

**SEMINOLE COUNTY
CENTRAL SERVICES DEPARTMENT
HUMAN RESOURCES DIVISION**

**REVIEW OF
UNEMPLOYMENT COMPENSATION**

REPORT NO. 051711

MAY 2011

Prepared by:
The Office of the
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

May 17, 2011

The Honorable Brenda Carey,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Madam Chairman:

I am very pleased to present you with the attached review of unemployment compensation paid by Seminole County; as administered by the Agency for Workforce Innovation.

It was our opinion that the system to review, monitor, and appeal claims is not adequate and does not protect the financial interests of the taxpayers. The appeals process provides an opportunity for both former employees and county government to present their cases at an appeal hearing. It is our understanding that although some appeals may have been filed; there is no formal log or other record being maintained.

I would like to acknowledge the assistance of the county staff for their cooperation and assistance throughout the course of this review. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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**Seminole County
Limited Review of
Unemployment Compensation**

Agency for Workforce Innovation

This limited review of unemployment compensation was initiated by the Office of the Clerk of the Circuit Court.

PURPOSE

To determine if payments to the Agency for Workforce Innovation (AWI) are in compliance with Florida Statute 443 (Unemployment Compensation), and there is a system being used by county staff that ensures both timely and accurate processing of claims.

BACKGROUND

The State of Florida's unemployment compensation law provides for temporary payments to employees who lose their jobs through no fault of their own. It emphasizes that unemployment is a serious condition that affect the health, morals, and welfare of its citizens. Although the law is very complex, the intent is to compensate terminated employees temporarily while they search for new employment.

Employees eligible for unemployment are paid 50% of their average weekly wage up to a maximum of \$275 per week and are eligible to receive benefits up to 26 weeks. They can also apply for extended benefits, if unemployed at the end of the 26 weeks.

Not all employees who lose their job are eligible for unemployment. For example, an employer's account will not be charged if AWI finds that a worker:

- Left work without good cause attributable to the employer;
- Was discharged for misconduct connected with the work;
- Was discharged for unsatisfactory performance during an initial 90-calendar day probationary period of employment of which the worker was informed within the first seven workdays;
- Refused without good cause an offer of suitable work;
- Was separated from work as a direct result of a natural disaster declared under the Robert T Stafford Disaster Relief and Emergency Assistance Act; and,

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Internal Audit Division
Clerk of Circuit Court

- A former employee is already collecting from an employer sponsored retirement plan.

Both a former employee and an employer have the right to appeal a decision of eligibility made by AWI; however it must be filed within 20 days from the date of the Determination of Benefits Notice from the agency.

County records indicate that some former Seminole County employees collected unemployment benefits even though they had made a voluntary decision to resign. At least one employee was receiving benefits while receiving an employer sponsored pension benefit.

The report that follows discusses the results of this review.

SCOPE OF WORK

The scope of the review included payments to AWI for the period March 31, 2008 to March 31, 2011. These payments totaled \$962,718.40.

The review included:

- Applicable policies, procedures and public laws;
- Notice of Determination of Benefits Forms;
- Employment files;
- Payments to AWI;
- Interviews with county personnel.

The review was performed by the Office of the Clerk of the Circuit Court.

OVERALL EVALUATION

In our opinion, the system to review, monitor, and appeal unemployment claims is not adequate and does not protect the financial interests of the taxpayers. The appeal process provides an opportunity for both former employees and county government to present their cases at an appeal hearing.

Although some appeals may have been filed, there is no log or other record of it in the HR and/or County Finance files.

The following conditions warrant management's attention:

- Some claims filed by ex-employees may require a financial adjustment.

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FINDING NO. 1

Some claims filed by ex-employees may require a financial adjustment.

There are several conditions that disqualify an individual from receiving unemployment compensation. In the paragraphs that follow we high-light some situations that apply to some of the employees that are no longer employed by Seminole County.

Florida Statute 443.101 states:

1. ***Disqualification for voluntarily quitting continues for full period of unemployment next ensuing after he or she has left his or her full time, part time or temporary work voluntarily without good cause and until the individual has earned income equal to or in excess of 17 times his or her weekly benefit amount. An individual is not disqualified under this subsection for voluntarily leaving temporary work to return immediate when called to work by the permanent employing unit that temporary terminate his or her work within the previous 6 calendar months. For benefit years beginning on or after July 1, 2004, an individual is not disqualified under this subsection for voluntarily leaving work to relocate as a result of his or her military-connected spouse's permanent change of station orders, activation orders, or unit deployment orders.***
2. ***Disqualification for being discharged for misconduct connected with his or her work continues for the full period of unemployment next ensuing after having been discharged and until the individual has become reemployed and earned income of at least 17 times his or her weekly benefit amount and for not more than 52 weeks that immediately follow that week as determined by the Agency for Work Force Innovation in each case according to circumstances of each case or seriousness of the misconduct, under the agency's rules adopted for determination of disqualified for benefits for misconduct.***

3. ***When an individual has provided notification to the employing unit of his or her intent to voluntarily leave work and the employing unit discharges the individual for reasons other than misconduct prior to the date the voluntary quit was to take effect, the individual, if otherwise entitled, will receive benefits from the date of the employer's discharge until the effective date of his or her voluntary quit.***

8. ***For any week in which an individual has received benefits from a retirement, pension, or annuity program embodied in a union contract or either a public or private employee benefit program, except:***
 - a. ***For any week in which benefits from a retirement, pension or annuity program, as referred to in this subsection, are less than the weekly benefits that would otherwise be due under this chapter, he or she is entitled to receive for that week, if otherwise eligible, benefits reduced by the amount of benefits from the retirement, pension, or annuity program, prorated to a weekly basis:***

 - b. ***For any week in which an individual has received benefits for a retirement, pension, or annuity program, as referred to in this sub section, for which program he or she has paid at least one-half of the contributions, the individual is entitled to receive for that week, if otherwise eligible, benefits reduced by one-half of the contributions, the individual is entitled to receive of that week, if otherwise eligible, benefits reduced by one-half of the amount of benefits from the retirement pension or annuity program, prorated on a weekly basis.***

We reviewed the invoices from AWI for the period January 2008 to March 2011. We also reviewed personnel files to determine if employees were eligible for unemployment and if the county was involved in an appeal process.

We reviewed files of 14 former employees to determine if they were eligible for unemployment payments based on the reasons for termination annotated on the HR Separation of Notice Forms completed by HR. These employees were specifically selected because the reasons on the forms appeared to disqualify them from collecting.

Of 14 employment files reviewed, 5 employees resigned for personal reasons, 2 abandoned their positions, and 1 was still an active employee. These cases may have been opportunities for the county to argue its case to the AWI appeal board.

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Another former employee who held an executive management position, received a very large compensation package (about \$ 87,000) to leave the county, and was also collecting from the Florida Retirement System. Under Florida Law an employee who is receiving a pension under a defined benefit plan might not be entitled to unemployment. This former employee received an additional \$7,150.00 in unemployment compensation even though she was receiving benefits from Florida Retirement System.

On another case, HR was notified on a "Determination Notice of Unemployment Compensation Claim Filed" that an employee had filed for unemployment. HR properly notified AWI that the employee was still an active employee. Even though AWE was notified by County staff, they continued to bill the county for this employee for two quarters.

We believe that a contributing factor to claims not being questioned earlier in the process is that HR does not have access to the billing invoices to review and formally approve prior to payment. Thus, the management review process is not effective.

There is no log or formal listing and/or formal record maintained which identifies the cases that were appealed by county staff, the final decision, and the documentation to support the process. We found no documentation in the files to support an appeal of any of the 14 cases selected for review.

By not appealing certain cases, the taxpayers may be paying more unemployment costs than required. A timely request for appeal or justification as to why certain payments are being made insures that costs are accurate. Also, there is no formal process in place for management to formally review and approve invoices, review for accuracy the determination of benefits, and follow up to ensure accurate billings to the county.

Current Status

The County Finance Director has notified AWI of the incorrect billing of an active employee. It is the County Finance Director's understanding that an investigation is being conducted.

Recommendation

1. Invoices from AWI should be formally reviewed and approved by the County HR manager and County Finance Director.
2. Copy of "Determination of Benefits" should be maintained in County Finance and the HR Department for tracking.
3. Appeals should be filed for questionable claims.