



Memorandum

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To: The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson Joe Martinez
Members, Board of County Commissioners

From: Christopher Mazzella
Inspector General

Date: November 14, 2006

Re: OIG Investigation Results in Grand Jury Interim Report and Indictments of County Employees

On November 8, 2006 the Miami-Dade County Grand Jury indicted four (4) Miami-Dade County employees, Lisa Cameron-Smith, Hollis Horton, Tangala Eason-Jenkins, and Jennifer Bryant as a result of an investigation by the Office of the Inspector General (OIG). The Grand Jury also issued an Interim Report critical of the administration of Miami-Dade County's Tuition Reimbursement Program (the Program).

In early March 2006, the Employee Relations Department (ERD) requested that the OIG look into the Program due to possible employee misconduct in not reporting grants. The Program started in 1963 and generously offers eligible employees a 50% refund of tuition costs, excluding any grants, scholarships or other financial aid which the student does not have to repay. Thus far, the OIG has reviewed 275 County employee participants, just 18% of the 1,500 employees participating in the Program during 2005. This review revealed approximately \$182,556.00 in overpayments. The Grand Jury issued a list of recommendations addressing problems found with the implementation and structure of the Program. The County Manager's Office has taken affirmative steps to correct deficiencies in the program and will be proposing additional policy changes.

The OIG investigation uncovered four (4) County employees falsifying grades. Ms. Cameron-Smith was responsible for oversight and processing of tuition reimbursement for County employees at the ERD, Mr. Horton was a Tuition Reimbursement Coordinator for his department, and Ms. Eason-Jenkins and Ms. Bryant were Clerk of the Courts employees. In addition to submitting falsified copies of transcripts in order to fraudulently receive reimbursement from the County, the four indicted employees failed to report grants or other financial aid. The taxpayer money stolen by these County employees exceeded \$38,000. The OIG investigation into this Program is continuing.

cc: Mr. George Burgess, County Manager
Ms. Alina Hudak, Assistant County Manager
Mr. Donald S. Allen, Director Employee Relations Department
Mr. Harvey Ruvin, Clerk, Circuit and County Courts
Ms. Cathy Jackson, Director, Audit & Management Services
Mr. Charles Anderson, C.P.A., Commission Auditor

Clerk of the Board (Copy Filed)

IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT
OF FLORIDA IN AND FOR THE COUNTY OF MIAMI-DADE

INTERIM REPORT
OF THE
MIAMI-DADE COUNTY GRAND JURY

SPRING TERM A.D. 2006

State Attorney
KATHERINE FERNANDEZ RUNDLE

Chief Assistant State Attorney
DON L. HORN

Assistant State Attorney
SUSAN LEAH DECHOVITZ

Assistant State Attorney
ISIS PEREZ

MELISSA ANN WILLMAN
FOREPERSON

SHARON L. KENDRICK
CLERK

FILED

November 8, 2006

**Circuit Judge Presiding
GISELA CARDONNE ELY**

Officers and Members of the Grand Jury

**MELISSA ANN WILLMAN
Foreperson**

**FRESNEL VICTOR
Vice Foreperson**

**BRUCE S. WILNER
Treasurer**

**SHARON L. KENDRICK
Clerk**

ERIC ARENCIBIA

NORBERTO LIMA JR.

ROBERTO C. BARRETO

WILLIAM EARL PARROTT

SHERIKA BATEMAN

MARIA PINEDA

MARIA G. CUADRAS

WALTER LEE PRESTON

BETTY SMALL DARITY

MICHELLE MARIE RAMIREZ

TERESA GONZALEZ

DAVID SANTANA

NIRIA L. JOMARRON

MICHAEL WEHKING

RAYMOND E. LEWIS

NOEMI WHITTINGHAM

RIVILLE LEONIDAS LIBERAL

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**Clerk of the Circuit Court
HARVEY RUVIN**

*** * * * ***

**Administrative Assistant
ROSE ANNE DARE**

*** * * * ***

Bailiff

INTERIM REPORT:
FRAUD AND NEGLECT IN THE
MIAMI-DADE COUNTY TUITION REFUND PROGRAM

I. INTRODUCTION

The Miami-Dade County Tuition Refund Program was created for a noble purpose: To encourage and enable all county employees to further their education. We can think of no greater laudable goal and applaud the County for the economic encouragement this program offers. However, in order to ensure the proper administration of such a program, there must be sufficient safeguards in place so that an unscrupulous few cannot take us, the taxpayers in Miami-Dade County, for the proverbial "ride." It is with this thought that we present the following report.

II. THE PROGRAM

The Miami-Dade County Tuition Refund Program was approved by the Board of County Commissioners in 1963. The program was created to encourage County employees to improve their job effectiveness and prepare them for increased responsibilities by receiving additional training and education. The program has refunded \$9.3 million to Miami-Dade County employees since the year 2000.

The Miami-Dade Tuition Refund Program is governed by Administrative Order 7-4. All County employees are eligible for participation in the program after completion of 13 pay periods of full-time employment with the County. Employees who take "approved" coursework and achieve a grade that is "C" or higher from an accredited institution are eligible for a refund of 50% of tuition costs upon completion of the course. "Accredited institutions," under the program guidelines, include community colleges, undergraduate colleges and universities and graduate schools. As such, over the years, county employees have sought tuition reimbursement for courses leading to Doctoral and Masters' degrees. Presently, several county employees are receiving tuition reimbursement for their law school education at the University of Miami and Nova Southeastern University. One employee applied for and received tuition reimbursement for a three-week class given by Harvard University. The cost of tuition for the three weeks was

in excess of ten thousand dollars. Moreover, the reimbursement request was submitted more than a year after the course was completed (in violation of the program guidelines) and the employee attended the class while on county time.

Based on information the Grand Jury received, there are no geographical limits on the schools, no monetary limits on the cost of tuition and no requirements that the employees attend public versus private educational institutions. There also is no cap on the total amount of reimbursement a county employee could receive under the program. The reimbursements are in addition to the employee's regular salary. Theoretically, an employee who desired to become a lawyer could have one half of his/her entire undergraduate and law school tuition paid for by the county (with taxpayer money). After obtaining a law degree and remaining one more year with the county, the employee could then seek a job in the private practice of law. We see little benefit that the county (or Miami-Dade County residents) receives in this scenario. In that regard, we make the following recommendation:

That the County Manager review the tuition reimbursement programs operating in other jurisdictions or agencies. With the review of those programs, we strongly encourage the County to reconsider the following:

- a) Establishing a monetary cap on the amount to be reimbursed per credit hour*
- b) Establishing a monetary cap on the total amount of reimbursement an employee can receive.*
- c) The length of time a participant is committed to remain as a county employee after receipt of reimbursement.*

Administrative Order 7-4 provides strict guidelines and procedures regarding the accounting of grant and scholarship monies to determine the eligible refundable amount.

Employees receiving financial assistance including scholarships, fellowships, grants and/or Veteran's benefits (excluding student loans) will be eligible for 50% of tuition costs *after* the financial assistance has been applied to the tuition cost.

In other words, the employee is eligible to a 50% refund of his/her actual out-of-pocket costs.

To participate in the program, the employee must submit an application form. This form must be submitted to the employee's department director for coursework/degree approval no later than thirty days from the start of classes for each term. Each application should include

information regarding financial aid received by the student/employee for that particular term. It should be noted, that on the front of every application is a "Statement of Disclosure" which is signed by every participant when an application is submitted for approval. This statement certifies that no additional financial assistance is applied to the employee's tuition costs.¹ The disclosure language regarding the receipt of financial aid is included on the backside of every original application form.

Once classes are complete, all approved applicants are required to submit a request for reimbursement, along with tuition receipts, official grade notifications, and all supporting documentation to their department's director or designated representative. The department's representative is responsible for reviewing the paperwork and either approving or rejecting the request. The paperwork should then be forwarded to ERD for processing no later than thirty days from the receipt of the grades.

At the time the application form is submitted, many of the participants do not have information regarding whether they will receive any financial aid. Inasmuch as the request for reimbursement occurs after the classes are completed, the participants, at the time they submit the documents reflecting the actual costs of tuition, also know at that time the amount (if any) of financial aid they received. However, under the present system, there is no subsequent application for the participants to prepare or submit containing this information. This has created major problems in determining whether participants "knowingly" failed to inform the county that they had in fact received grant money or other financial aid.

III. THE INVESTIGATION

In early March 2006, the Employee Relations Department (ERD) became concerned that many County employees were not reporting to ERD, grants and scholarships they received. Specifically, two employees in the department who had participated in the program, went above and beyond the call of duty, observing and then reporting some questionable documentation.

¹ Financial aid/assistance means any federal, state or private funds that assist the student financially to obtain a higher education. This would include loans (borrowed funds) and grants, scholarships, fellowships and Veteran's benefit's (essentially, money which the student is not required to pay back). Financial aid/assistance can be categorized as state, federal or private, need based or non-need based, institutional or non-institutional. The A.O. requires that all of this information be provided by the employee along with each application submitted for a refund, so that the appropriate refund can be calculated.

After receiving confirmation that their suspicions were correct, they reported this to their supervisor within the ERD. The ERD then requested that the Office of the Inspector General (OIG) open an investigation of the Miami-Dade County Tuition Refund Program (Program).

The OIG compiled a list of over 1500 County employees who participated in the program during calendar year 2005. The OIG, with the assistance of the Miami-Dade County State Attorney Office, obtained records from Barry University, Nova University and St. Thomas University. Thus far, the OIG has reviewed the records of approximately 275 program participants (28% of those participating in 2005.) Of the 275 County employees, 83 (30%) received overpayments totaling \$182,556.00. Most of the overpayments were due to "misinformation", incomplete information or a lack of information about grant and/or scholarship monies received. Four individuals also received overpayments due to deliberate falsification of records. Specifically, each of the four submitted false grades in order to meet the minimum qualifications for refund. The total amount of monies stolen based on the submission of false grades alone just from these four individuals is \$7,563.12.

The four employees indicted by this Grand Jury were all long-term county employees, having a minimum of 13 years to a maximum of 24 years experience. Two employees worked as court clerks. To our dismay, the other two employees included 1) the acting supervisor in the Employee Relations Department (ERD) who was responsible for oversight and processing of tuition reimbursement for all county employees; and 2) the Department Tuition Coordinator (DTC) who approved tuition applications for employees in the Department of Planning and Zoning. Each of the four employees was a program participant who failed to report that he or she had received grants or other financial aid. As a result, they all obtained refunds in excess of the amounts they were eligible to receive. The employees all admitted knowledge of the details of the Program and the requirement to report financial aid, including grants.

Falsifying Grades

In addition to their failure to provide the county with information about grants or other financial aid they had received, each of these county employees also submitted copies of transcripts with grades that they falsified. Had the true grades been submitted ("F's" and "D's"), the employees would have been ineligible to receive any reimbursement. By engaging in this

fraudulent scheme, the county employees received taxpayer dollars they were not eligible to receive. The county employees all admitted to falsifying the grades and submitting these false documents to the county for reimbursement. As to the falsification of the grades, the employees were able to accomplish this ruse by doing a simple "cut and paste" or "cut and tape" technique whereby they would print a blank grade sheet and cut and tape grades from a prior transcript and paste them over the failing grade. The employee would then make a copy of the falsified document and submit it with the other paperwork. One of the employees who admitted to not being very "computer literate" went to one of the other three employees to have her grades changed.

The total amount of taxpayer money stolen by these four (4) employees through these schemes totals in excess of \$38,000. According to information received from the OIG's office, two of the employees (the ERD acting supervisor and the Department Tuition Coordinator for the Planning and Zoning Department) were allowed to resign their employment with Miami-Dade County. Presently, the two (2) clerks are suspended with pay. We strongly recommend that these two employees also be offered the opportunity to resign. If they fail to accept the offer, we recommend that they be terminated immediately. We also make the following recommendation:

That the Miami-Dade County Tuition Refund Program be modified to require that an employee have the educational institution forward official transcripts to ERD. County employees should be precluded from supplying their grades and/or transcripts to the county.

IV. THE FORMS

The OIG investigation of the county's tuition reimbursement program revealed a number of problems, shortcomings and failures in administering and overseeing the process for reimbursing county employees. One of the major shortcomings to ensuring compliance with the guidelines and requirements of the Program is the application form itself.

The forms used by the program are a hindrance to proper oversight of the program. Despite some changes to the forms, there remains much room for improvement.

The application form used prior to June 2005 did not contain specific language pertaining to the receipt of grants in the "Statement of Intent" section. Furthermore, this form, where a

signature was required, did not allow for the employee to acknowledge the receipt of financial aid, nor did the form provide a location to disclose receipt of financial aid. Important information regarding the requirement to report financial aid was displayed on the back of the form, rather than prominently on the front of the form. We have learned that in many instances, employees received a photocopy of the front of the form only, to submit for reimbursement. All of these factors have made it impossible, in many instances, to assess whether the recipient of the reimbursement, based on receipt of a grant and/or scholarship, was criminally liable.

In June 2005, the Program application form was revised. However, as of May 2006, ERD was still accepting the old form for reimbursement. Although the new form provides a box to report financial aid, the "Statement of Disclosure" (where the signature is required) still does not allow for the employee to acknowledge the receipt of financial aid. We recommend that the following changes be made to the application form:

1. *That the Miami-Dade County Tuition Refund Program restructure its application process by bifurcating the application process as follows:*
 - a. *Requiring an initial application, which seeks only to obtain approval of the course itself.*
 - b. *Requiring submission of a subsequent application, which includes specific statements about the amount of financial aid received and the net amount of reimbursement the participant is seeking.*
2. *That the Miami-Dade County Tuition Refund Program be modified to require that the educational institution forward official transcripts to ERD. County employees should be precluded from supplying their grades and/or transcripts to the county.*
3. *That the Employee Relations Department of Miami-Dade County increase its utilization of spot-checking to uncover any future problems.*
4. *That participants only use original application forms. Participants should be precluded from using copies of the application form.*
5. *That ERD not accept any applications submitted on the previous forms.*
6. *That the application form clearly state all requirements for qualification.*
7. *That there be an independent verification of financial aid.*
8. *That the form have a waiver component so the county can access all necessary records. Each participant agrees to sign a statement authorizing any educational institution to provide documents and records to the county.*

It is apparent that there is also a problem with handling of the paperwork. Departmental Tuition Coordinators (DTCs) are charged with the responsibility of administering the Program in

their particular department. In many instances, the DTCs did not forward grant documentation provided by program participants to ERD as required. Additionally, the DTCs did not keep back-up copies of program documentation in employee departmental files. We recommend that the following procedures be implemented within each county department:

1. *That the Department Tuition Coordinators receive thorough training on the exact requirements of the program. Furthermore, that the DTCs and each applicant be required to sign a document detailing the requirements of the program and stating that they understand these requirements.*
2. *That the Department Tuition Coordinators be required to forward paperwork and documentation to ERD and to keep back-up copies of forms and documentation in the employee departmental file for each employee who is a participant in the program.*

V. CONCLUSION

We again acknowledge the importance of the Miami-Dade County Tuition Refund Program. We also acknowledge and applaud the Employee Relations Department of Miami-Dade County for initiating an investigation into wrongdoing both by supervisors of the program as well as other recipients of the program's benefits. We encourage other county employees who become aware of such wrongdoing to follow the example of the ERD employees and report it to the appropriate authorities.

The ease with which this fraud was committed is remarkable – a literal cut-and-paste. Furthermore, the application process itself and the lax observance of procedure has allowed, at the very least, enormous waste. It also may be responsible for an as yet undetermined amount of fraud.

It is incumbent upon us to stem this tide of wasteful mismanagement and fraud. There are some rather simple measures that can be adopted to do just that. We therefore recommend the following:

RECOMMENDATIONS:

1. *That the Miami-Dade County Tuition Refund Program restructure its application process by bifurcating the application process as follows:*
 - a. *Requiring an initial application, which seeks only to obtain approval of the course itself.*

- b. Requiring submission of a subsequent application, which includes specific statements about the amount of financial aid received and the net amount of reimbursement the participant is seeking.*
- 2. That the Miami-Dade County Tuition Refund Program be modified to require that an employee have the educational institution forward official transcripts to ERD. County employees should be precluded from supplying their grades and/or transcripts to the county.*
- 3. That the Employee Relations Department of Miami-Dade County increase its utilization of spot-checking to uncover any future problems.*
- 4. That the Department Tuition Coordinators receive thorough training on the exact requirements of the program. Furthermore, that the DTCs and each applicant be required to sign a document detailing the requirements of the program and stating that they understand these requirements.*
- 5. That the Department Tuition Coordinators be required to forward paperwork and documentation to ERD and to keep back-up copies of forms and documentation in the employee departmental file for each employee who is a participant in the program.*
- 6. That participants only use original application forms. Participants should be precluded from using copies of the application form.*
- 7. That ERD not accept any applications submitted on the previous forms.*
- 8. That the application form clearly state all requirements for qualification.*
- 9. That there be an independent verification of financial aid.*
- 10. That the form have a waiver component so the county can access all necessary records. Each participant agrees to sign a statement authorizing any educational institution to provide documents and records to the county.*
- 11. The Tuition Refund Program should be audited on a regular basis.*
- 12. That a review be conducted of all management controls in the Tuition Reimbursement Program.*
- 13. That the County Manager review the tuition reimbursement programs operating in other jurisdictions or agencies. With the review of those programs, we strongly encourage the County to reconsider the following:*
 - a. Establishing a monetary cap on the amount to be reimbursed per credit hour*
 - b. Establishing a monetary cap on the total amount of reimbursement an employee can receive.*
 - c. The length of time a participant is committed to remain as a county employee after receipt of reimbursement.*