



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#139097

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DATE: 09/13/2022

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE HUMAN RESOURCES DEPARTMENT'S TUITION REIMBURSEMENT PROGRAM**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court receive and file the Auditor's Report of the Human Resources Department's Tuition Reimbursement Program.

BACKGROUND

In accordance with the Texas Local Government Code, the Auditor's Office conducted an audit of the Tuition Reimbursement Program and determined whether the program was administered in accordance with the Tarrant County Tuition Reimbursement Program Policy.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SUBMITTED BY:	Auditor Office	PREPARED BY: APPROVED BY:	Kim Trussell S. Renee Tidwell
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August 18, 2022

Ms. Tina Glenn, Director of Human Resources
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Human Resources, Tuition Reimbursement Program

SUMMARY

In accordance with the Texas Local Government Code, the Auditor's Office conducted an audit of the Tuition Reimbursement Program and determined whether the program was administered in accordance with the Tarrant County Tuition Reimbursement Program Policy. The scope of the audit included a detailed review of 21 out of the 75 employees who received tuition reimbursements during the period of January 1, 2021, through March 31, 2022. We also followed up on the observations reported in 2016. Three of the four observations have not been corrected and are described below:

1. *Payments for tuition reimbursements did not always comply with the policy.* Specifically:
 - Policy states, "*The flat rate charged by the University of Texas at Arlington is deemed to include fees; consequently, tuition costs will be estimated, and employees will be reimbursed for tuition costs only.*" The University of Texas at Arlington charged a flat rate in the amount of \$2,550 for the Master of Public Administration Cohort Program offered by the University of Texas at Arlington did not provide a breakdown of composition of tuition and fees. Three employees were reimbursed the full tuition amount of \$2,550 with no fees deducted.
 - Policy states that an eligible course must be offered by an accredited junior college, college, university, or trade school must be located within the geographic region served by the North Central Texas Council of Governments, including courses offered on-line. Several employees attended online courses that were offered by out of state institutions such as Southern New Hampshire University and University of Arizona.
 - The policy states that a grade A will result in 100% reimbursement, and a "B" will result in 80% reimbursement. Payments for tuition reimbursements were not always calculated in accordance with policy. An employee who earned a grade "B" received more reimbursement amount than when she earned a grade "A".

- Policy requires itemized receipts for reimbursement. Federal Pell Grants are direct grants awarded through participating institutions for eligible students and do not require repayment. Some institutions list the dates Pell grant amounts were posted in the student's account, while others only show the current term. Some institutions itemize books and other fees while others do not. Human Resources staff took a ratio of any grant amount toward tuition plus books or other "fees" and subtracted those pro-rated amounts from the tuition to achieve more reimbursement per student. We observed inconsistency in the calculation which resulted in students being overpaid or underpaid.

Recommendations: Human Resources management should review the Tuition Reimbursement Program for relevancy and update the policy, as necessary, to ensure consistency in the amount of reimbursement made to student applicants. To ensure that direct grants awarded to an applicant are considered for the calculation of a reimbursement, policy should require an itemized financial folio for the full year, not just the current term. Furthermore, Human Resources management should provide oversight and ensure that tuition reimbursements are adequately supported with the information necessary to process payment.

2. *The policy does not clearly define the tuition repayment process under certain circumstances. Specifically:*

- The policy states, "*Employees who terminate their employment with the County within two years of the last class day of the course(s) shall reimburse the County for those course(s) upon termination of employment.*" Specifically, the policy does not state *how* repayment of any tuition paid to the employee will occur in the event of the employee's termination. The Staff Development Officer, the individual who is responsible for the day-to-day activities of the program, is not always notified when an employee terminates County employment.
- The policy does not provide direction related to the probation period when an employee transfers to another department within county.
- The policy does not provide direction how reimbursement will be calculated for non-traditional semesters, such as the six, eight and/or ten-week sessions.

Recommendations: Human Resources should revise and clarify the *Revocation of Benefit* section of the policy. The policy should specifically state that any amounts owed will be withheld from the employee's final payoff. If the final payout is not sufficient to cover the amount owed to the County, the terminated employee should be required to sign a promissory note and pay the remaining amount. Human Resources should also develop an action plan if collection of the funds is unsuccessful. Human Resources should implement procedures to ensure that the Staff Development Officer is notified when employees terminate County employment to determine whether the *Revocation of Benefit* applies.

Human Resources management should update the policy to specifically address the probationary period for those employees who transfer to another department and how reimbursement will be calculated for non-traditional semesters. Any other issues that are not specifically addressed in the policy should be reviewed and approved by the County Administrator and the policy should be updated accordingly.

3. *Detailed operating procedures for the administration of the program were not adequately documented.* The Tuition Reimbursement Program is very manual in nature and is performed primarily by the Staff Development Officer. In several instances, we were told that the program was monitored and evaluated on a “memory” basis. Specifically:

- The policy states the Director of Human Resources will establish rates annually on September 1st and that reimbursements will be based on rates established by the University of Texas at Arlington. However, there is no additional guidance on how the calculation of the reimbursement should be performed. We also observed reimbursements that were computed based on rates for total hours and not individual course hours, which could result in higher reimbursements.
- Although the policy requires that the employee provide documentation for tuition paid and grades earned with the request for reimbursement, the policy does not specify acceptable documentation.

Detailed operating procedures guide activities and provide assurance that the policy is applied accurately and consistently. Furthermore, detailed documented procedures help to eliminate the risk an employee will be over- or underpaid.

Recommendations: Human Resources management should document detailed operating procedures for the administration of the Tuition Reimbursement Program. Furthermore, management oversight should exist to ensure compliance with the program and documentation procedures.


BACKGROUND

The Tuition Reimbursement Program is subject to the availability of funds appropriated by the Commissioners Court through the annual budget process. Tarrant County appropriated \$200,000 for fiscal years 2018 through 2021. The Covid-19 Pandemic affected the workforce in Tarrant County. As an incentive for current employees to remain in the workforce, the 2022 budget amount was increased to \$400,000. The County reimbursed approximately \$211,700 to 75 employees during the period January 1, 2021, through March 31, 2022.

CLOSING REMARKS

We appreciate the assistance and cooperation of the Human Resources staff during our review. Please call me if you have any questions regarding the contents of this report.

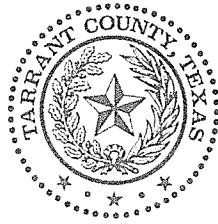
Sincerely,



S. Renée Tidwell, CPA
County Auditor

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TARRANT COUNTY

Department of Human Resources
Tina T. Glenn
Director

Civil Service
Administration

August 29, 2022

Renee Tidwell, CPA
County Auditor

Subject: Management Response to the Tuition Reimbursement Program Audit Findings

General Response:

In November 1994 the Commissioners Court approved a Tuition Reimbursement Program for eligible County employees. In the nearly 30 years of its existence this program has been instrumental in assisting employees achieve their educational goals.

Observation 1: Payments for tuition reimbursements did not always comply with the policy. Specifically, the audit noted a failure to deduct fees from reimbursements for three (3) employees pursuing MPAs from UT Arlington, reimbursement for college courses/programs located outside the geographic region served by North Central Texas Council of Governments, one (1) incorrectly calculated reimbursement, and inconsistency in the calculation of Pell Grant deductions.

Management Response:

1. We have been unsuccessful in our attempts to have UTA separate tuition from fees for Master of Public Administration Cohort candidates. We'll continue our efforts.
2. Employees are, in fact, being reimbursed for tuition expenses for college courses/programs located outside the North Central Texas Council of Governments geographic region. Our nearly 30-year-old policy does not recognize the exponential growth in on-line educational programs and, consequently, will be updated to remove the geographic region restriction.
3. Reimbursement requests have at least a two-level review to ensure accuracy and consistency before disbursements are made. Our multi-level review process will continue as we strive to reach 100% reimbursement accuracy.

Observation 2: The policy does not clearly define the tuition repayment process under certain circumstances. Specifically, Audit recommends that the policy should specify in more detail “how” repayment is to occur (when the revocation clause is activated), clarify the employee’s probationary period, and address reimbursement for non-traditional semesters.

Management Response: We concur with these recommendations and are working on policy revisions for Commissioners Court approval in the coming weeks.

Observation 3: Detailed operating procedures for the administration of the program were not adequately documented. Specifically, the recommendation is that the policy more clearly spell out how reimbursements are calculated and specify what documents are deemed acceptable for reimbursement purposes.

Management Response: We concur with these recommendations and are working on policy revisions for Commissioners Court approval in the coming weeks.

I want to personally thank Kim Trussell, Audit Manager, and Maki Brown, Senior Internal Auditor, for their professionalism and support throughout the audit process.

A large black rectangular redaction box covering the signature of Tina Glenn.

Tina Glenn
Director of Human Resources