

Final Audit Follow Up

As of September 30, 2005



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Tuition Reimbursement Program Administered by Equity and Workforce Development

(Report #0528, Issued September 2, 2005)

Report #0606

January 25, 2006

Summary

Equity and Workforce Development (EWD) has addressed and completed the action plan steps developed to address issues related to the administration of the Tuition Reimbursement Program.

In audit report #0528, issued September 2, 2005, we found that, overall, Tuition Reimbursement Program transactions were appropriately recorded in EWD records and documentation was maintained in EWD files to support compliance with established policies and procedures. However, we identified issues that indicated improvements could be made to enhance and improve the program.

Those issues included, for example, ensuring documented supervisory approval for employee Program participation, ensuring Program disbursements are approved by the EWD director, clarification of policy and communications to City employees relating to the Program, and tracking and recognition of Program participants' achievements.

A total of seven action plan steps were established to address the issues identified during the audit. We are pleased to report that all seven of those action plan steps have been completed.

Scope, Objectives, and Methodology

The audit and this subsequent follow up were conducted in accordance with Generally Accepted Government Auditing Standards and Standards for the Professional Practice of Internal Auditing, as appropriate.

Report #0528

The objectives of the audit of the Tuition Reimbursement Program, report #0528, were to determine if (1) the Tuition Reimbursement Program (Program) was administered efficiently and in accordance with established policies and procedures and (2) Program funds were expended only for authorized purposes.

To accomplish these objectives, we reviewed EWD Program records and transactions between August 1, 2004, and May 24, 2005, that were incurred for the purpose of providing educational assistance to employees attending various schools during the 2004-05 academic year (fall 2004, spring 2005, and summer 2005 semesters). EWD disbursement records were reconciled to actual transactions recorded in the City's accounting system and documented in the City's imaging system. We tested all transactions related to a sample of 21 of the 62 Program participants who attended school during the 2004-05 academic year. We also surveyed 59 of those 62 participants to get information about their participation in the

Program and their opinions about how the Program is operating.

Additionally, we reviewed the system of internal control established by management to provide reasonable assurance that amounts disbursed to schools and Program participants were proper, timely, and correct.

Report #0606

The purpose of this follow up is to report on the progress and status of efforts by EWD to complete action plan steps due for completion during the period March 31, 2005, through September 30, 2005. This is our first and final follow up on action plan steps identified in audit report #0528.

Background

EWD assumed responsibility for the Program established to provide educational assistance to City employees in August 2000. The Program is designed to enhance employee performance and increase an employee's opportunity for advancement or career change.

While participating in the Program, eligible employees may receive financial assistance for education-related expenses (e.g., tuition, fees, and books) while attending accredited schools in pursuit of both undergraduate and graduate degrees. Additionally, employees attending accredited vocational schools have the opportunity to receive Program assistance.

Any employee desiring to participate in the Program must submit a supervisory-approved application to EWD. Based on evaluation of the application, the employee's eligibility, and the availability of funds, EWD either approves or disallows participation in the Program.

Employees approved for participation in the Program are eligible to receive financial assistance for each academic year up to \$750 for undergraduate courses or \$1,500 for graduate courses.

During the past four academic years, 288 City employees have benefited from participation in the Program. Those employees received educational assistance during that period totaling \$181,128. The majority of individuals participating in the Program attended local accredited schools (e.g., Florida State University, Florida A & M University, Tallahassee Community College, and Lively Technical Center) while several attended classes or participated in online courses offered by accredited schools located outside of Tallahassee.

Previous Conditions and Current Status

In report #0528, we identified several issues that needed to be addressed by EWD in order to further enhance and improve the Program. These issues included, for example, ensuring documented supervisory approval for employee Program participation, ensuring Program disbursements are approved by the EWD director, clarification of policy and communications to City employees related to the Program, and tracking and recognition of Program participants' achievements while participating in the Program.

Seven action plan steps were developed to address the identified issues. As reflected in the following table, each of those seven action plan steps has been completed.

**Table 1
Action Plan Steps from Report #0528 and Current Status**

Action Plan Steps	Current Status
<ul style="list-style-type: none"> Establish procedures to require documentation of supervisory approval on all employee applications for participation in the Tuition Reimbursement Program. Applications will not be accepted without evidence of supervisory approval. 	<ul style="list-style-type: none"> ✓ Procedures have been established to require documented supervisory approval on all employee applications for participation in the Tuition Reimbursement Program. EWD has notified City employees of this change.
<ul style="list-style-type: none"> Establish, and communicate to Program participants, procedures to require that documentation supporting the successful completion of courses should be in the form of copies of transcripts or grades provided by schools, colleges, and universities. No other documentation will be acceptable. 	<ul style="list-style-type: none"> ✓ EWD has revised its policy related to acceptable documentation required to support successful completion of courses. Employees have been notified that grades to support successful completion of courses must be copies of transcripts provided by applicable schools and that no other documentation will be acceptable.
<ul style="list-style-type: none"> Segregate the payment request function and the payment approval function between applicable employees during the process established to disburse City funds. The EWD Director’s signature stamp will no longer be used to document approval of check requests. 	<ul style="list-style-type: none"> ✓ Procedures have been established to eliminate the use of the Director’s signature stamp to document approval of check requests. Procedures now require that check requests be approved by individuals other than the individual preparing the request.
<ul style="list-style-type: none"> Include in communications sent to employees before the start of each semester, instructions relating to obtaining tuition assistance for attendance at vocational schools. 	<ul style="list-style-type: none"> ✓ The <i>Education Announcement</i> sent to employees providing Program participation information has been revised to include a reference to attendance at local colleges and universities, the local vocational school, and “any other accredited school.”
<ul style="list-style-type: none"> Clarify the Program policy for college and university courses as to participation by permanent part-time employees. Revise the policy and/or communications sent to employees based on that clarification. 	<ul style="list-style-type: none"> ✓ The <i>Education Announcement</i> sent to employees providing Program participation information has been revised to advise employees that “To be eligible, you must be a permanent employee...” As the City has both full-time and part-time permanent employees, this change should assure that all permanent employees are aware of their eligibility to participate in the Program.

<ul style="list-style-type: none"> As the IRS threshold for considering educational assistance “taxable income” is well above the maximum amount provided to Program participants, revise EWD’s CityNet site to delete the reference to tuition reimbursement being considered, in some cases, taxable income to Program participants. 	<ul style="list-style-type: none"> Reference to the IRS threshold for considering educational assistance “taxable income” has been deleted from EWD’s CityNet site.
<ul style="list-style-type: none"> Establish a system to track degrees/certifications earned by Program participants. 	<ul style="list-style-type: none"> EWD has revised its Tuition Reimbursement Program Application to collect data on anticipated graduation dates and degrees/certifications to be earned. This data will be used to assist EWD in tracking degrees/certifications earned by Program participants.

Table Legend:

- Issue addressed in the original audit.

- Issue addressed and resolved.

Conclusion

EWD management has been responsive in addressing issues identified in audit report #0528. All action plan steps have been successfully completed. We appreciate the response and assistance provided during this follow up.

Response from Appointed Official

City Manager:

The audit results reflect a positive light on the tuition program. I commend Equity and Workforce Development (EWD) staff for their efficiency and quick remedies to issues addressed. I also thank the City Auditor’s staff for working with EWD to build better efficiency in our tuition process.

Copies of this Final Audit Follow Up or audit report #0528 may be obtained from the City Auditor’s website (<http://www.talgov.com/auditing/index.cfm>), or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail, or in person (City Auditor, 300 South Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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