



State of South Carolina Office of the Inspector General

Date: February 20, 2019

OIG File No.: 2018-2907-I

Dr. Richard Gough
Technical College of the Lowcountry
921 Ribault Road
Beaufort, SC 29902

Re: Review of Military Tuition Assistance (TA) Program

Dear President Gough:

The South Carolina Office of the Inspector General (SIG) conducted an independent review of the Technical College of the Lowcountry's (TCLC) TA program beginning in October 2018, based upon a credible complaint alleging that numerous military student accounts had been sent to third party collection agencies due to a failure to process and transmit TA invoice paperwork to the United States Department of Defense (DOD).

The scope of this review focused on TCLC's procedures and compliance with the DOD TA program, identifying any unresolved TA vouchers and accounts, and identifying actions taken by TCLC to resolve any erroneous TA collection accounts.

The SIG conducted interviews of military students whose accounts were sent to a third party collection agency for a reported failure to initially submit TA vouchers; and/or where TCLC was unable to produce sufficient documentation detailing the circumstances surrounding a military student's account being sent to the collection agency for a TA-related issue. Available members of the TCLC Business Office were also interviewed regarding the TA invoicing process as well as, new initiatives implemented to improve the TA workflow and accountability.

The following executive summary sets forth the SIG's observations for you and your executive leadership's use in addressing operational and policy initiatives and deficiencies, if any.

Executive Summary

The SIG conducted a review of internal TCLC documents, DOD invoice documents, DOD directives and memorandum(s) of understanding (MOU), and interviewed military students as well as available current and former TCLC Business Office staff. The SIG found that there were previous deficiencies in TCLC's procedures and adherence to the DOD MOU as well as training deficiencies and gaps that caused inefficient processing of TA vouchers and documents.

However, the SIG found no evidence that the inefficient processing of TA vouchers and documents led to erroneous military student collection accounts. In fact, as early as February 2018, TCLC had already initiated a sweeping overhaul of its TA policies and procedures, as well as other programs and services within the TCLC Business, Financial, and Veteran's Affairs Offices.

Background

Previously known as the Beaufort Technical Education Center, TCLC became part of the State Technical College System in 1972. Legislation enacted in 1986 added oversight to the college by establishing the Technical College of the Lowcountry Commission, which consisted of seven commissioners appointed by the governor with the advice and recommendation of the General Assembly. The TCLC receives approximately 18% of its funding from the state, and serves a four county area of the lowcountry via three campus locations: Beaufort Campus, New River Campus (Bluffton, SC), and Hampton Campus (Varnville, SC).

The TCLC is an approved institution for administering the educational benefit program of the United States Department of Veterans Affairs (VA) as a member of the Service Members Opportunity Colleges (SOC) Consortium and the SOC Degree Network System. The SOC Degree Network System is a subgroup of community colleges that have been identified to deliver specific Associate Degree programs for active duty military service members and veterans.

The DOD provides TA to active duty service members through its Voluntary Education Program (VolEd). This is accomplished through DOD VolEd partnership MOU(s) with approved educational institutions in the SOC Degree Network System. Educational institutions utilize several invoicing systems (depending on the branch of service) to enter and track TA students' grades, enter/invoice TA vouchers, and to submit electronic funds transfer (EFT) requests to the DOD for payment. The vast majority of TA vouchers processed at TCLC are invoiced through the Navy College Management Information System (NCMIS) and the iRAPT (an internet-based invoicing system).

The process of initiating collections for debts on behalf of DOD TA funds is handled internally by each individual service branch. Typically, a collection debt for military student TA funds is handled by a deduction from the active service member's paycheck, not through a third party collection agency.

SIG Analysis

No erroneous military student collection accounts were identified during the course of this review. However, the SIG found that a previous environment existed within the TCLC Business Office that potentially could have led to that outcome without improved internal controls. Although TCLC was in the process of updating its current DOD MOU, the college was not in compliance with several key internal controls required by the standing MOU. Interviews with current and former TCLC staff identified a general unawareness of the DOD MOU and understanding of its contents.

Coupled with a lack of documentation, communication, staff, and training with the DOD TA invoicing processes, a period of time existed in which 41% of TA vouchers invoiced by the TCLC Business Office were rejected, and required resubmission. This caused many of the TA vouchers to “sit” for indeterminate periods until they were reprocessed. As TA voucher invoicing stalled, some military students received TCLC outstanding balance letters and third party collection account notices for issues unrelated to TA, such as course fees or overpayments for other types of financial aid to include Pell and SC Education Lottery grants. Additionally, several military students claimed they properly submitted their TA vouchers to TCLC, but were subsequently referred to a third party collection agency.

The TCLC acknowledged the possibility of isolated incidents in which a TA voucher may have been lost or misplaced. Interviews with military students revealed there was no available evidence to verify initial delivery of the TA vouchers; and no military student reported that his/her personal credit report had been adversely affected. All of this created the false impression that TCLC was referring military students to third party collection agencies based on the mishandling of TA vouchers.

1. Compliance with Department of Defense Memorandum(s) of Understanding

The military TA program is guided by numerous laws, directives, and orders including, but not limited to:

- [10 USC 2005](#), [10 USC 2006](#), [10 USC 2007](#), [10 USC 2008](#)
- [DOD Directive 1322.08E](#)
- [DOD Instruction 1322.25](#)
- [Executive Order 13607](#)
- [Marine Corps Oder 1560.25](#)
- [MARADMIN 255/18 TA Guideline Update](#)

The following compliance issues and observations were noted pertaining to the standing TCLC DOD MOU, which incorporates all the aspects of the above noted laws, orders, and directives.

The TCLC MOU contains additional agreed upon individualized instructions, such as rules and procedures for base access by TCLC staff. The MOU is required to be reviewed annually, and

reauthorized every five years. The current operating MOU was signed on 4/04/2011 by former TCLC President, Thomas Leitzel, and on 4/18/2011 by USMC Colonel J.R. Snider.

SIG Observation – *The SIG determined that the MOU expired as of 4/2016 although a new MOU was being drafted at the time of this review.*

MOU Section 2.24 states, the TCLC should “submit invoices electronically to the Commanding Officer, Navy Education and Training Professional Development and Technology Center (NETPDTC) (Code N8115) Pensacola, FL no later than 30 days following course completion, but no earlier than after the ADD/DROP period,” and “will invoice NETPDTC only for valid TA documents approved by the Education Services Officer.”

MOU Section 20.1 states, “Invoices must be forwarded to NETPDTC Pensacola, FL within 30 days of course completion by the current method. As of 9/20/2007, the current method is electronic invoice processing via Wide Area Work Flow (WAWF).” According to DOD NETPDTC Voluntary Business Operations staff, the 30-day requirement is considered a best practices guideline, as TA vouchers can ultimately be invoiced and paid within a five-year window.

SIG Observation – *The SIG found that a period of time existed in which TCLC was not consistently submitting TA invoices within the 30-day recommended period. The TCLC made an administrative decision during the course of this review to apply a standard of approximately 90 days after the school term ends in order to allow students’ academic grades to be processed and added to the invoice documents.*

The MOU authorized TCLC to collect a separate administrative course fee from military students utilizing TA. **MOU Section 2.25** states, the TCLC “is responsible for collection of tuition fees not payable by NETPDTC.” **MOU Section 6.27** states, “Each student is responsible for paying their own registration fees; these charges may not exceed costs charged on their home campus.”

SIG Observation – *Some military students who happened to utilize TA failed to pay nominal administrative course fees resulting in legitimate small balance collection accounts. The TCLC made an administrative decision prior to the initiation of this review to begin covering all military student’s administrative course fees with internal Military Assistance (MA) funds.*

MOU Section 3.8 states, the TCLC should “require students to obtain the authorized TA form prior to the start of the term or the end of the DROP/ADD period or dis-enroll them without penalty.”

SIG Observation – *Based on information provided by TCLC, some military students, who intended to utilize TA, were able to begin, complete, and receive grades for course terms without authorized TA forms on file with the college. The TCLC was in the process of applying procedures to its student*

records database to “flag,” or differentiate, civilian students from military students. This would allow TCLC an additional internal control to check for issues with TA vouchers after the course DROP/ADD period expired.

MOU Section 6.26 required the TCLC to furnish each respective base education services officer with a term enrollment summary within 10 working days from the start of the term, to include, the number of active duty military utilizing TA.

SIG Observation – *As acknowledged by TCLC, the SIG determined that the college did not comply with providing required term enrollment summaries to the base education services officer. Coming into compliance with this requirement will allow TCLC to add another internal control to identify issues with TA vouchers and help improve communication between TCLC and the base education services officer.*

MOU Section 8.1 required the TCLC “to establish a QA program to ensure compliance with the MOU.” **MOU Section 8.4** states, the TCLC “must also develop a “self-evaluation” program which is included as part of the TCLC QA program.”

SIG Observation – *The SIG determined the TCLC did not comply with the MOU requirements of establishing QA/self-evaluation programs. Quality assurance is a critical aspect in any state agency or organization that provides feedback for the implementation and improvement of internal controls. Internal controls and scheduled ongoing evaluation of TA and other sponsorship programs at TCLC should be conducted even when there are no overt problems or concerns. The TCLC had not instituted any formal QA/self-evaluation/audit programs at the time of this review. New procedures recently initiated by TCLC and the new draft MOU awaiting signature by the TCLC President should alleviate the majority of these compliance issues.*

2. Analysis of Department of Defense Invoice Documentation and Technical College of the Lowcountry Tuition Assistance Program Accounts

Analysis of DOD invoice data and documentation from the WAWF/NCMIS/iRapt indicated that problems with the invoicing of TA vouchers began in the spring (May) of 2016, and through the summer of 2017 (September). During this 17- month period, an examination of 61 TA vouchers, encompassing 72 courses for 43 military students, indicated that 25 TA vouchers, or 41%, had been rejected. The exact period of time the 25 TA vouchers remained in the invoicing system in a rejected/unprocessed status was unknown due to TCLC not having a sufficient documentation and filing system linked to each individual military student/TA voucher. Thirty-eight, or 62%, of the TA vouchers lacked documentation of the dates and manner in which they were received by TCLC Business Office staff. However, the invoice data showed that TCLC received final payment for all of the TA vouchers examined by March or April 2018, which indicated all TA vouchers were eventually invoiced.

Additional information provided to the SIG revealed that the problem of invoicing TA vouchers continued into the spring of 2018 (May), when 14 additional TA vouchers were reported by the base education office as stalled in the invoicing system. They stemmed from a report that two military students had received collection notice letters. However, upon receipt of the report(s), twelve of the fourteen TA vouchers were immediately processed and neither of the military students were able to provide copies of the alleged collection notice letters to verify the specifics of the balances. The TCLC later provided documentation showing that both military students had zero balances with the college. Five TA vouchers in the original dataset examined by the SIG, or 8%, were reported by TCLC as not received and/or not submitted by military students. However, all of the TA vouchers were subsequently resubmitted by the military students, and invoiced by TCLC a year or more later despite the military students already having completed their courses.

The SIG was provided additional internal data from TCLC that identified 15 active and/or former military student accounts had been sent to a third party collection agency. Of the 15 accounts identified, only six were directly related to a TA voucher reported as not received/invoiced by the college. However, due to insufficient documentation and record keeping processes in place at TCLC at the time, the exact number of military student accounts sent to a third party collection agency was unknown. This was due largely in part to TCLC having to identify the majority of the collection accounts from “return to sender” collection notice letters because TCLC did not have a way to differentiate civilian students from military students in its records.

The TCLC voluntarily, in good faith, removed collection balances from all identified military student accounts associated with a TA voucher issue by applying auxiliary MA funds. The TCLC was unable to determine if any of the military student accounts sent to a third party collection agency affected individual credit bureau files.

SIG Observation – *The administrative oversight in the timely and accurate invoicing of TA vouchers created an environment in which erroneous military student collection accounts could have occurred. When TA invoicing stalled beyond the DOD MOU recommended period, confusion between the TCLC and the military base education office ensued. In addition, if a military student who utilized TA had already enrolled, completed, and received a grade for a TA sponsored class while that same student’s TA voucher could not be accounted for (lost, misplaced by staff, etc.), then that military student’s account could have been referred to a collection agency.*

By DOD definition, all TA students are active duty military service members, and are frequently transferred to military bases throughout the US and deployed overseas making communication with military students after completing their courses at TCLC more challenging. Therefore, it is imperative that all TA vouchers are timely and accurately identified, documented, and processed prior to the start of the course term, or no later than the drop/add period, so that any identified issues can be addressed prior to the military student completing the course and being transferred and/or deployed.

The TCLC immediately responded to all concerns brought to its attention regarding “missing” TA vouchers and took further steps to clear any and all military student account balances (even for issues that were not TA-related) utilizing auxiliary MA funds. Strict adherence to the WAWF user policies and guides, staying abreast of system updates and directives, as well as continuing to improve communication channels with the DOD NETPDTC Voluntary Business Operations Office and base education office should be a priority for TCLC Business Office staff.

3. Summary of Interviews with Military Students

In conducting interviews with available military students (to include the six verified by TCLC to have been sent to a third party collection agency due to a missing TA voucher), the SIG found only one student was adamant the voucher(s) was submitted. The military student submitted the TA vouchers via e-mail to an unknown TCLC Business Office staff member, but was unable to produce the e-mail(s) containing the original TA voucher attachments. The majority of the military students interviewed stated they submitted their TA vouchers in person to the TCLC Business Office and all stated they were not provided a receipt and/or stamped copy of the TA voucher. There was no evidence provided by the military students to the SIG that any of their personal credit files had been affected. Three military students did not respond to the SIG’s requests for interviews.

SIG Observation – *The interviews indicated that the majority of reportedly missing TA vouchers were likely a result of military students not actually presenting the vouchers to TCLC. However, the interviews were a sample of an unidentified number of military student accounts sent to third party collection agencies that could be readily identified as TA-related by TCLC. In addition, three military students did not respond to the SIG. All of the military students interviewed who were still in active duty status indicated they utilized their military e-mail addresses as a primary contact method.*

4. Summary of Interviews with Technical College of the Lowcountry Business Office Staff

Interviews with available current and former TCLC Business Office staff determined the college utilized a combination of past processes, and new initiatives implemented for TA workflow and accountability. In addition, the SIG developed observations regarding issues such as internal training, policies, and delegation of duties within the TCLC Business Office.

The TCLC Business Office cashier/accounts receivable (AR) position (state title Fiscal Technician II) is responsible for the processing and invoicing of TA vouchers. There are three additional Fiscal Technician II positions (one of which is part-time) that help support the TCLC Business Office. An assistant controller and a payroll manager are also currently slotted positions within the TCLC Business Office. All positions report to the TCLC controller.

Inefficient TA invoicing seemed to revolve around the instability of the cashier/AR position, as well as the delivery methods of the actual TA vouchers themselves. Since 2014, three people have served in the

cashier/AR position. Prior to 2014, the position had been occupied by the same person for 27 years. Each time the cashier/AR position turned over (became vacant), the controller absorbed the TA responsibilities, along with other responsibilities tied to the position. Only the cashier/AR position and the controller had access to the DOD invoicing systems, and were the only positions with authority to initiate collections on accounts.

In addition, there was not an assistant controller position previously in place. The TCLC Business Office staff stated that the former controller became overwhelmed, at times, and preferred to keep a lot of information to herself. Staff also advised that more delegation of duties by the former controller could have lessened the work burden on both the controller, and the cashier/AR position. The addition of the assistant controller position has assumed the majority of the payroll duties previously handled by the controller.

Submission of TA vouchers to TCLC occurred in a variety of ways: (1) delivered in person to the TCLC Business Office; (2) delivered in person to the TCLC Financial or Veteran's Affairs Offices (3) e-mailed directly to the cashier/AR desk (which was vacant for periods of time); or (4) hand-delivered or e-mailed directly to the TCLC Veteran's Services Coordinator. Any of these avenues of delivery required the TA voucher to arrive to the cashier/AR employee for processing or to the controller during times of cashier/AR position vacancy.

To remedy this, TCLC instituted a dedicated e-mail address for submission of TA vouchers that is monitored by six total TCLC Business Office staff. The TCLC Business Office staff advised that this new approach has worked well, and that military students now receive a scanned and dated copy of their TA voucher in a response e-mail, which serves as a receipt. However, the TCLC is currently only responding to all civilian and military students through their official TCLC e-mail account.

Training in the areas of TA and collections processes was reported as informal, or "on the job training." The TCLC Business Office staff reported some knowledge of an "antiquated" SOP manual regarding TA as well as an outdated internal collections policy. In addition, there was no apparent ongoing TA training or regular briefings with DOD NETPDTC Voluntary Business Operations Staff in FL. Very few, if any, TCLC Business Office staff had knowledge of the existence of a DOD MOU and the staff who were aware could not cite any details of its contents.

Part of the SIG's interview/review process with TCLC Business Office staff included an analysis of the cashier/AR position description. There were nine job functions listed on the TCLC position description document, all of which were considered essential with no marginal duties noted.

Job function #3 states, "Prepares all institutional billings for auxiliary services, TCL Foundation, sponsorship and students, to include electronic invoicing as required. Follows up monthly to ensure timely collection of receivables. Identifies problem and/or delinquent accounts, proceeds with collection

process as directed by Accounting Manager and maintains documentation of collection efforts. Under direction of Accounting Manager, administers all student financial appeals. Administers College's participation in SC Debt Setoff Program, outside collection programs and various prepaid tuition plans, including daily report generation and review, and periodic reconciliation." However, there is only 10 percent of the employee's time allocated to this job function. In contrast, job function #1, which includes front desk and cashier duties, allocates 15 percent of the employee's time.

SIG Observation – *The percentage of time required for each job function in the TCLC cashier/AR position description document ranged from 10 to 15 percent. The nine job functions for the position appear excessive for the percentage of time allocated by the position description. A re-analysis of the cashier/AR position as well as a focus on cross-trained staff and ongoing training in TA should be a priority for TCLC Business Office staff.*

Recommendations

1. The TCLC should incorporate the Business Office's ongoing TA process improvement efforts including the pertinent recommendations of this review into the draft DOD MOU. The TCLC should adhere to the requirements of the MOU, to include annual review and establishment of internal QA/self-evaluation programs. All Business Office staff should become familiar with the DOD MOU.
2. The TCLC should consider establishing regular information meetings with base education officers, voluntary education staff, and DOD Voluntary Business Office staff to facilitate improved communication and to obtain operational updates on TA processes.
3. The TCLC should identify primary and back-up Business Office staff dedicated to the TA process and notate such in internal position descriptions. Cross training of Business Office staff in TA processes should be considered.
4. The TCLC should institute formal initial and recurring training processes for all Business Office staff and review/update any out of date SOPs and/or internal policies pertaining to TA and collection accounts.
5. The TCLC should consider utilizing military e-mail addresses as the primary contact method for TA students, instead of the TCLC student e-mail address. The TCLC should also consider updating the capabilities of its student records database(s) to include the ability to store information about military students' branches of service and commanding officer(s)' contact information.

During the course of this review, the SIG realized the often under-appreciated and vital role that technical colleges play in the delivery of educational services and skills training to US service members and their families. Due to its location, TCLC provides educational and training opportunities for several

military installations from Beaufort to Savannah, GA. The SIG appreciates that TCLC has taken proactive steps even beyond those identified in this review to improve its services to the military community.

The SIG extends its gratitude to Vice President Andrew Smith and the TCLC Business Office staff for their cooperation and support during this review. If you have any questions regarding this review, I am available to provide a more detailed briefing at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Brian D. Lamkin".

Brian D. Lamkin
State Inspector General

cc: Vice President Andrew Smith