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City of Providence, Rhode Island Office of the Internal Auditor

April 25, 2016

Councilman Samuel D. Zurier
Chairman, Claims Committee
City of Providence
25 Dorrance Street
Providence, RI 02903

Dear Chairman Zurier:

Earlier this month, I provided a letter dated April 11, 2016 to the Claims Committee that provided projected costs of retroactive payments to firefighters at 1.5 times salary and at straight time, in the event the city receives an unfavorable ruling in the litigation regarding the shift to three fire platoons. In both scenarios, retroactive payments were calculated for all scheduled hours above the weekly average of 42.

As requested, I have adjusted the calculation of retroactive payments for both of the above-mentioned scenarios so that only those hours actually worked above the weekly average of 42, as opposed to hours scheduled, are considered. Therefore, hours attributed to sick, vacation, personal, injured on duty, training, or any other classification other than regular are not part of these retroactive projections.

Hours Worked

For the period August 2, 2015 through April 21, 2016, regular work hours for firefighters who are under the 3-platoon schedule averaged 72.54% of total hours. This average was determined by identifying all "exception" hours recorded in the department's Telestaff payroll system and comparing that to the total hours paid (746,872).

Itemization of Exception Hours (August 2, 2015 - April 21, 2016) ¹	
Description	Total Hours
Family Medical Leave Act	586
Item A: Long-term illness	9,527
Item C: Bereavment - Immediate Family	1,126
Item D: Bereavment - Extended family	580
Item E: Family Sick	9,953
Item F: Sick	10,366
Item H: Personal Day	16,802
Leave of Absence	720
Military Leave	3,124
Injury	104,114
Suspended w/ Pay	633
Suspended w/o Pay	3,314
Time Off: Other	1,518
Time Off: Training	1,065
Time Off: Union	1,582
Vacation	19,524
Vacation: 1 Day	8,320
Vacation: 1 Night	12,244
Total Exception Hours	205,097

¹ Source: Exception Report (Telestaff)

When one applies the average percentage of non-regular (exception) hours to the projection we provided to the Committee earlier this month on the 1.5 times salary scenario, the total projected retroactive payment for fiscal year 2016 is reduced to \$6.2 million from \$9.1 million. Both projections assume that the 8.0% stipend paid to the firefighters is deducted from the total retroactive payment.

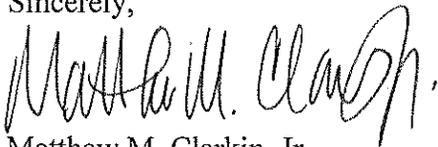
Scenario #1: Retroactive Payments @ 1.5 Times Salary				
	Retroactive Payments (All Hours)			Hours Worked Only Projected Total 48 Weeks
	Actual 8/2/15 - 3/20/16 34 Weeks	Projected 3/21/16 - 6/30/16 14 Weeks	Total 48 Weeks	
Retro Payment	\$7,626,225	\$2,925,971	\$10,552,196	\$7,654,563
8% Stipend (Paid)	(\$1,079,351)	(\$414,066)	(\$1,493,417)	(\$1,493,417)
Net Projection	\$6,546,874	\$2,511,905	\$9,058,779	\$6,161,146

When one applies the average percentage of non-regular (exception) hours to the projections we provided to the Committee earlier this month to the straight time scenario, the total projected retroactive payment for fiscal year 2016 is reduced to \$3.6 million from \$5.5 million. Both projections assume that the 8.0% stipend paid to the firefighters is deducted from the total retroactive payment.

Scenario #2: Retroactive Payments @ Straight Time				
	Retroactive Payments (All Hours)			Hours Worked
	Actual	Projected	Total	Only
	8/2/15 - 3/20/16 <i>34 Weeks</i>	3/21/16 - 6/30/16 <i>14 Weeks</i>		Projected
			Total	
			<i>48 Weeks</i>	<i>48 Weeks</i>
Retro Payment	\$5,084,150	\$1,950,647	\$7,034,797	\$5,103,042
8% Stipend (Paid)	(\$1,079,351)	(\$414,066)	(\$1,493,417)	(\$1,493,417)
Net Projection	\$4,004,799	\$1,536,581	\$5,541,380	\$3,609,625

I hope this information is helpful to the Committee. If you would like projections under additional scenarios, please let me know.

Sincerely,



Matthew M. Clarkin, Jr.
Internal Auditor

- Cc: Claims Committee Members
City Council Members
Cyd McKenna, Chief of Staff – City Council
James Lombardi, City Treasurer/Sr. Advisor City Council
Gina Costa, Budget Analyst/Auditor