

Audit Report

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**Educational Assistance Program**

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Office of the County Auditor  
Baltimore County, Maryland  
April 2001



BALTIMORE COUNTY, MARYLAND  
OFFICE OF THE COUNTY AUDITOR

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April 20, 2001

Honorable Members of the County Council  
Honorable C.A. Dutch Ruppersberger, County Executive  
Baltimore County, Maryland

Gentlemen:

In accordance with County Council Resolution 50-00, we audited the Educational Assistance Programs adopted by Baltimore County and its component units, including the Baltimore County Public Schools, the Community College of Baltimore County and the Baltimore County Public Library for the years ended June 30, 1998, 1999 and 2000.

During the audit period, educational assistance was provided to over 4,600 employees and totaled more than \$4.2 million, including tuition waivers provided by the Community College of Baltimore County. Educational assistance policies varied widely among Baltimore County and its component units. Generally, educational assistance provided to Baltimore County general government employees was higher than the educational assistance provided by the County's component units. Additionally, Baltimore County's maximum annual benefit was generally higher than the benefits provided by other comparable jurisdictions surveyed. However, the amount per credit hour and annual maximum benefit provided to Baltimore County teachers was below the average benefits provided to other comparable jurisdictions surveyed. See Exhibits I, II and III for comparisons of educational assistance benefits.

Our audit of the educational assistance policies disclosed that educational assistance was provided for course work unrelated to the employees' current duties and responsibilities or expected career path in the vocation for which the employee was hired. For example, we noted that a custodial worker received educational assistance for photography courses. Additionally, our audit disclosed that employees who voluntarily terminated employment within a certain period of time of receiving educational assistance were not required to reimburse the County or its component units. We also noted that the component units provided educational assistance for temporary employment.

Our audit also disclosed numerous instances in which educational assistance payments did not comply with current educational assistance policies. Specifically, we noted numerous educational assistance payments in excess of the maximum allowed benefits, numerous duplicate payments for the same course work, and inadequate documentation to support assistance payments. We further noted that procedures applicable to tuition waivers had not been established to ensure compliance with the Annotated Code of Maryland. Finally, we noted that Baltimore County and its component units did not comply with the reporting requirements of the Internal Revenue Service with regard to educational assistance provided to employees.

Responses to our findings are included in the appendices to this report.

Our audit reports and responses thereto are available to the public and may be obtained by contacting the Office of the County Auditor, 400 Washington Avenue, Towson, Maryland, 21204, or by accessing our Office web page from the County's web site at "www.co.ba.md.us".

We wish to express our appreciation for the cooperation and assistance extended to us during our audit by County general government, the Baltimore County Public Schools, the Community College of Baltimore County and the Baltimore County Public Library.

Respectfully submitted,



Brian J. Rowe, CPA  
County Auditor



Mary P. Allen, CPA  
Deputy County Auditor



Bob E. Crouse, CPA  
Audit Manager

# Table of Contents

## Educational Assistance Program Audit Fiscal Years 1998, 1999 & 2000

Page

**Transmittal Letter** .....1

**Background Information** .....4

**Findings and Recommendations** .....6

### **Part A – Review of Educational Assistance Policies**

1. Education not Related to Job Duties or Career .....6

2. Employee Reimbursement not Required upon Resignation .....8

3. Educational Assistance Provided to Part-Time Employees ..... 10

4. Educational Assistance Policy not Established by BCPL..... 10

### **Part B – Compliance with Educational Assistance Policies**

1. Payments in Excess of Maximum Allowed Benefit..... 11

2. Duplicate Tuition Payments ..... 12

3. Inadequate Supporting Documentation for Tuition Assistance Payments..... 12

4. Non-Compliance with Annotated Code of Maryland..... 13

5. Non-Compliance with IRS Regulations for Taxable Fringe Benefits..... 15

**Audit Scope, Objectives and Methodology** ..... 16

### **Exhibits:**

Exhibit I: Comparison of Educational Assistance Policies for Baltimore County  
Government Units

Exhibit II: Survey of Other Local Governments

Exhibit III: Comparison of Educational Assistance Amounts for Teachers

Exhibit IV: Survey of Educational Assistance for Teachers

### **Appendices:**

Agencies' Responses:

Appendix A: Baltimore County General Government

Appendix B: Baltimore County Public Schools

Appendix C: Community College of Baltimore County

Appendix D: Baltimore County Public Library

## **Background Information**

Educational assistance is provided by Baltimore County and its component units - Baltimore County Public Schools (BCPS), the Community College of Baltimore County (CCBC) and the Baltimore County Public Library (BCPL). The Library's educational assistance program is limited to two annual scholarship programs to assist selected employees pursuing higher education degrees.

Baltimore County general government provides tuition assistance to all full-time employees. The reimbursement rates range from 70% to 90% of the tuition cost with a maximum benefit per year ranging from \$1,600 to \$5,000, depending on the employee's labor group. Tuition assistance is further limited to 30 graduate credits per career for all employees. During fiscal years 1998, 1999 and 2000, tuition assistance totaling \$151,973, \$218,400 and \$159,809 was provided to 162, 182 and 140 employees, respectively.

BCPS offers tuition assistance to both full-time and part-time employees. The reimbursement rates range from \$66 per credit to \$125 per credit, depending on the employee's labor group. Reimbursement is limited to 9 credits (or \$594 to \$1,125) per fiscal year. During fiscal years 1999 and 2000, tuition assistance totaling \$1.6 million and \$1.7 million was provided to 2,366 and 2,613 BCPS employees, respectively (records supporting tuition assistance for fiscal year 1998 were not available). Teachers are required by State law to obtain additional college credits throughout their career to maintain their teaching certificate. However, it is optional for non-teaching employees to pursue a college education at the undergraduate or graduate level.

CCBC offers tuition assistance to both full-time and part-time employees, including faculty, staff and dependents. Tuition assistance may be provided in the form of tuition waivers or full reimbursement for CCBC courses or partial reimbursement for non-CCBC courses. The reimbursement rates for non-CCBC courses are \$70 per credit for undergraduate courses and \$90 per credit for graduate courses up to a maximum of 12 credits (or \$840 undergraduate and \$1,080 graduate) per fiscal year for all employees. Tuition assistance for non-CCBC courses is further limited to 60 undergraduate or graduate credits per career for all employees. Tuition waivers or reimbursements for CCBC courses are provided without an annual or career maximum. During fiscal years 1998, 1999, and 2000, tuition assistance totaling \$17,950, \$23,910 and \$21,581 was provided to 29, 42, and 32 employees, respectively, for non-CCBC

courses. Tuition waivers and reimbursements totaling \$135,942, \$133,534 and \$122,588 were provided to 216, 210, and 194 employees and their dependents during fiscal years 1998, 1999 and 2000, respectively, for CCBC courses.

BCPL offers two scholarship programs to both full-time and part-time employees. The Jean Barry Molz Staff Development Award totaling \$1,000 annually is available to one or more employees to pursue job-related education (including college courses). In addition, an annual \$5,000 scholarship was established in FY 1999 for up to 5 employees to pursue a Master's degree in Library Science (MLS). The Jean Barry Molz award was split equally (i.e., \$500 each) between two employees each year for fiscal years 1998 and 1999, and was divided among four employees in fiscal year 2000 in amounts ranging from \$50 to \$700. One employee received \$1,000 from the MLS scholarship in fiscal year 2000.

A detailed comparison of the educational assistance policies currently in effect at the County, BCPS, CCBC, and BCPL are summarized in the chart at Exhibit I. This comparison indicates that tuition assistance is not consistently applied to all employees within the same or similar bargaining groups among all units of County government. For example, tuition assistance provided to Baltimore County general government employees, including police and fire, is generally higher than tuition assistance provided by the component units (BCPS, CCBC and BCPL). Additionally, Baltimore County's maximum annual benefit is generally higher than other comparable jurisdictions (Exhibit II).

With regard to tuition assistance provided to teachers, Baltimore County's amount per credit (\$125) and annual maximum (\$1,125) are below the average of other comparable jurisdictions, \$171 and \$1,693, respectively. However, Baltimore County's equivalent career maximum (\$33,750) is above the average (\$24,950) but below the amounts provided by three major metropolitan jurisdictions (Exhibit III).

## **Findings and Recommendations**

### **Part A – Review of Educational Assistance Policies**

#### **1. Educational assistance was not limited to education related to employees' vocation or expected career path.**

Our review of the educational assistance policies adopted by Baltimore County and its component units (except BCPL which did not have a formal policy) disclosed that tuition assistance was not limited to the employees' current duties and responsibilities or to their expected career path. Consequently, we noted several instances in which employees received tuition assistance for educational programs unrelated to their current classification or expected career path. In some cases, employees who changed careers through the educational assistance program left County service to pursue their new career.

##### **a. Baltimore County General Government**

Prior to August 1, 2000, the County's educational assistance policy provided educational assistance for courses that were part of a degree or certificate program included in the minimum qualifications of any Baltimore County classified position. There was no requirement that the course relate directly to the employee's current duties or expected career path in the vocation for which they were hired. In this regard, our review of 58 employees who received educational assistance totaling \$182,570 during FY 1998, 1999 and 2000 disclosed that 22 employees (38%) received educational assistance totaling \$82,028 for course work unrelated to their current duties or expected career path. For example, a Fire Department Battalion Chief received \$12,400 in educational assistance towards a PH.D in General Health Services from a Florida university. In another instance, a Police Department Captain received \$13,481 in educational assistance towards a law degree.

Effective August 1, 2000, in response to the County Council's budget message, the County's educational assistance policy was amended to require that educational assistance be limited to courses that "...directly enhance the potential for advancement

within the County to a position which the individual has a reasonable chance of achieving.” However, the revised policy may still allow an employee to pursue a career, at public expense, in a vocation other than the one for which the employee was hired.

**b. BCPS**

During fiscal years 1999 and 2000, BCPS provided tuition assistance payments totaling \$129,166 to 277 non-teacher employees. BCPS’ educational assistance policy provided tuition assistance to non-teacher employees for courses related to career advancement anywhere within the school system. There was no requirement that the course relate directly to the employee’s current duties or expected career path in the vocation for which they were hired. In this regard, our test of 23 non-teacher employees receiving tuition assistance totaling \$25,427 during fiscal years 1999 and 2000, disclosed that 10 employees received assistance totaling \$7,974 for courses not directly related to their current duties or expected career path. For example, we noted a custodial worker received tuition assistance totaling \$900 for photography courses.

**c. CCBC**

During fiscal years 1998, 1999 and 2000, CCBC provided tuition assistance payments totaling \$35,051 to 55 non-faculty employees for non-CCBC courses. However, CCBC’s educational assistance policy does not require that the assistance be limited to courses that relate to the employee’s current duties or expected career path in the vocation for which they were hired. In this regard, our test of 10 employees who received tuition assistance totaling \$14,391, disclosed that 4 employees received assistance totaling \$5,821 for courses not directly related to their current duties or expected career path in the vocation for which they were hired. For example, a secretarial employee received tuition assistance totaling \$1,621 during fiscal years 1999 and 2000 to pursue a law degree.

Educational assistance programs should be designed to enhance employee skills and work performance in relation to the employee’s current duties and responsibilities or to the employee’s expected career path in the vocation for which they were hired. Such policies help to improve government effectiveness and efficiency and therefore are considered a prudent use of public funds. In this regard, we noted that educational assistance policies at four out of five comparable local governments surveyed required an employee’s education to be related to their

current job duties or current career path (Exhibit II). Further, our survey of 15 large private sector employers disclosed that 10 out of the 12 employers responding to our survey required the employee's education to be job-related or career-related to qualify for educational assistance benefits. Baltimore County and its component units view educational assistance primarily as an employee benefit without any assurance that educational assistance results in a measurable and quantifiable improvement in County services.

**We recommend that educational assistance policies be designed to enhance employee skills and improve employee performance in relation to their current duties and responsibilities or to their expected career path within the vocation for which they were hired. We further recommend that tuition assistance for courses unrelated to the employee's duties and responsibilities or expected career path be discontinued.**

**2. Employees who received tuition assistance were not required to reimburse the County or its component units upon resignation.**

Our review of the aforementioned educational assistance policies disclosed that there was no requirement for employees who received tuition assistance to reimburse the County or its component units upon the employee's voluntary termination from County service. In this regard, our audit disclosed numerous instances in which employees who received tuition assistance were not required to reimburse the County, including the component units, even though the employee voluntarily terminated service after receiving the tuition assistance.

**a. Baltimore County General Government**

Our test of 295 employees who received tuition assistance totaling \$530,182 disclosed that 22 employees who received tuition assistance totaling \$60,572 were not required to reimburse the County even though they voluntarily terminated employment with the County after receiving the assistance. For example, a Police Department Forensic Services Supervisor who received \$7,118 in educational assistance towards a law degree was not required to reimburse the County even though the employee terminated employment with the County within 4 months of receiving educational assistance. Additionally, a Fire Department battalion chief who received \$15,014 towards a master's

degree in business administration was not required to reimburse the County even though the employee resigned within 10 months of receiving tuition assistance.

**b. BCPS**

Our test of 277 non-teacher employees who received tuition assistance totaling \$129,166 disclosed that 14 employees who received tuition assistance totaling \$7,208 terminated employment after receiving tuition assistance. The employees were not required to reimburse BCPS for the tuition assistance. For example, a health assistant who received \$540 towards a general education degree resigned within a few days of receiving the assistance. Additionally, a clerical worker who received \$1,500 towards a business administration degree resigned 16 months after receiving tuition assistance. The employees were not required to reimburse BCPS for any portion of the educational assistance.

**c. CCBC**

Our test of 55 non-faculty employees who received tuition assistance totaling \$35,051 disclosed that 11 employees who received tuition assistance totaling \$8,480 terminated employment after receiving tuition assistance. The employees were not required to reimburse CCBC for the tuition assistance. For example, a media services technician who received \$1,680 towards a history degree voluntarily terminated employment within 2 months of receiving tuition assistance. Additionally, a child-care center senior staff member who received \$1,050 towards a bachelor's degree in psychology resigned within 7 months of receiving tuition assistance. The employees were not required to reimburse CCBC for any portion of the tuition assistance.

**We recommend that employees be required to reimburse the County if they voluntarily terminate employment within a certain period after receiving the related educational assistance. For example, employees terminating employment within three years of receiving tuition assistance should reimburse the County for 100%, 50% or 25% of the assistance if they leave in the first, second or third year, respectively, of receiving educational assistance. However, reimbursement would not be required if the tuition assistance was provided by the employer for education required as a condition of employment, such as in the case of teachers.**

### **3. Tuition assistance was provided to part-time employees at BCPS and CCBC.**

Our review of the educational assistance policies disclosed that BCPS and CCBC provided tuition assistance to part-time non-teacher, non-faculty employees. Tuition assistance should be provided to career employees for the purpose of enhancing their skills and work performance to help improve government services. Since part-time employment is temporary in nature for most employees, providing educational assistance to part-time employees may not achieve its intended goal. In this regard, it should be noted that Baltimore County general government does not provide educational assistance to part-time employees.

**Accordingly, we recommend that only full-time employees be eligible for tuition assistance similar to the educational assistance policies adopted by Baltimore County general government.**

### **4. BCPL did not have a formal educational assistance policy.**

BCPL did not have a formal comprehensive educational assistance policy establishing tuition reimbursement benefits for all of its employees. Instead, BCPL administered two scholarship programs that were restrictive as to funding and/or applicants. The Jean Barry Molz Development Award, totaling \$1,000, was available annually to all full-time and part-time employees for job-related continuing education. The Masters in Library Science (MLS) Scholarship Fund, totaling up to \$5,000, was available annually for up to 5 full-time or part-time employees enrolled in an accredited MLS program (at least one scholarship awarded in the interest of creating a more diverse workforce). A formal educational assistance policy would help ensure that administrative practices are consistently applied and that tuition assistance is properly and equitably provided to all employees.

**We recommend that the Baltimore County Public Library adopt a formal comprehensive educational assistance policy (similar to Baltimore County general government) establishing the purpose, policies and procedures governing educational assistance.**

## **Part B - Compliance with Educational Assistance Policies**

### **1. Tuition assistance payments exceeded the maximum allowed benefit.**

Our audit disclosed that numerous employees received tuition assistance in excess of the maximum allowed benefit. Specifically, we noted the following:

#### **a. Baltimore County General Government**

Our review of educational assistance totaling \$530,182 to 295 County employees during fiscal years 1998, 1999 and 2000 disclosed that 17 employees were overpaid by a total of \$79,886. For example, one employee received educational assistance totaling \$10,047 in fiscal year 2000, or \$5,047 in excess of the \$5,000 maximum annual benefit. In addition, tuition assistance totaling \$131,308 was paid on behalf of 9 employees attending the police leadership development master's degree program at Johns Hopkins University. Consequently, tuition assistance for these employees exceeded the maximum allowed benefit (i.e., \$5,000 per year at 90% of the tuition cost) by \$71,808. This condition occurred due to lack of adequate management oversight, poor record keeping, an improper waiver of the reimbursement cap for one employee and failure to recognize tuition assistance paid under the police leadership development master's degree program as educational assistance.

#### **b. BCPS**

Our test of 91 employees who received tuition assistance totaling \$148,857 during fiscal years 1999 and 2000 disclosed that 19 employees were overpaid by a total of \$10,418. For example, one employee received tuition assistance totaling \$2,625 during fiscal year 2000, or \$1,500 in excess of the \$1,125 maximum annual benefit. This condition occurred because employee records were not adequately maintained to ensure that the amount of tuition assistance provided to employees complied with BCPS' tuition assistance policies.

**To ensure that all tuition assistance payments comply with applicable educational assistance policies, we recommend that the County and BCPS establish procedures to provide adequate management oversight and maintain records to monitor employees' tuition payments. We further recommend that procedures be established to ensure all forms of educational assistance (e.g., payments directly to a university) are identified**

**and paid in compliance with the County's educational assistance policies and procedures.**

## **2. Numerous employees at BCPS received duplicate tuition assistance payments.**

Our test of 91 BCPS employees who received tuition assistance totaling \$148,857 during fiscal years 1999 and 2000 disclosed that 9 employees received duplicate and, in one case, triplicate payments for tuition totaling \$11,195. For example, one employee who received excess reimbursements totaling \$1,875 was reimbursed twice for the same course even though the tuition was paid directly to the college on the employee's behalf. BCPS was unable to detect the overpayments because employee records were not adequately maintained. This condition precluded effective internal control over tuition assistance payments resulting in a lack of assurance that the tuition assistance program was adequately protected against fraud, waste or abuse.

**To improve internal control, we recommend that BCPS establish procedures to monitor tuition assistance paid to or on behalf of its employees to prevent duplicate payments. We further recommend that BCPS recover the excess payments from its employees.**

## **3. Documentation was not adequate to support tuition assistance payments.**

Our audit disclosed that documentation was not adequate to support tuition assistance payments. Specifically, we noted the following:

### **a. Baltimore County General Government**

The County's educational assistance policy required employees applying for tuition reimbursement to present evidence of satisfactory completion of the course and original receipts for tuition and approved fees. However, our test of 30 applications for educational assistance totaling \$40,202 disclosed that evidence of satisfactory course completion was not maintained on file for any of the applications and information regarding specific courses taken and the related cost of tuition and fees was not maintained on file for 24 of the applications totaling \$33,947. In addition, our audit

disclosed that original receipts were not always submitted for reimbursement; rather, other forms of documentation (e.g., photocopied receipts) were accepted

**b. BCPS**

To receive tuition assistance payments, BCPS' procedures required a grade report to be submitted as evidence of satisfactory course completion. However, our audit disclosed that evidence of satisfactory course completion was not always maintained on file. Specifically, our test of tuition assistance totaling \$1,201,959 disclosed that grade reports were missing to support payments totaling \$212,227. This condition precluded effective internal control, resulting in a lack of assurance that all tuition assistance payments complied with BCPS policies and procedures.

**c. CCBC**

Our test of 10 employees who received tuition assistance payments totaling \$14,391 for non-CCBC courses disclosed that CCBC did not maintain adequate documentation to ensure that total payments were within the career maximum of 60 graduate or undergraduate credits. This condition resulted in a lack of assurance that tuition assistance was provided in compliance with Board policy.

**When approving applications for tuition reimbursement, we recommend that employees be required to submit appropriate documentation (e.g., evidence of satisfactory completion and original receipts) to support employee payment of tuition and approved fees in accordance with the educational assistance policy. We further recommend that adequate documentation be maintained in the employee's official personnel file.**

**4. Tuition assistance provided by BCPS and CCBC did not always comply with the Annotated Code of Maryland.**

During our audit, we noted that tuition assistance provided by BCPS and CCBC did not always comply with the Annotated Code of Maryland. Specifically, we noted the following:

**a. BCPS**

State law requires BCPS to report budget transfers within a category on a monthly basis to the County Council. (Annotated Code of Maryland, Education Article, § 5-105). However, BCPS did not report to the County Council budgetary transfers within the Fixed Charges category during fiscal years 1999 and 2000. Specifically, transfers to Educational Assistance totaling \$151,960 and \$231,435 during fiscal years 1999 and 2000, respectively, were not reported to the County Council as required.

**b. CCBC**

State law provides that “full-time classified employees” of a community college are exempt from payment of tuition at the community college for any class that has at least 10 regularly enrolled students. (Annotated Code of Maryland, Education Article, §16-106). In addition, State Department of Education regulations provide that “faculty, staff and dependents” may be exempt from payment of tuition if permitted by Board policy. (Code of Maryland Regulations, §13B.07.02.04). However, CCBC did not verify class enrollment to ensure that classes had at least 10 regularly enrolled students before granting tuition waivers to classified employees. Further, CCBC advised that, generally, courses require at least 11 regularly enrolled students in order to break even (i.e., costs equal revenue). Granting full reimbursement to faculty, staff and dependents attending CCBC courses with less than the minimum number of students required to break even may result in an operating loss.

**We recommend that BCPS establish procedures to comply with the provisions of the Annotated Code of Maryland. Specifically, we recommend that transfers within categories be reported to the County Council in accordance with State law. We further recommend that CCBC establish policies and procedures to require a minimum number of regularly enrolled students necessary to comply with State law and to ensure that revenues at least meet expenses before granting full reimbursement to faculty, staff or dependents enrolled in CCBC courses.**

**5. Baltimore County general government, BCPS and CCBC did not comply with Internal Revenue Service regulations for reporting educational assistance benefits.**

Educational assistance is an employee fringe benefit subject to annual Federal reporting requirements (Internal Revenue Code, Sections 127 and 6039D; Internal Revenue Service Publication 15-B). However, the County, including BCPS and CCBC, did not comply with the reporting requirements for taxable educational assistance benefits. For example, Baltimore County general government did not report taxable tuition assistance payments totaling \$131,308 on the annual W-2 forms for 9 Police Department employees who attended a graduate-level program. In addition, the County general government, BCPS and CCBC did not file the required annual information return for their respective educational assistance programs for fiscal years 1998, 1999 and 2000. Failure to file the required reports may result in a penalty (e.g., \$25 per day up to \$15,000) to the employer.

**We recommend that Baltimore County general government, BCPS and CCBC establish procedures to ensure compliance with Federal reporting requirements pertaining to their respective educational assistance programs.**

## **Audit Scope, Objectives and Methodology**

We audited the Educational Assistance Program of Baltimore County, including the Baltimore County Public Schools, the Community College of Baltimore County and the Baltimore County Public Library for the fiscal years ended June 30, 1998, 1999 and 2000. The audit was conducted in accordance with generally accepted government auditing standards.

In accordance with Resolution 50-00 passed by the Baltimore County Council, the objectives of our audit were to evaluate educational assistance policies and to determine compliance with program policies and procedures. In planning and conducting our audit, we focused on policies pertaining to educational assistance provided to employees for attending courses offered by two-year and four-year colleges and universities. Our audit did not include continuing professional education conferences and seminars, or similar types of training provided to employees.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of pertinent financial and administrative operations, including a review and test of internal controls. We also tested transactions and performed other auditing procedures as we considered necessary in the circumstances to achieve our objectives.

Management is responsible for establishing and maintaining effective internal control for providing educational assistance. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records and safeguarding of assets are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports on fiscal compliance are designed to assist the Baltimore County Council in exercising its legislative oversight function and to provide constructive recommendations for improving County operations. As a result, our reports do not address activities we reviewed that may be functioning properly.

This report includes findings and recommendations relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect the ability to properly record financial transactions and safeguard assets. This report also includes findings and recommendations relating to our review of program policies and instances of noncompliance with applicable laws, rules, regulations, policies and procedures.

## **EXHIBITS**

**Exhibit I**  
Educational Assistance Program

**Comparison of Educational Assistance Policies  
Baltimore County Government Units**

Employee Group	Full-Time	Part-Time	Percent Tuition Reimb.	Annual Cap	-Credits- Career Maximum		Job or Career Related	Payback Provision
					Under-Graduate	Graduate		
<b>General Government:</b>								
General Employees								
AFSCME	Yes	No	70%	\$1,600	None	30	No	No
BCFPE	Yes	No	70%	\$1,600	None	30	No	No
BCFPHN	Yes	No	80%	\$1,600	None	30	No	No
SMC	Yes	No	80%	\$5,000	None	30	No	No
Police								
FOP	Yes	No	70%	\$1,600	None	30	No	No
Exec. Corps	Yes	No	90%	\$5,000	None	30	No	No
Fire								
IAFF	Yes	No	70%	\$1,600	None	30	No	No
Fire Chief Officers	Yes	No	80%	\$5,000	None	30	No	No
<b>BCPS:</b>								
Teachers	Yes	Yes	51% (a)	\$1,125	None	None	Yes	No
Non-Teachers								
AFSCME	Yes	Yes	27% (a)	\$594	None	None	No	No
BACE	Yes	Yes	41% (a)	\$900	None	None	No	No
CASE	Yes	Yes	51% (a)	\$1,125	None	None	No	No
BCFPHN	Yes	Yes	51% (a)	\$1,125	None	None	No	No
Other	Yes	Yes	51% (a)	\$1,125	None	None	No	No
<b>CCBC:</b>								
Faculty								
Graduate level	Yes	Yes	37% (a)	\$1,080	60 graduate or undergraduate		No	No
Undergrad level	Yes	Yes	33% (a)	\$840			No	No
Non-Faculty AFSCME, CWA, other)								
Graduate level	Yes	Yes	37% (a)	\$1,080	60 graduate or undergraduate		No	No
Undergrad level	Yes	Yes	33% (a)	\$840			No	No
<b>BCPL:</b>								
Jean Barry Molz award	Yes	Yes	100%	\$1,000(b)	None	None	Yes	No
MLS Scholarship	Yes	Yes	100%	\$5,000(c)	None	None	Yes	No

See footnotes on next page

## Exhibit I

### Footnotes:

- (a) Since tuition assistance is provided at a flat dollar amount per credit, an equivalent percentage reimbursement was calculated based on the average tuition cost (\$245 graduate and \$213 undergraduate per credit at 9 area colleges).
- (b) Represents total annual award distributed to one or more recipients.
- (c) Represents total annual award distributed to up to five recipients.

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AFSCME – American Federation of State, County and Municipal Employees (carpenters, mechanics, custodians)

BCFPE – Baltimore County Federation of Public Employees (secretaries, bookkeepers, clerks, clerical workers)

BCFPHN – Baltimore County Federation of Public Health Nurses (nurses)

SMC – Supervisory, Management & Confidential (accountants, analysts, supervisors, confidential clerical)

FOP – Fraternal Order of Police

IAFF – International Assoc. of Fire Fighters

BACE – Baltimore County Instructional Assistants and Clerical Employees (secretaries, clerks)

CASE – Council of Administrative and Supervisory Employees (principals, asst. principals, coordinators, cafeteria managers)

CWA – Communication Workers of America (secretaries, bookkeepers, clerks, clerical employees)

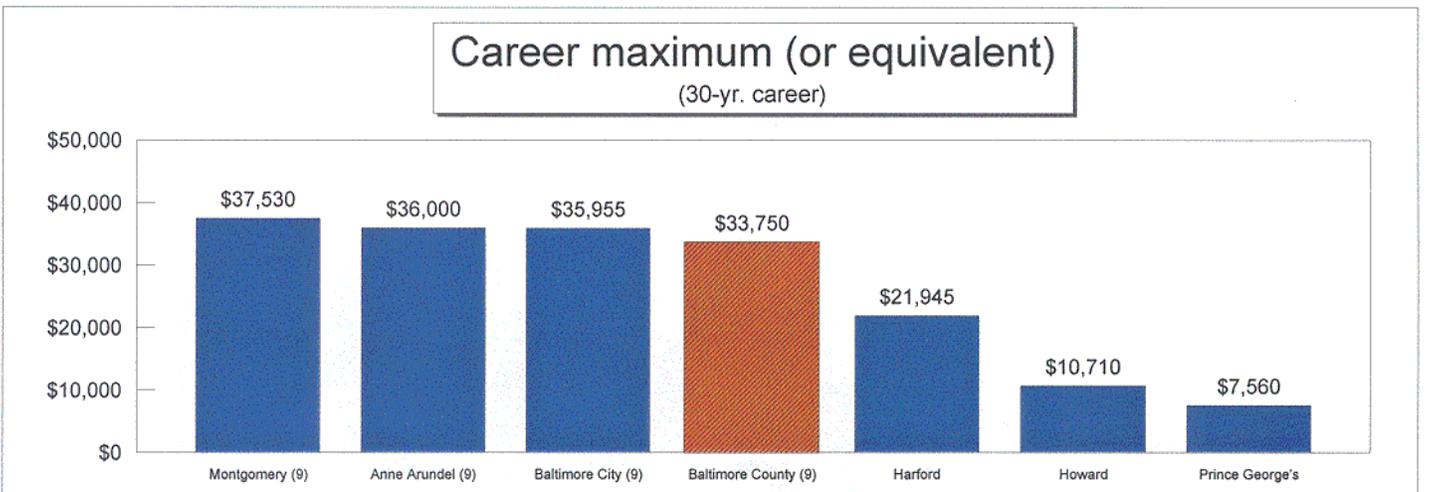
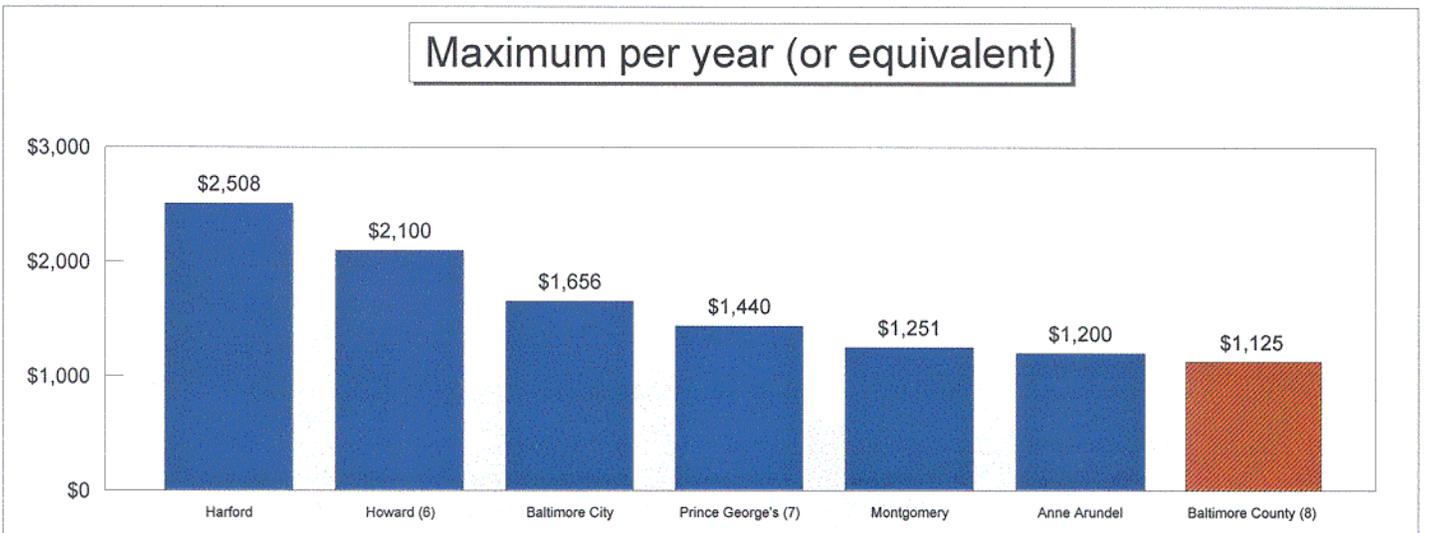
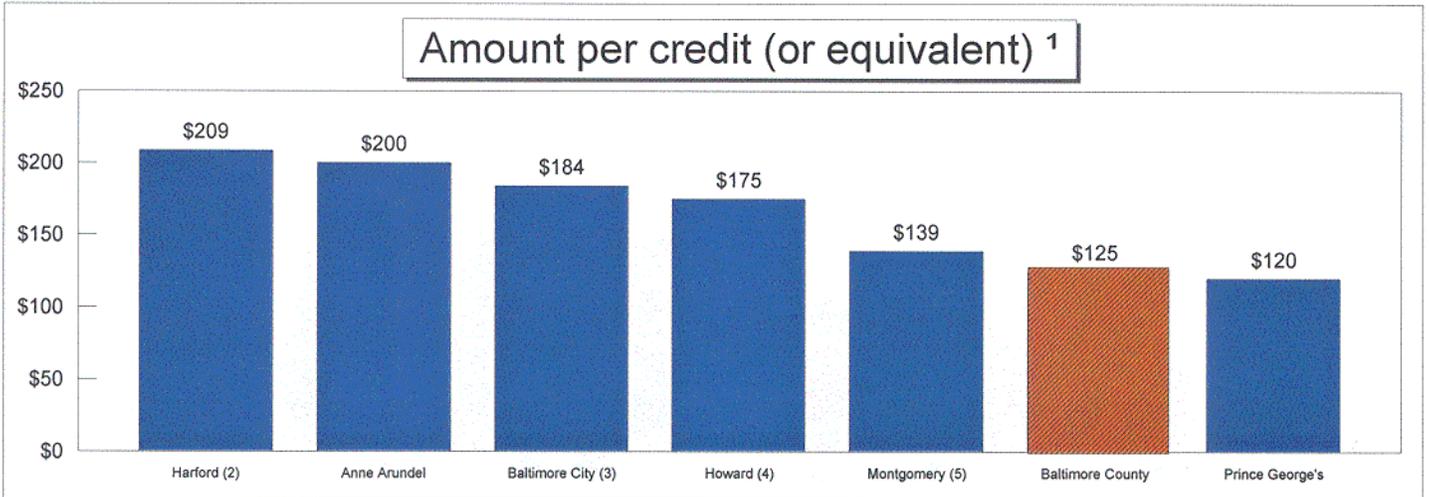
**Exhibit II**  
Educational Assistance Program

**Survey of Other Local Governments**

Local Government	Full-Time	Part-Time	Annual Cap	Reimbursement Rate	Minimum Grade	Job or Career Related	Payback Provision
<b>Baltimore County –</b> General Employees SMC (Supervisory)	Yes Yes	No No	\$1,600 \$5,000	70% - 80% 80% - 90%	C C	No No	No No
Anne Arundel County	Yes	No	\$800	65%	C	No	No
Howard County	Yes	No	\$1,500	100%	C	Yes	No
Montgomery County	Yes	Yes	FT-\$830 PT-\$415	100% 100%	Pass	Yes	Yes
Prince George's County	Yes	Yes	20 days leave	NA	NA	Yes	NA
Baltimore City	Yes	Yes	10 credits (semester)	50% + \$25	C	Yes	Yes

**Exhibit III**  
Educational Assistance Program

**Comparison of Educational Assistance for Teachers**



See footnotes on next page

**Exhibit III**  
Educational Assistance Program

**Comparison of Educational Assistance for Teachers**

**Footnotes to Exhibit III**

- (1) A number of school systems reimburse a percentage of the tuition cost instead of a flat amount per credit. For purposes of this survey, we computed the equivalent amount per credit based on the average of graduate tuition rates at nine area colleges and universities (College of Notre Dame, Coppin State College, Goucher College, Johns Hopkins University, Loyola College, Morgan State University, Towson University, University of Maryland Baltimore County, and University of Maryland College Park).
- (2) Harford County Public Schools reimburse 75% of graduate tuition, up to a maximum of 75% of University of Maryland, College Park graduate tuition, which currently costs \$278 per credit. However, it should be noted that Harford County Public Schools also provide 100% reimbursement to any teacher assigned to a field for which he or she is not certified, to allow him or her to pursue certification in that field.
- (3) Baltimore City Public School System reimburses at different rates, depending on whether the coursework is leading to a master's degree. If it is leading to a master's degree, the teacher is reimbursed at 75% of the tuition cost. If it is beyond a master's, reimbursement is at 50% of the tuition cost. This chart shows the 75% reimbursement level for coursework leading to a master's degree. Since the City percentage is applied without reference to a maximum tuition cost, the amount of reimbursement per credit shown in this chart is based on the average part-time graduate tuition rate (\$245) of 9 area colleges and universities.
- (4) Howard County Public School System reimburses at different rates, depending on whether the coursework is at the undergraduate or graduate level. If it is at the undergraduate level, the teacher is reimbursed at \$140 per credit. If it is at the graduate level, the teacher is reimbursed at \$175 per credit. This chart shows the graduate tuition reimbursement amount of \$175 per credit.
- (5) Montgomery County Public Schools reimburse a flat amount equal to 50% of the University of Maryland College Park graduate tuition, which currently costs \$278 per credit.
- (6) Howard County Public School System does not have a maximum reimbursement amount per teacher per year. The equivalent amount shown in this chart is the reimbursement associated with a 12-credit annual courseload.
- (7) Prince George's County Public Schools do not have a maximum reimbursement amount per teacher per year. The equivalent amount shown in this chart is the reimbursement associated with a 12-credit annual courseload.
- (8) Baltimore County Public Schools allow teachers to exceed the 9-credit annual maximum if their degree program requires completion of more than 9 credits per year.
- (9) Montgomery County Public Schools, Anne Arundel County Public Schools, Baltimore City Public School System, and Baltimore County Public Schools do not have career maximum reimbursement amounts per teacher. The equivalent amounts shown in this chart were computed based on the maximum reimbursement levels per year or restrictions imposed per degree level or teaching certificate level, if applicable. See Exhibit IV for specific calculations.

**Exhibit IV**  
Educational Assistance Program

**Survey of Educational Assistance for Teachers**

<b>School System</b>	<b>Reimbursement Rate per credit (or equivalent) <sup>(1)</sup></b>	<b>Maximum credits per year</b>	<b>Annual Maximum (or equivalent)</b>	<b>Career Maximum (or equivalent) <sup>(2)</sup></b>	<b>Minimum grade requirement(s)</b>
Anne Arundel County Public Schools	\$200	6	\$1,200	\$36,000	B
Baltimore City Public School System	\$184 pre-master's; \$123 post-master's <sup>(3)</sup>	9 9	\$1,656 pre-master's; \$1,107 post-master's	\$35,955	B
<b>BALTIMORE COUNTY PUBLIC SCHOOLS</b>	<b>\$125</b>	<b>9 <sup>(4)</sup></b>	<b>\$1,125</b>	<b>\$33,750</b>	<b>C</b>
Harford County Public Schools <sup>(5)</sup>	\$209 (maximum)	12	\$2,508	\$21,945	B for courses leading to APC, master's, or doctorate; C for courses leading to APC renewal
Howard County Public School System	\$140 undergraduate; \$175 graduate	No Maximum	\$2,100 <sup>(6)</sup>	\$10,710	C
Montgomery County Public Schools <sup>(7)</sup>	\$139	9	\$1,251	\$37,530	B
Prince George's County Public Schools	\$120	No Maximum	\$1,440 <sup>(8)</sup>	\$7,560	C

See footnotes on next page

## Exhibit IV

### Educational Assistance Program

## Survey of Educational Assistance for Teachers

### Footnotes

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<sup>1</sup> A number of school systems reimburse a percentage of the tuition cost instead of a flat amount per credit. For purposes of this survey, we computed the equivalent amount per credit based on the average of tuition rates at nine area colleges and universities (College of Notre Dame, Coppin State College, Goucher College, Johns Hopkins University, Loyola College, Morgan State University, Towson University, University of Maryland Baltimore County, and University of Maryland College Park).

<sup>2</sup> Anne Arundel County, Baltimore County, and Montgomery County do not have career maximum reimbursement amounts per teacher. We calculated equivalent career maximum amounts for these jurisdictions assuming the annual maximum each year over a 30-year career. Other career maximum amounts were calculated based on specific policies pertaining to the degree level or teaching certificate level pursued. The equivalent 30-year career maximum for Baltimore City was calculated based on the different reimbursement rates assuming 5 years at the pre-master's level (\$1,656) and the remaining 25 years at the post-master's level (\$1,107). The career maximum for Harford County was calculated based on its policy to reimburse a maximum of \$7,524 leading to an APC or master's degree, \$9,405 leading beyond a master's to a doctorate, and \$1,254 for each APC renewal. The career maximum for Prince George's County was estimated based on its maximum reimbursement of \$1,080 (9 credits x \$120 per credit) toward each teaching certificate advancement or renewal (7 advancements and renewals over 30-year career x \$1,080 = \$7,560). Howard County allows a career maximum of 24 and 42 credits for undergraduate and graduate-level courses, respectively, at \$140 and \$175 per credit ( $\$3,360 + \$7,350 = \$10,710$ ).

<sup>3</sup> Baltimore City Public School System reimburses at different rates, depending on whether the coursework is leading to a master's degree. If the coursework is leading to a master's degree, the teacher is reimbursed at 75% of the tuition cost. If the coursework is beyond a master's degree, reimbursement is at 50% of the tuition cost. Since the City percentage is applied without reference to a maximum tuition cost, the amount of reimbursement per credit shown in this chart is based on the average part-time graduate tuition rate (\$245) of 9 area colleges and universities.

<sup>4</sup> Baltimore County Public Schools allow teachers to exceed the 9-credit annual maximum if their degree program requires completion of more than 9 credits per year.

## **Exhibit IV**

### **Educational Assistance Program**

#### **Survey of Educational Assistance for Teachers**

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<sup>5</sup> Harford County Public Schools reimburse 75% of graduate tuition, up to a maximum of 75% of University of Maryland, College Park graduate tuition, which currently costs \$278 per credit. However, it should be noted that Harford County Public Schools also provide 100% reimbursement to any teacher assigned to a field for which he or she is not certified, to allow him or her to pursue certification in that field.

<sup>6</sup> Howard County Public School System does not have a maximum reimbursement amount per teacher per year, so for purposes of comparison, we assume 12 credits per year at the graduate level ( $\$175 \text{ per credit} \times 12 \text{ credits} = \$2,100$ ).

<sup>7</sup> Montgomery County Public Schools reimburse a flat amount equal to 50% of the University of Maryland, College Park graduate tuition, which currently costs \$278 per credit.

<sup>8</sup> Prince George's County Public Schools do not have a maximum reimbursement amount per teacher per year, so for purposes of comparison, we assume 12 credits per teacher per year.

## **APPENDICES**

Appendix A

A response was not provided from  
Baltimore County general government.

# BALTIMORE COUNTY PUBLIC SCHOOLS

Joe A. Hairston, Superintendent

6901 Charles Street Towson, Maryland 21204-3711

April 19, 2001

**TO:** Mary P. Allen  
Deputy County Auditor

**FROM:** Dr. Joe A. Hairston, Superintendent  
Merle J. Audette, Chief of Staff  
Dr. John E. Smeallie, Director, Department of Personnel

**RE:** Educational Assistance Program Audit Responses

Enclosed is the response from Baltimore County Public Schools (BCPS) to the fiscal compliance audit of the Educational Assistance Program conducted by the Office of the County Auditor, Baltimore County, Maryland for the fiscal years ended June 30, 1999 and 2000.

It is our understanding, based on your memorandum of April 6, that the full text of the attached response will be included as an appendix to the final report and that the final report is intended for the information of the County Council and the County Executive.

Please contact Dr. John E. Smeallie, Director, Department of Personnel, at 410-887-4191 if you have any questions regarding the BCPS response to the fiscal compliance audit of the Educational Assistance Program.

BCPS would like to thank you and your staff for your assistance, courtesy and cooperation during the audit process. We appreciate the opportunities for dialogue that you have provided throughout the audit process as well as the chance to provide responses to your findings and recommendations. As always, we are grateful for the insights that can be gained through the audit process; your assistance in helping us to review and refine our practices is most helpful.

JAH/FBP/JES:mac

c: Brian J. Rowe, County Auditor  
Christine M. Johns, Deputy Superintendent

enclosure

**BALTIMORE COUNTY PUBLIC SCHOOLS**  
**Responses to the Educational Assistance Program Audit**  
**Conducted by the**  
**Baltimore County, Maryland, Office of the County Auditor**  
**For the Fiscal Years Ended June 30, 1999 and 2000**

The following are responses from Baltimore County Public Schools (BCPS) to the fiscal compliance audit of the Educational Assistance Program conducted by the Office of the County Auditor, Baltimore County, Maryland for the fiscal years ended June 30, 1999 and 2000.

*Part A – Educational Assistance Policies*

**Finding #1 - Educational assistance was not limited to education related to employees' vocation or expected career path.**

**Recommendation #1- Educational assistance was not limited to education related to employees' vocation or expected career path.**

We recommend that educational assistance policies be designed to enhance employees' skills and improve employee performance in relation to their current duties and responsibilities or to their expected career path within the vocation for which they were hired. We further recommend that tuition assistance for courses unrelated to the employees' duties and responsibilities or expected career path be discontinued.

**BCPS Response #1- Educational assistance was not limited to education related to employees' vocation or expected career path.**

BCPS disagrees that educational assistance was not limited to education related to employee's vocation or expected career path. BCPS has designed its educational assistance policies to enhance the skills of all employees with the goal that it will improve employee performance in relation to their current duties and responsibilities. However, BCPS also recognizes that educational assistance provided for courses that are indirectly related to an "employee's vocation or expected career path" may enable the employee to develop skills necessary for overall advancement (i.e., a "career path") within the BCPS organization. For example, a custodial worker who enrolled in a photography course was selected for a technical position requiring such skills at the BCPS Education Channel.

In addition, BCPS reviews reimbursement requests to ensure that courses are appropriate to all negotiated agreement provisions. Any new restrictions or a discontinuance of educational assistance would violate current negotiated agreements.

**Finding #2 - Employees who received tuition assistance were not required to reimburse the County or its component units upon resignation.**

**Recommendation #2 - Employees who received tuition assistance were not required to reimburse the County or its component units upon resignation.**

We recommend that employees be required to reimburse the county if they voluntarily terminate employment within a certain period after receiving the related educational assistance. For example, employees terminating employment within 3 years of receiving assistance should reimburse the county for 100%, 50% or 25% of the assistance if they leave in the first, second or third year, respectively, of receiving educational assistance.

**BCPS Response #2 - Employees who received tuition assistance were not required to reimburse the County or its component units upon resignation.**

BCPS agrees that employees who receive tuition assistance were not required to reimburse BCPS upon resignation because BCPS offers tuition assistance as part of a total compensation package, and current negotiated agreements do not provide for tuition assistance payback. As a result, any modifications to the current or future contracts must be negotiated.

**Finding #3 -Tuition assistance was provided to part-time employees at BCPS and CCBC.**

**Recommendation #3 -Tuition assistance was provided to part-time employees at BCPS and CCBC.**

Accordingly, we recommend that only full time employees be eligible for tuition assistance similar to the educational assistance policies adopted by Baltimore County general government.

**BCPS Response #3 -Tuition assistance was provided to part-time employees at BCPS and CCBC.**

BCPS agrees that tuition assistance was provided to its part time employees because it offers tuition assistance as part of a total compensation package, and current negotiated agreements do not limit educational assistance to full-time employees only. As a result, any modifications to the current or future contracts must be negotiated. Also, part-time teachers are required by State law to obtain additional college credits throughout their career to maintain their teaching certificates.

Additionally, BCPS data indicate that many part-time employees become full-time employees; thus, educational assistance has a proven significant value-added benefit in reducing hiring costs. Also, in competing with neighboring governmental units, Baltimore County will be disadvantaged by eliminating educational assistance for part-time employees.

***Part B – Compliance with Educational Assistance Policies***

**Finding #1 – Tuition assistance payments exceeded the maximum allowed benefits.**

**Recommendation #1 – Tuition assistance payments exceeded the maximum allowed benefits:**

To ensure that all tuition assistance payments comply with applicable educational assistance policies, we recommend that the County and BCPS establish procedures to provide adequate management oversight and maintain records to monitor employees' tuition payments. We further recommend that procedures be established to ensure all forms of educational assistance (e.g., payments directly to a university) are identified and paid in compliance with the County's educational assistance policies and procedures.

**Response #1 – Tuition assistance payments exceeded the maximum allowed benefits:**

BCPS does not agree that all 19 employees received tuition assistance payments that exceeded the maximum allowed benefits. Fourteen (14) of the 19 employees, or 73% of the exceptions, were teachers that participated in degree programs that required more than nine (9) credits per year. However, BCPS agrees that it should strengthen its existing controls and develop additional processes and procedures to provide adequate management oversight and maintain records to monitor employees' tuition payments.

BCPS is now maintaining databases to track employees receiving educational assistance benefits as part of college partnership programs. In addition, each individual employee personnel file will clearly indicate if a teacher is participating in a degree program that requires more than nine (9) credits per year. BCPS will maintain and update the databases as required. BCPS will review the database reports prior to processing all partnership tuition assistance payments.

**Finding #2 – Numerous employees at BCPS received duplicate tuition assistance payments.**

**Recommendation #2 – Numerous employees at BCPS received duplicate tuition assistance payments.**

To improve internal control, we recommend that BCPS establish procedures to monitor tuition assistance paid to or on behalf of its employees to prevent duplicate payments. We further recommend that BCPS recover the excess payments from its employees.

**Response #2 – Numerous employees at BCPS received duplicate tuition assistance payments.**

BCPS agrees that colleges that participated in the direct billing partnership program received direct payment from BCPS and that 9 of the 91 employees sampled received tuition assistance payment for the same course. In addition, BCPS agrees that it should strengthen its existing controls and develop additional processes and procedures to monitor tuition assistance paid to or on behalf of its employees to prevent duplicate payments.

BCPS is now maintaining databases to track employees receiving educational assistance benefits as part of college partnership programs. In addition, each individual employee personnel file will clearly indicate if a teacher is participating in a degree program that requires more than nine (9) credits per year. BCPS will maintain and update the databases as required. BCPS will review the database reports prior to processing all partnership tuition assistance payments.

BCPS is also in the process of developing a separate form to be completed at the time of registration by employees participating in degree programs that require more than nine (9) credits per year. This will also enhance existing controls in place to monitor tuition assistance paid to or on behalf of its employees to prevent duplicate payments.

BCPS has also contacted the colleges involved in direct billing programs. The colleges have agreed to provide a list to BCPS of participants in the partnership program at the college's drop/add time. In addition, colleges have agreed to indicate specific participation in direct billing programs on the individual grade slip.

BCPS will take steps to recover the excess tuition assistance payments from its employees.

**Finding #3 – Documentation was not adequate to support tuition assistance payments.**

**Recommendation #3 – Documentation was not adequate to support tuition assistance payments.**

When approving applications for tuition reimbursement, we recommend that employees be required to submit appropriate documentation (e.g. evidence of satisfactory completion and original receipts) to support employee payment of tuition and approved fees in accordance with the educational assistance policy. We further recommend that adequate documentation be maintained in the employee's official personnel file.

**Response #3 – Documentation was not adequate to support tuition assistance payments.**

BCPS disagrees that documentation was not adequate to support tuition assistance payments. BCPS' policies and procedures require employees to submit a supervisor-approved request form, accompanied by an official grade report (evidencing a minimum grade of "C") and, for undergraduate courses, a paid invoice from the college. However, BCPS is also required to forward grade reports to the Maryland State Department of Education (MSDE) for certification purposes. Therefore, the grade reports for 9 of the 10 employees had been forwarded to MSDE. MSDE has confirmed that they are in receipt of the 9 grade reports. In addition, one of the 10 grade reports was located in the employee's official personnel file.

BCPS also documents course completion on the BCPS Professional Growth Record maintained in the employee's official personnel file.

**Finding #4 – Tuition assistance provided by BCPS and CCBC did not always comply with the Annotated Code of Maryland.**

**Recommendation #4 – Tuition assistance provided by BCPS not always comply with the Annotated Code of Maryland.**

We recommend that BCPS establish procedures to comply with the provisions of the Annotated Code of Maryland. Specifically, we recommend that transfers within categories be reported to the County Council in accordance with State law.

**Response #4 - Tuition assistance provided by BCPS and CCBC did not always comply with the Annotated code of Maryland.**

We believe that BCPS has established procedures that comply with the Annotated Code of Maryland. Expenditures are monitored on a monthly basis throughout the fiscal year and any potential shortfalls are presented to the Superintendent and his staff in December/January for potential management action to control expenditures, if necessary. Early in the fourth quarter of the fiscal year, documents are prepared for Board approval explaining rationale for any required transfers. Upon approval of the Board, this information is transmitted to the County Council for their consideration and approval in compliance with requirements set forth in the Annotated code of Maryland. Additional information is provided through the County Auditor staff's direct access to online information through the AMS system. As always, we welcome suggestions from the Council or their staff regarding BCPS methods to improve the provision of budgetary information.

**Finding #5 – Baltimore County General Government, BCPS and CCBC did not comply with Internal Revenue Service (IRS) regulation for reporting educational assistance benefits.**

**Recommendation #5 - Baltimore County General Government, BCPS and CCBC did not comply with Internal Revenue Service (IRS) regulation for reporting educational assistance benefits.**  
We recommend that Baltimore County General Government, BCPS and CCBC establish procedures to ensure compliance with federal reporting requirements pertaining to their respective educational assistance programs.

**Response #5 - Baltimore County General Government, BCPS and CCBC did not comply with Internal Revenue Service (IRS) regulation for reporting educational assistance benefits.**  
BCPS agrees that it did not comply with Internal Revenue Service (IRS) regulation for reporting educational assistance benefits. BCPS will report its educational assistance program information on IRS Form 5500 Annual Return/Report of Employee Benefit Plan to ensure compliance with federal reporting requirements.

*Irving Pressley McPhail*  
Chancellor

The Community College  
of Baltimore County

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Baltimore  
Maryland 21228-5317

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April 17, 2001

Mr. Brian J. Rowe  
County Auditor  
Office of The County Auditor  
Court House, Room 221  
Towson, Maryland 21204

Dear Mr. Rowe

The following statements have been prepared in response to the recently submitted draft report on fiscal compliance of the Educational Assistance Program of Baltimore County. The following notes are made to clarify and document The Community College of Baltimore County's position on identified matters.

#### **Part A-Educational Assistance Policies**

##### **1.c.**

The college agrees with the auditor's recommendation that tuition assistance be provided to maintain or enhance the skills necessary for an employee to perform the duties of their existing job or to advance in their expected career path. As a learning-centered institution, The Community College of Baltimore County considers all learning contributory to the quality of services we deliver our students. Pursuit of knowledge is strongly encouraged. In the example presented by the auditor, the identified secretary received tuition assistance towards attainment of a bachelor's degree. The career chosen by the identified former employee upon attainment of her baccalaureate was beyond the college's control.

Learning as a lifelong goal, is what we as an organization, foster. To limit such pursuit of academic excellence based on the type of job a person may have taken for reasons unrelated to academic pursuit, is contrary to what we contribute to our constituency. Regarding restrictions on the type of education reimbursed, the college is concerned about pursuing practices that may be discriminatory to protected classes. Discrimination may arise from two sources: discriminatory actions or adverse impact. To restrain professional growth to the scope of a person's current job is likely to result in adverse impact to the lower paying positions. Historically, these positions tend to be significantly populated by women and other minorities.

We do welcome access to any tools, or mechanisms currently in use by other Baltimore County agencies that have allowed administration of restricted educational assistance without incurring unnecessary legal liability.

## **2. c. Reimbursement of Tuition Assistance**

### **Auditor's Recommendation:**

That CCBC require employees to reimburse CCBC if they resign within a certain period receiving the related education. For example, employees leaving within three years of receiving tuition assistance should reimburse CCBC for 100%, 50% or 25% of the assistance if they leave in the first, second or third year, respectively, of receiving the educational assistance.

### **CCBC Response:**

At this point in time, CCBC does not have the administrative capability to monitor, calculate, and or enforce re-payment. For example, an employee pursuing a bachelor's degree would require the creation, monitoring, and maintenance of a minimum of eight different amortization schedules to ensure repayment liability is administered fairly and equitably.

We face the same limitation in terms of repayment enforcement. It may be more expensive to enforce repayment than to allow the employee to default on the debt. When such a result is foreseen, it is advisable not to engage in the practice at all. Of significant concern is also the fact that this type of process would dissuade employees from seeking knowledge, which contradicts our main objective.

Finally, the risk of adverse impact on our lower wage earners is transparent as it is those with the lower financial capabilities who will most likely refrain from pursuing knowledge because of this policy.

## **3. Tuition to Part-time employees**

### **Auditor's Recommendation:**

That only full-time employees be eligible for tuition assistance. Tuition assistance should not be provided to part-time temporary employees.

### **CCBC Response:**

The college has prepared notice to the Board of Trustees to change the policy that created the opportunity for employees working less than full time to be reimbursed for educational expenses.

## **Part B - Compliance**

### **3.c. Supporting Documentation for Tuition Assistance Payments**

#### **Auditor's Recommendation:**

That CCBC establish procedures to maintain adequate supporting documentation for all tuition assistance payments for courses outside CCBC and for tuition waivers and reimbursements of CCBC courses.

#### **CCBC Response:**

In January 2001 CCBC formally centralized all administration of tuition reimbursement at the system level. We have developed data management processes and systems to monitor, communicate and enforce compliance. In pursuit of adequate internal controls this centralized practice has been adopted and communicated.

Prior to FY2000 CCBC maintained supporting documentation in three separate databases for tuition waivers. When mainframe support was discontinued in July 2000, the separate Legacy systems were no longer available to produce subsidiary ledgers. As of FY2000, all supporting documentation for waivers exists in one relational database. CCBC has established procedures since that time to maintain adequate documentation for tuition waivers.

### **4. Tuition Waivers and Reimbursements for CCBC Courses**

#### **Auditor's Recommendation:**

That CCBC establish procedures to determine that classes have at least 10 regularly enrolled students before granting employees or dependents a tuition waiver or reimbursement to ensure that course revenue is sufficient to cover related costs.

#### **CCBC Response:**

Although no exceptions to the Annotated Code of Maryland, Education Article Sec. 16-106 were noted by the auditors, the college agrees that upon centralization we can develop procedures to further document compliance with the statute. Specific procedural recommendations on the administration of the tuition waiver program will be forwarded to CCBC's President's Council to address, with the responsible dean on each campus.

## **5. Compliance with IRS Regulations Regarding Taxable Fringe Benefits**

### **Auditor's Recommendation:**

That CCBC establish procedures to ensure compliance with the Federal tax law for filing the annual information return for its tuition assistance program.

### **CCBC Response:**

We agree with the auditor's recommendation. CCBC will implement procedures to ensure that schedule F of Form 5500 is completed and filed with the IRS in compliance with Federal tax law for educational assistance.

### **Conclusion:**

The Community College of Baltimore County appreciates the county's support in consolidating the above referenced information and is committed to pursue policies and practices that ensure efficient administration of the Educational Assistance Program within the regulations as stated in the Annotated Code.

We are confident that the steps taken by the college will maintain effective internal controls for our Educational Assistance Program so it will remain a valuable source of learning for the citizens we serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Irving Pressley McPhail". The signature is written in a cursive style with a large initial "I".

Irving Pressley McPhail  
Chancellor



**LIBRARY MEMORANDUM**

**DATE:** April 17, 2001

**TO:** Bob Crouse  
Audit Manager  
Office of the County Auditor

**FROM:** James H. Fish   
Director  
Baltimore County Public Library

**SUBJECT:** Educational Assistance Program Audit

---

Thank you for the opportunity to review the final draft report on the fiscal compliance audit of the Educational Assistance Program of Baltimore County, including the Baltimore County Public Schools, the Community College of Baltimore County and the Baltimore County Public Library (BCPL) for the fiscal years ended June 30, 1998, 1999 and 2000.

We fully concur with the recommendation that BCPL adopt a formal comprehensive educational assistance policy which establishes the purpose, policies and procedures governing educational assistance. Such a program would compliment the scholarship programs currently provided and greatly enhance opportunities for educational support to staff members.

We do not concur with the recommendation to limit educational assistance to full-time staff only. BCPL relies on part-time staff as a primary source for qualified candidates to fill full-time career positions. In developing a more comprehensive educational assistance program, we will want to consider the extent to which such opportunities should be extended to deserving part-time staff.

In light of your recommendations, BCPL intends to request, in an upcoming budget, to receive funds to support this valuable program.

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