for overtime requirement must be explained in terms of mission essentiality); a statement that alternatives to overtime were considered but found inadequate to accomplish the mission; justification for annual leave taken, if any, during the same period as overtime; and signature of approving official.

d. All adjustments to increase the number of overtime hours must be approved in writing.

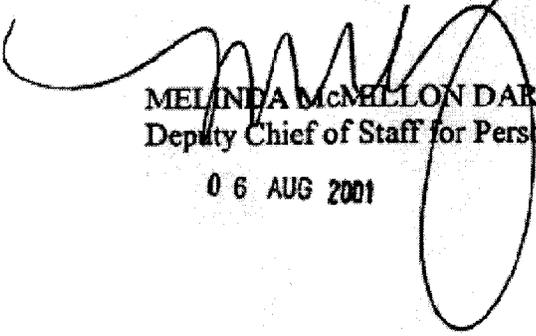
e. Approving officials must monitor the overtime to verify that the hours claimed accurately reflect hours worked.

f. Timekeepers must record overtime worked on time reports. Authorizing officials must, in signing the time reports, verify that the overtime was authorized in advance of the hours worked (or prior to certification of time reports), validate the hours worked, and ensure time and attendance data has been entered correctly.

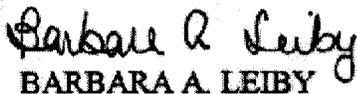
g. Timekeepers must maintain authorization documentation with the pay records, and of the requirement to maintain pay records for 6 years and 3 months or until audited, whichever occurs first, as required by the DOD Financial Management Regulation 7000.14-R (Vol 8, Ch 2, ). If the documentation is audited and subsequently disposed of, the timekeepers' records should be annotated with a copy of the audit until the disposition age of the removed authorization documents is attained, in order to explain their absence in the event of subsequent audit.

h. Supervisors must ensure that each employee's FLSA "exempt" or "nonexempt" status is shown in the appropriate block of their job description and on their Standard Forms 50-B (block 35 indicates E for exempt and N for nonexempt). This is for the purpose of determining which employees must be paid for overtime. Both the employee and the immediate supervisor should review and be aware of this status.

i. Supervisors must ensure that employees, both exempt and non-exempt, use compensatory time earned within 26 pay periods, because afterwards it is automatically paid at the overtime rate at which it was earned (DOD Financial Management Regulation, Vol 8, Ch 5, Sec 050602). It is recommended that supervisors encourage employees to use/liquidate compensatory time prior to using annual leave, unless an annual leave forfeiture situation would occur.

  
MELINDA McMELLON DARBY  
Deputy Chief of Staff for Personnel

06 AUG 2001

  
BARBARA A. LEIBY  
Deputy Chief of Staff  
for Resource Management

9 AUG 2001

**CIVILIAN OVERTIME/COMPENSATORY TIME AUTHORIZATION FORM**

Date(s) of Auth	to be Worked	Employee Name	FLSA Status (Ex/Manex)	Form of Comp	Justification: mission essential activity, alternatives considered but not viable, concurrent leave justified	Authorizing Official Signature
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