



Manatee County

R.B. "Chips" Shore

Clerk of the Circuit Court and Comptroller

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INTERNAL AUDIT DEPARTMENT

HUMAN RESOURCES DEPARTMENT

TUITIION REIMBURSEMENT PROGRAM AUDIT

AUDIT REPORT

AS OF MAY 31, 2011

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

HUMAN RESOURCES DEPARTMENT
TUITION REIMBURSEMENT PROGRAM AUDIT

A U D I T R E P O R T

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT
HUMAN RESOURCES DEPARTMENT
TUITION REIMBURSEMENT PROGRAM AUDIT

A U D I T R E P O R T

The Internal Audit Department conducted an audit of Manatee County's Tuition Reimbursement Program for the period January 1, 2009 through May 31, 2011. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards* issued by the Comptroller General of the United States, and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

BACKGROUND:

Manatee County's Tuition Reimbursement Program is governed by the Personnel Policies and Procedures Manual and is managed by the Human Resources Department. The rules of the program are defined under Section XXI – Professional Development. Currently, tuition costs for participants are reimbursed at 80% of the prevailing University of South Florida in-state resident rate. The courses taken must directly relate to any county position or be required as part of an academic program leading to a position-related degree, and employees must earn at least a "C" grade (or 'pass' in a pass/fail course). To obtain reimbursement, participants submit a Tuition Request and Reimbursement Form along with documentation to support their grade, degree program, and proof that tuition has been paid. Furthermore, participants must sign and certify that they are not eligible for any grants or scholarships, and if they subsequently receive such money, they will reimburse Manatee County.

PURPOSE/OBJECTIVES:

The main audit purpose/objectives included, but were not limited to, the following:

- Ø To determine whether tuition reimbursement submissions and payments are accurate, adequately supported, correctly reported, correctly recorded, properly authorized and comply with program rules/guidelines.
- Ø To determine whether the tuition reimbursement program is in compliance with applicable laws and/or regulations, including Florida Statutes.
- Ø To determine how Manatee County's Tuition Reimbursement Program rules and operations compare to other County programs in Florida.

SCOPE:

The scope consisted of a review of all tuition reimbursement payments for the period January 1, 2009 through May 31, 2011.

METHODOLOGY:

Internal control evaluations and tests of compliance were accomplished through discussions with management and staff, as well as substantive testing of individual controls. Risk analysis was used to establish priorities of audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No indications of irregularities, abuse, or illegal acts were discovered during the audit of the Tuition Reimbursement Program for the period ending May 31, 2011.

TEST OF COMPLIANCE:

Internal Audit tested compliance with certain laws, regulations, and the County's Policies and Procedures regarding tuition reimbursement. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested. The results of these tests are included in this audit report.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the Tuition Reimbursement Program for the period ended May 31, 2011, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. In this report, we did not note any matters involving significant internal control weaknesses.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the Human Resources Department's management team and the Internal Audit

Department. The management team included Dale Garcia, Director; Arthur Jefferson, Manager; and Garnet McDonald, Development Coordinator.

MANAGEMENT SUMMARY:

In 2010, the Internal Audit Department conducted an investigation of the Tuition Reimbursement Program in response to a complaint alleging Emergency Management Services (EMS) personnel were falsifying documentation submitted for their tuition reimbursement payments. The investigation was limited to reimbursements paid to EMS employees for the period January 1, 2009 through July 31, 2010. The final report, issued October 12, 2010, confirmed some EMS employees had received grants/scholarships and also received reimbursement from the County, as well as other policy violations. As a result of these findings, a county-wide audit of all reimbursement requests from county employees was initiated for the period January 1, 2009 through May 31, 2011.

The Tuition Reimbursement Program, managed by the Human Resources Department, is governed by Manatee County's Personnel Policies and Procedures Manual defined under Section XXI Professional Development. The relevant parts of the program as they related to this audit included verification of the following:

- Reimbursement levels did not exceed established maximum amounts
- Courses reimbursed were directly related to any county position or were required as part of the academic program leading to the degree being pursued
- Tuition reimbursements applied only to the actual tuition charged
- Institutions were accredited
- Reimbursements were conditioned on the award of a "C" grade or higher
- Money received through scholarships/grants was properly disclosed and properly applied.

Overall, the audit found tuition reimbursement payments made to the participants were properly authorized, correctly reported, and adequately supported. The audit identified, however, one area where the Policy was not in compliance with Florida Statutes and two areas of improvement that will be beneficial to provide clarification and efficiency to the operations of the Program. These areas are summarized below:

- The County's Tuition Reimbursement Policy provides that tuition may be reimbursed for courses directly related to any county position. This is inconsistent with Florida Statutes that stipulate reimbursement for courses is limited to ones relating to official duties which the employees currently perform. The Management Team through the Management Action Plan is in the process of revising the program language to ensure consistency with Florida Statutes. (See Area for Improvement #1 at page 6.)
- The tuition reimbursement program allows for reimbursement for courses leading to a position-related degree. Test work found some program participants were pursuing degrees unrelated to any county position. The Management Action Plan relating to the above finding will require all courses to be directly related to the employee's current position and, therefore, eliminate the need for further documentation.
(See Area for Improvement #2 at page 6.)

- Inconsistencies were noted in the degrees reported by program participants from the degrees independently confirmed by the school. The Management Team through the Management Action Plan is in the process of revising the reimbursement form to explicitly state that degrees reported must agree with the school's information and that supporting documentation will be required for verification purposes.

(See Area for Improvement #3 at page 7.)

The findings listed in this report were discussed with the Human Resources Director, Dale Garcia. Other minor audit findings were discussed and/or corrected during the audit, and included in a verbal audit memorandum. We would like to thank the Human Resources Department's management and staff for the cooperation and courtesy afforded to our auditors throughout the audit. We appreciate the efforts and timeliness in addressing the issues raised during the audit and aggressively seeking solutions to these matters.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:



Millie Blevins, CPA, CFE
Director of Internal Audit



R. B. "Chips" Shore
Clerk of the Circuit Court & Comptroller

AREA FOR IMPROVEMENT #1Policy Language

The County's Tuition Reimbursement Policy, found in Section XXI of its Personnel Policy, Rules, and Procedures Manual section 4.b, provides that tuition may be reimbursed for courses directly related to any county position, as well as unrelated courses, which are nevertheless required as part of the academic program leading to a position-related degree. This is in direct contradiction with Florida Statutes 110.1099 and 112.063(1), which require that the courses be "work-related" and "designed to enhance the knowledge, skills, and abilities relating to official duties which the employees perform." Furthermore, the Manatee County Attorney's Office reconfirmed this through an opinion issued in November of 2007 (RLS 07-412), which stated that spending funds for tuition reimbursement for degrees, which were not directly related to an employee's job duties, was not legally permissible.

Test work found that 35% (17 of the 49) of the participants reviewed were completing coursework unrelated to their current job/duties, which totaled \$36,377 in reimbursements.

Management Action Plan: Management is in the process of modifying their existing policy to ensure consistency with Florida Statutes, as well as the County Attorney's Office opinion. Completion is anticipated within twelve months.

AREA FOR IMPROVEMENT #2Degrees Unrelated to a County Position

The County's tuition reimbursement policy provides that tuition will be reimbursed for courses directly related to any county position, as well as unrelated courses, which are nevertheless required as part of the academic program leading to a position-related degree. While the program's reimbursement form requires disclosure of the degree being pursued, it does not require the employee to provide information about the County position to which the degree relates to. Human Resources staff has had to use their judgment to determine if a County position exists that would benefit from such a degree.

A review of the reimbursement forms found 20% (10 out of 49) of the participants were pursuing degrees that did not appear to be related to any county position or not enough explanation was provided to determine the participant's career path. Some examples of these types of degrees included: Nursing, Education, Psychology, Pre-Radiography and Personal Enrichment. The amount of reimbursement paid to these 10 participants totaled \$18,171.

Management Action Plan: Management has currently ceased paying for nursing degrees. In addition, Management is in the process of modifying their existing policy to ensure consistency with Florida Statutes, which will require all courses to be directly related to the employee's current position and, therefore, eliminate the need for further documentation. Completion is anticipated within twelve months.

AREA FOR IMPROVEMENT #3 Confirmation of Reported Degrees

The tuition reimbursement forms require the participant to list the degree being sought. Independent confirmation from the educational institutions found 26% (11 out of 42) of the participants reported degrees different than what was confirmed. The amount of reimbursement paid to these 11 participants totaled \$8,046.

Management Action Plan: Management is in the process of implementing procedures that would require the participants to verify their degree with Human Resources staff. Management is also in the process of making revisions to the reimbursement form including a check box documenting the verification of the degree program by Human Resources. Management expects to have this form revised, approved, and in use within six months.

Survey Results

A survey was performed of twelve other Florida counties regarding their tuition reimbursement program for comparison to Manatee County's. Two of the twelve counties have discontinued their programs due to economic conditions. The results of the survey included the following highlights:

- √ 8 out of the 10 programs reviewed limited courses to those directly related to the employee's current position. These programs required coursework to be related directly to the employee's present duties and responsibilities, or other language which appears to be consistent with Florida Statute 112.063. Manatee County's policy allows for reimbursement for courses related to any county position.
- √ 5 of the 10 counties' policies reviewed contained graduated reimbursement rates based on the grades received, i.e. 90% for an A, 80% for a B, 70% for a C. The other 5 required a "C" or better, as does Manatee County.
- √ 7 of the 10 counties further restricted the number of reimbursable semester credits allowed per period or specified a maximum reimbursement amount per fiscal year. Manatee County has no such limits.
- √ 8 of the 10 counties also reimbursed for additional costs related to the classes such as registration, lab fees, and/or books. Manatee County reimburses for tuition costs only.
- √ 8 out of 10 counties reviewed had language in their policies stating that the employee must reimburse the county for tuition reimbursements if they are terminated within a set period of time. 5 of the 10 require reimbursement if they leave within one year. The other 3 require reimbursement if they leave within two years. Manatee County is not currently enforcing any such provision.

Manatee County Clerk of the Circuit Court
Internal Audit Department
Countywide Tuition Reimbursement Program

Survey

	Manatee County	Sarasota County	Pinellas County	Polk County	Lee County	Collier County
Allowable Courses	Specific courses directly related to any county position as well as unrelated courses which are nevertheless required as part of the program leading to a position-related degree	Courses that relate directly to the present duties and responsibilities of the employee or required for an approved degree program. And courses related to a reasonably attainable promotional objective.	Offers Career Development or Job Enhancement Program. CD Qualify for promotion within their department or to advance across departmental lines. Must identify a career path that is beneficial to the County. JE directly related to current job.	Course work must serve to enhance the official duties which the employee currently performs. Costs for general education courses which are part of a degree program but not directly related to the official duties are not eligible.	Coursework must be designed to enhance the knowledge, skills and abilities relating to the official duties that the employees perform.	Only for required courses that are part of an approved degree program related to the employee's current job functions. Degree program must enhance knowledge skills and abilities used in present job. Elective courses not job-related are not eligible
Rate	Not to exceed 80% of the in-state University of South Florida rate	USF resident rate for BA/BS and MA/MS/MBA, State College of Florida rate for AA/AS Degree. If actual cost is less then calculated by percentage of actual dependant on the final grade.	\$400 per course for regular courses, and \$800 for graduate level with a combined max total of \$2,400 per employee each FY.	Up to 9 credit hours per semester and up to 18 hours in any FY. Tuition rates based on grades will not exceed the amount published in the State University System. Other costs such as books and materials will be based on actual cost	Based upon the rate that state public universities would charge a student with Florida resident status for a similar course based on grades	Amount paid will consist of the per-credit hour for a State of Florida public college or actual per-credit charge, whichever is less. Will be reimbursed for a max of 6 credit hours per semester.
Allowable costs	Tuition only	Tuition and course lab fees	Registration, tuition and books	Tuition, books, required Materials	Tuition, books and fees	Tuition and laboratory fees
Grades	Must obtain at least a "C" or pass in pass fail.	A=90% B=80% C=70% <C=0%. Pass/Fail Pass=90%	C or better for undergraduate courses, or B or better for graduate courses	Under grad A or B = 100% C = 80%; Grad A or B =100% C=0%. Pass = 100%	A=100% B=85% C=70% <C=0% Satisfactory completion =70%	Must receive a C or better, B or better for graduate level courses
Part-Time Employees	May be conditioned upon	Eligible for a prorated amount	Qualify with one year of service	No	No	Yes, 30 or more hours per week
Termination of Employment	May be conditioned upon	Employees separating from employment shall be required to repay any reimbursements received in the 12 months prior to separation.	not addressed	Should an employee leave the County the amount of money received during the 12 months prior to separation must be returned to the County.	Employee agrees to repay any reimbursements received in the 12 months preceding his/her ceasing to be a FT employee.	Should the employee separate from County service within 12 months following receipt of tuition assistance, he/she shall reimburse the County for all tuition assistance received.
Financial Assistance	Will reimburse the County for tuition paid should the employee receive subsequent grants or scholarships covering all or part of the County tuition payment.	Any financial assistance received shall have precedence. Employees eligible for Educational Assistance under any program shall have their County benefits reduced on a dollar-for-dollar basis for any other benefits received.	Any other form of financial assistance received from other sources must be disclosed and used before claiming reimbursement. You may get reimbursed for any eligible expenses not covered by these programs.	Where tuition is covered under benefits from other sources, qualified employees may participate only in the time off feature of the program.	Employees receiving educational reimbursement from other sources must inform the County and reimbursement will be adjusted accordingly	The employee shall disclose any other tuition aid received from government sources prior to receiving tuition assistance from the County.
Other Conditions		Available to employees in established positions who have successfully completed any required probationary period, have received an overall "achieves" or "excess" rating or are in a position classified as at-will.	May be required to complete a career plan interview to establish a career path before undertaking reimbursable course work.	Full-time regular employees for at least one year and who have been recommended by their division and department directors	Regular full-time employees are eligible for educational assistance once they have completed any required probationary periods.	Request for tuition assistance may be made after 6 months of employment.

Manatee County Clerk of the Circuit Court
Internal Audit Department
Countywide Tuition Reimbursement Program

Survey

						Program suspended	Program suspended
	Miami-Dade County	Leon County	Marion County	Brevard County	Hillsborough County	Pasco County	Seminole County
Allowable Courses	Coursework that will enable employees to improve their performance in their current position and prepare them for increased responsibilities. Must be related to a career path in current position.	Course will improve the employee's capability to perform the duties and responsibilities officially assigned in the current position. Or improve skill within the employee's occupational field or provide cross-training deemed beneficial to the County	Assistance may only be used for employees in obtaining a job-related degree or to complete job related courses. Courses must have a relationship to present job or possible promotion.	Course must be directly related to your current position or directly enhance your knowledge, skills, and abilities relating to your official duties.	Course must be directly related to the employee's current job duties and enhance abilities. Although a course may be required as part of a degree, each course will be judged as to its direct applicability to the current duties.	Courses directly related to the employee's current position or higher level position within their career field or other career fields of Pasco County Government.	Education that is directly related to a job or career path within Seminole County Government.
Rate	50% of the tuition cost minus any non-refundable financial assistance. (Tuition - aid) X 50%	Reimbursed up to 6 semester credit hours per semester, with a maximum of 18 credit hours per FY. Shall be based on local market public institution rates.	50% of tuition costs up to a max of \$350 per course. 100% of lab fees up to max of \$20 per course. \$700 max per FY per employee.	Reimbursement based on grades received, maximum \$3,000 per fiscal year.	Up to \$1,000 per fiscal year. Graduate level courses, up to \$2,000	Reimbursement not to exceed maximum charged by State institutions in accordance with grade %	Reimbursement based on grades received
Allowable costs	Tuition and laboratory fees	Tuition and laboratory fees	Tuition and laboratory fees	Tuition only	Tuition only	Tuition and scheduled lab costs	Tuition and books
Grades	Must receive a C or higher. Or passing, satisfactory or completed	A and B and Pass are reimbursed at the 100% level. C = 50%.	A, B, C or Pass	A=100% B=90% C=75% <C=0% Pass=100%	Grades of "C" or better will be reimbursed	A=100% B=75% C=50% S (Satisfactory)=75% P(Pass) 75%	A=100% B=75% C=50% <C=0% Pass=100%
Part-Time Employees	No	No	No	No	No	No	No
Termination of Employment	Employees terminating from the County service within 12 months shall reimburse the County for refunds received	Employees terminating for whatever reason prior to the expiration of 2 years after completion of the last class attended shall repay the County 100% of monies received.	If terminate employment within 2 years after course you must reimburse the County for courses during the preceding 24 months.	If terminate within 2 years after completion of course, you must reimburse the County in an amount proportionate to the two year period of employment not completed, rounded to the nearest month.	Not addressed	Employees who leave within the one-year period, after completion of the course shall be obligated to reimburse the County for tuition benefits applicable to courses completed during the period.	Must reimburse the County for the refund amount if they leave within one year of course completion
Financial Assistance	Employee shall immediately disclose all non-refundable financial assistance received regardless of the timing of receipt. Tuition refunds are paid net of all such assistance.	Grants and scholarships that cover full tuition costs will not be eligible for tuition reimbursement.	County will reimburse employees only to the extent that they are not reimbursed through other Federal, State or local programs.	Not addressed	Not addressed	Employees entitled to educational benefits shall not be approved for reimbursement until such have been expended. No employee will receive tuition refunds greater than actual expenditures paid by the employee.	Not addressed
Other Conditions	Have completed 13 pay periods and achieved a rating of "satisfactory" or higher on latest performance evaluation.	Employed for at least 6 months consecutively, completed 6 months of probationary period, met performance standards and have not had any disciplinary procedures.	Full time regular employee that has been employed at least 6 months prior to the start of classes	Full time permanent employee with a satisfactory job performance record over the past twelve months	Full-time employees in active status who have completed their initial probation period.	Employee has completed at least one year of service immediately preceding the commencement of classes	Permanent full-time members who have completed 6 months of employment