

CITY OF ALLENTOWN

Review of Fellowship Contracts

Date of Report: May 20, 2025

The City of Allentown entered into 4 (four) Fellowship Agreement/Memos of Understanding (MOU) with the Leonard Parker Pool Institute for Health.

In exchange for nine-month training beginning in September 2023 and concluding by June 2024, the institute would pay the City **\$5,000.00** for 2 (two) MOUs for a total of **\$10,000.00**.

In exchange for four-month training beginning in January 2024 and concluding by April 2024, the institute would pay the City **\$1,500.00** for 2 (two) MOUs for a total of **\$3,000.00**.

OBJECTIVE

The objective of the review was to determine whether the payments due to the City of Allentown (City) for fees and services were received in compliance with the Sponsorship and Fellowship agreements.

The period selected for testing includes payments through April 2025.

PROCEDURES

This audit was conducted in accordance with generally accepted governmental auditing standards and utilized an approach that included staff interviews, reviews of documents and reports, and examinations of individual financial transactions.

FINDINGS, RECOMMENDATIONS AND RESPONSES

PAYMENT DEFICIENCIES/ INTERNAL CONTROL WEAKNESSES

1. No Record of MOU in Contract or Accounts Receivable Modules

Per the City Charter Section 5-21 Contracts (6):

“The Administration shall establish and maintain an ongoing prioritized contract monitoring function consistent with established best practices to ensure that the objectives of City contracts are accomplished, and vendors meet their responsibilities. The Administration shall make available to Council and the Clerk's Office all information relating to this section.”

We noted the following:

- 1 (one) MOU was not in the Tyler EDEN contract module. Because there was no systemic record of the MOU, vendor responsibilities could not be monitored.
- 2 (two) of the MOUs were entered as “Miscellaneous” contracts with a \$0.00 value. Because of this they could not be easily reviewed for AR repayment (See point #1).

Recommendation

All contracts and other written obligations should be properly entered into the Tyler contract module.

Contract approvers should be reminded of the need for proper categories and need for dollar value when approving the contracts in the Tyler contract module.

HEALTH'S Response

HEALTH will establish protocol that all contract agreements regardless of size, scope or who the signatory requested initially is, shall be routed through the contract module to ensure the Mayor's signature.

PURCHASING'S Response

Purchasing will keep an eye out for when these go through the contract's module. If funds are being received it should be entered as a receivable contract with the dollar amount we expect to receive.

2. Agreement Not Signed by Mayor

Per the City Charter Section 308, L.:

“The Mayor shall have the following powers and duties:...Execute all bonds, notes, contracts and written obligations of the City.”

HEALTH entered into 3 (three) MOUs setting the terms and understanding between the Leonard Parker Pool Institute for Health and the City Employee participant, 2 (two) of the MOUs were signed by the Mayor.

1 (one) MOU was only signed by the employee and did not include the Mayor’s signature.

Recommendation

All contracts and written obligations should be authorized and signed by the Mayor.

HEALTH’S Response

HEALTH will establish protocol that all contract agreements regardless of size, scope or who the signatory requested initially is, shall be routed through the contract module to ensure the Mayor’s signature.

3. Fellowship Agreement Payments

In 2023, 4 (four) Memorandum of Understanding (MOU) with the Leonard Parker Pool Institute for Health were entered into for the period 09/2023 – 06/2024 for a total of **\$13,000.00**.

For 2 of the MOUs:

“...will receive a **\$5,000** unrestricted stipend to offset a portion of their time that will be dedicated to the program. These funds will be paid to the organizations in following the success completion of the first four learning sessions (January 2023).”

\$5,000 was deposited into Miscellaneous Revenue and **\$5,000.00** was deposited into 000-5215 Health Categorical Grant. It is unclear whether the Health Categorical Grant is the correct GL Account.

For the other 2 (two) MOUs:

“Allentown Health Bureau (AHB) will receive a **\$1,500** unrestricted stipend to offset a portion of their time that will be dedicated to the program. These funds will be paid to the organizations in following the success completion of the first half of training sessions (March 2024).”

\$3,000 was deposited into Health Bureau Services account.

It is unclear whether either of the revenue accounts is correct.

Recommendation

Administration should develop a policy/procedure to accurately record this type of income.

Administration's Response

Treasury applies payments to the GL accounts we are told. If we cannot determine what the payment is for, we deposit into Miscellaneous revenue. We will work with the Health Bureau to determine the correct GL account for any payments moving forward.