

**HUMAN RESOURCES DEPARTMENT
REVIEW OF TUITION REFUND PROGRAM**

February 2001

Prepared by:
Internal Audit Division
Clerk of the Circuit Court

February 20 , 2001

The Honorable Dick Van Der Weide,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of the county's Tuition Refund Program.

Management responses have been incorporated into the final report. Based on those responses, management is responding to the conditions noted in the report, and the planned corrective actions are noted in the report. Internal Audit will conduct a follow up audit at a later date to ascertain if corrective actions taken by County management are effective.

I would like to thank the men and women of the Human Resources Department, for their cooperation and assistance throughout the course of this audit. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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**SEMINOLE COUNTY
HUMAN RESOURCES DEPARTMENT**

REVIEW OF TUITION REFUND PROGRAM

The Internal Audit Division of the Clerk of the Circuit Court has completed an audit of the Tuition Refund Program offered by Seminole County government to its employees. The director of County Finance requested the audit after it was determined during a pre-audit of payment vouchers that some employees were not being reimbursed in accordance with County policy.

PURPOSE

The purpose of the review was to determine if the administrative controls over the Tuition Refund Program are adequate and operating as intended in compliance with applicable laws, regulations, and other Seminole County policies and procedures. Specifically, the purpose of the audit was to ensure that all payments to participating employees were made in accordance with established terms, conditions, laws, and regulations.

BACKGROUND

On September 27, 1977 the Board of County Commissioners enacted Ordinance #77-23 which created a pilot tuition refund program. This ordinance was amended by Ordinance #79-43 on November 20, 1979 subsequently, it was determined that an ordinance no longer was required to authorize program payments and the Board repealed the ordinances March 24, 1998. With repeal of the ordinances, future program changes were to be made as modifications to the County's personnel policies. The program provides tuition refunds to permanent full-time employees who have completed six months of employment and are pursuing educational courses that are directly related to a job or career path within Seminole County government. Requests for tuition reimbursement are submitted to the Human Resources Department, along with a proof of registration. Employees agree to remain in Seminole County government service for one year following the completion of the course or to reimburse the county for the cost of that course. Tuition refunds are prorated based on the grade received.

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SCOPE OF WORK

The review was limited to a review of payments to participating employees for the period of October 1, 1998 through August 11, 2000. Actual payments to these employees for the audit period were \$78,698.59. All source documents related to the tuition refund program were subject to review.

Our audit coverage included:

- Review of Educational Reimbursement Program Applications (hereafter, Application) to determine if payments were properly documented;
- Review of County Finance records to determine if payments were made in accordance with program provisions;
- Interviews of key personnel; and,
- Other such auditing procedures considered necessary under the circumstances.

The audit was conducted by Pat Tindel.

OVERALL EVALUATION

It is our opinion that policies and procedures need to be revised in order to strengthen the controls over the program and to ensure compliance with the program requirements. Conditions exist that warrant management's further attention:

- Service obligations, as stated in the Personnel Policies and Procedures Manual, are not being enforced;
- Reimbursements for textbooks and tuition costs are made without paid receipts;
- Tuition reimbursement amounts are not correctly calculated; and,
- Employees are reimbursed for health fees regardless of whether or not the health fee was assessed by the school or paid by the student.

The details of the findings and recommendations follow:

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FINDING NO. 1***Service obligations, as stated in the Personnel Policies and Procedures Manual, are not being enforced.***

Seminole County Personnel Policies and Procedures Manual Section 304.0 requires employees receiving education refunds to agree to remain in Seminole County government service for one year following the date of completion of the course, or to reimburse the county for the cost of that course. This reimbursement can be by direct payment or deduction from any monies due at the time of separation. We noted the following exceptions to the service obligation requirement during our testing:

- An employee was reimbursed a total of \$544.72 for two classes taken from January 6, 1999 to May 3, 1999. The employee terminated on April 30, 2000, 11 months later. The employee did not refund the cost of the two courses. No monies were deducted from final paycheck;
- An employee was reimbursed a total of \$457.97 for one class taken from August 25, 1998 to December 11, 1998. The employee terminated on August 22, 1999, eight months later. The employee did not refund the cost of the course. No monies were deducted from final paycheck;
- An employee was reimbursed a total of \$1,440.11 for three classes (one from January 6, 1999 to April 28, 1999; two from June 23, 1999 to August 3, 1999). The employee terminated on October 22, 1999, rehired on January 18, 2000 and terminated March 6, 2000, six and seven months, respectively, later. The employee did not refund the cost of the three courses. No monies were deducted from final paycheck; and,
- An employee was reimbursed a total of \$1,177.97 for five classes (two from August 23, 1999 to December 10, 1999; three from January 5, 2000 to May 2, 2000). The employee terminated on May 28, 2000, less than one month later. The employee did not refund the cost of the five courses. No monies were deducted from final paycheck.

The county has authority to garnish employee's final paychecks; however, this procedure was not followed. Consequently, the county did not recover the \$3,620.77 from the employees' final paychecks.

Recommendation

We recommend that a copy of the application be filed in the employee's personnel file. We also recommend that the Separation Report Form be revised to include a section addressing the required service obligation and whether or not the employee is required to repay any education refunds.

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Management Response

(The Human Resources Department submitted the following response.)

Based upon your findings and recommendations, we will revise our separation report form to include a section addressing the required service obligation. Furthermore, the Human Resources Staff member assigned to overseeing this program will be required to sign off on all separation notices indicating whether such service obligations have been honored. We will notify your office whenever a service obligation has not been met.

FINDING NO. 2

Reimbursements for textbooks and tuition costs are made without paid receipts.

Seminole County Personnel Policies and Procedures Manual Section 304.0 states that reimbursement for the purchase of textbooks is available by providing a receipt. Additionally, reimbursement for tuition is available by submitting proof of tuition payment, along with a copy of the grades. During our examination of tuition reimbursements, we noted that 12 of 79 (15.19 percent) textbook reimbursements totaling \$740.31 were not supported by receipts. We also noted that 82 of 108 (75.93 percent) tuition reimbursements totaling \$20,895.05 were not supported by receipts. Of these 82 tuition payment exceptions, we noted three reimbursements that were not supported by official notice of grades. Internal control procedures should be strengthened to prohibit reimbursement requests from being approved for payment without all required documentation.

Recommendation

We recommend the county enforce the existing requirements for the submission of receipts and grades with the application. Tuition refund requests should not be processed for payment until all the required receipts and documents are received.

Management Response

(The Human Resources Department submitted the following response.)

The Human Resources Department agrees that only those requests supported by appropriate documentation should be considered for reimbursement. Furthermore, we concur with your recommendation that the existing requirements be enforced. We do however, believe the discrepancies noted on page four of your findings are primarily attributed to technological advances and differing standards of what constitutes proof of payment, as described below.

As a matter of policy, we do not process requests for reimbursements without a copy of fee invoices, textbook receipts and notice of grades. These supporting

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documents are forwarded to County Finance for review and payment. It is important to note that many colleges and universities (including the University of Central Florida) do not issue the “traditional” types of paid receipts and notices of grades used in prior years. Students must access this information via the Internet and print out a fee invoice. Notification of grades is handled similarly. Textbook receipts from Internet purchases must be printed out by the user and may differ in appearance from a traditional store receipt.

We concur with the recommendation that tuition refund requests should not be processed for payment until all required documentation is received.

FINDING NO. 3

Tuition reimbursement amounts are not correctly calculated.

According to the Seminole County Personnel Policies and Procedures Manual Section 304.0, employees approved for the tuition refund program must submit proof of tuition payment to Human Resources, along with a copy of the grade(s). The refund is based on the following scale:

<u>Grade</u>	<u>Percent of Refund</u>
A	100%
B	75%
C	50%
Below C	0%

During our examination of tuition reimbursements, we noted that 19 of 108 (17.59 percent) reimbursements were not calculated correctly for one of several reasons (i.e. grade received was not prorated; incorrect cost per semester applied; incorrect cost of class). These errors net to a total \$1,319.69 in overpayments to employees. For example, an employee was refunded \$1,187.75 instead of \$905.41 (an overpayment of \$282.34). This overpayment resulted from an incorrect cost-per-semester-hour being applied to an incorrect number of credit hours.

A contributing factor in the incorrect calculation of reimbursement is the lack of paid tuition receipts. Human Resources calculates the reimbursement based on course credits, hours, and grades. Human Resources is calculating the reimbursement amount based solely on the information provided by the employee (no independent confirmation of the amount actually paid by the employee).

Recommendation

We recommend that procedures be developed to verify the accuracy of the amount calculated by Human Resources.

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Management Response

(The Human Resources Department submitted the following response.)

We agree that tuition reimbursements must be correctly calculated and this is facilitated by independent confirmation from a printed fee invoice or similar document. We will develop a procedure to verify the accuracy of the amount calculated by Human Resources.

FINDING NO. 4

Employees are reimbursed for health fees regardless of whether or not the health fee was assessed by the school or paid by the student.

University of Central Florida students are assessed a health fee (\$47.30 for 1998-99 and 1999-00) per semester, which allows the student to visit the Health Center free of charge. Seminole County Personnel Policies and Procedures Manual is silent as to the reimbursement of health fees. However, as a matter of course, the county reimburses employees for health fees paid to UCF. Worse, the county reimburses employees for UCF health fees, whether or not the employee is actually taking a course at UCF. Apparently Seminole County policy is to reimburse employees attending private colleges the established usual customary health fee charged by UCF. Based on our test, the county reimbursed \$1,147.30 in UCF health fees to employees attending University of Phoenix, Troy State and Rollins College. Reimbursement of health fees for those employees attending private colleges does not appear to be in compliance with county personnel policies.

Recommendation

We recommend the county revise the application and personnel policies to clearly state those fees which are eligible for reimbursement; and to adopt a policy of reimbursement for only those costs actually paid by the student.

Management Response

(The Human Resources Department submitted the following response.)

We concur with the recommendation that a revision to the personnel policies be made to clarify those fees that are eligible for reimbursement.

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