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State Comptroller investigation finds municipalities improperly paying overtime to executive employees

An Office of the State Comptroller (OSC) investigation of more than a dozen local governments found a large percentage of those municipalities are granting overtime or compensatory time to high-level executive employees in a manner that does not comply with state law.

The OSC investigation, released today, looked at 14 municipalities and found six that paid a total of more than \$195,000 in overtime to high-level employees over a two-year period without the support of a public ordinance. The passage of an ordinance, which allows for public comment and a vote from the governing body, is required under state law.

In addition, 10 of those 14 municipalities awarded their executives more than 4,000 hours of compensatory time over that same period - 2010 and 2011 - also without passing an ordinance.

“Granting overtime and comp time to executive employees goes above and beyond what is legally required,” said Acting State Comptroller Marc Larkins. “If municipalities choose to extend these benefits to their executives they must do so in a way that is transparent and adheres to the law.”

Overall, OSC found that the award of overtime and compensatory time to executive officials was plagued by inadequate or nonexistent documentation and poor oversight. Several executives approved their own overtime payments, while in at least two cases executives padded their salary with an overtime rate of pay for working regular hours during Hurricane Irene.

Specifically, OSC found:

- The Wallington Borough administrator was paid nearly \$20,000 in overtime that he calculated himself, based on an inapplicable union contract for public works department employees. The Borough's part-time code official, who also worked for two other municipalities, received \$10,683 in overtime, sometimes at a rate two and a half times his normal hourly pay. The overtime payments represented nearly one-third of his borough salary for the year.
- In the City of Paterson, the total amount of overtime received by the business administrator in 2011 represented more than 20 percent of his salary for that year.
- The Township of Toms River awarded four of its department heads hundreds of hours of compensatory time in a manner that was inconsistent with the township's own adopted policies.

OSC's investigation found the award of compensatory time often resulted in lucrative severance payments for local officials who were able to cash out unused vacation and sick time that otherwise would have been expended. For example, the administrator for the Towaco Fire District awarded himself 222 days of compensatory time and was able to bank more than 380 unused vacation and sick days. The Fire District ultimately paid the administrator \$100,000 upon retirement.

Many of the local government entities OSC reviewed stated that they will now implement appropriate procedures for awarding overtime and compensatory time. The report includes six recommendations aimed at improving the transparency of overtime and compensatory time payments.

OSC undertook its investigation after a referral from the State Department of Community Affairs' Division of Local Government Services. Larkins thanked the agency for its referral and assistance with OSC's investigation.

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Click [here](#) to view the complete report.

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