

CITY OF ALLENTOWN

TUITION REIMBURSEMENT

Date of Report: April 11, 2025

The purpose of the Education/Tuition Reimbursement program is to establish a method whereby eligible employees may receive repayment for part or all of the expenses they incur in continuing their education.

For Non-Bargaining Employees Education/Tuition Reimbursement is addressed in the Personnel Policy Manual (PPM), Memos of Understanding (MOUs), AIMs, and subsequent Emails from Administration.

- For 2023, 7 (seven) and for 2024, 5 (five) Non-Bargaining Employees submitted for Tuition Reimbursement.

For Municipal Employees Education/Tuition Reimbursement is addressed in the Agreement between the City of Allentown and Service Employees International Union Local 32BJ, effective January 1, 2022, through December 31, 2025.

- For 2023 2 (two) and for 2024, 2 (two) Municipal Employees submitted for Tuition Reimbursement.

For Fire Fighters Education/Tuition Reimbursement is addressed in the Agreement between the City of Allentown and The International Association of Fire Fighters Local No. 302, 2021-2022-2023-2024-2025.

- For 2023, 2 (two) and for 2024, 3 (three) Fire Fighters submitted for Tuition Reimbursement.

OBJECTIVE

The objectives of the review were to:

- Identify any potential control weaknesses and opportunities for improvement for Tuition Reimbursement,
- Ensure proper supporting documentation is maintained, and
- Identify any violations of the Collective Bargaining Agreements (CBAs), PPM, and/or AIMs.

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.

The period selected for testing was Reimbursement paid for tuition expenses incurred for 2023 and 2024.

FINDINGS, RECOMMENDATIONS AND RESPONSES

INTERNAL CONTROL WEAKNESSES

NON-BARGAINING EMPLOYEES

For 2023, 7 (seven) and for 2024, 5 (five) Non-Bargaining Employees submitted for Tuition Reimbursement.

1. Non-Compliance to AIM 6-6-03 – Leave of City Employment

Per AIM 6-6-03, 10-12-2001, “Education Reimbursement for Non-Bargaining Unit Employees”, Section 3.9:

“Employees who voluntarily or involuntarily leave City employment before a full calendar year has transpired following the completion of a course for which they have received reimbursement shall return the total education reimbursement to the City, preferably through payroll deduction.”

For 2023, we identified 2 (two) Non-Bargaining who both left City employment prior to 1 (one) year from the end of the course date and did NOT return the Tuition Reimbursement to the City.

The total uncollected Tuition Reimbursement is **\$9,587.50**.

Recommendation

Consideration should be given to billing the employees.

Administration should track the payments and ensure compliance to AIM 6-6-03.

Administration’s Response

We agree to formulate a process to track and bill appropriately by the end of 2025. We are currently considering a time that will coincide with the roll out of our new PPM and/or the new SEIU contract. The exact timing may change due to unforeseen circumstances.

2. Non-Bargaining Tuition Reimbursement Amount Errors

Per an Administrative Email dated 12/15/2022,

“In 2023, the tuition reimbursement for non-bargaining staff has increased from \$2,900 to \$5,250 per calendar year....Employees are eligible to receive reimbursement for tuition, registration fees and laboratory fees. Books and other required course materials not covered by course or tuition fees are the employee’s responsibility and will not be reimbursed.”

We noted the following:

- 1 (one) non-bargaining employee who for 2023 requested and received tuition reimbursement of \$4,337.50. The receipt documentation totaled \$3,287.50. Review of the paperwork indicated an error in addition on the submission form. This resulted in an overpayment of **\$1,050.00**. The employee is no longer active with the City.
- 1 (one) non-bargaining employee who for 2024 was reimbursed for a total of \$5,500.00. The maximum yearly tuition reimbursement amount is \$5,250.00. This resulted in an overpayment of **\$250.00**.
- 1 (one) non-bargaining employee who for 2024 was reimbursed for a credit card “Service Charge” of **\$53.13**.
- 1 (one) non-bargaining employee who for 2024 was reimbursed for a “payment plan fee” of **\$25.00**.

We noted the Tuition Reimbursement form is generic and not specific to the bargaining unit and does not include the provisions required nor the Maximum Reimbursement amounts which may vary by bargaining unit.

Recommendation

The overpaid Tuition Reimbursement should be collected.

Administration should reiterate and retrain the Tuition Reimbursement approvers of the proper policy.

Consideration should be given to revising the Tuition Reimbursement form and tailoring it to each bargaining unit. The form should include the provisions, requirements and the maximum reimbursement amount.

Administration’s Response

We agree with this recommendation. We will put in place a process and reset expectations by the end of 2025 to ensure that:

- Those responsible for oversight are properly trained.
- Any future overpayments are collected
- And that appropriate Tuition Reimbursement form revisions are included with our current Forms project to review, update/revise all HR related forms.

3. Non-Compliance to AIM 6-6-03 - Receipts

Per AIM 6-6-03, 10-12-2001, “Education Reimbursement for Non-Bargaining Unit Employees”, Section 4.5:

“The employee shall submit receipts for all allowable expenditures to the Bureau of Human Resources which shall forward such receipts to the Accounts Payable Unit.

The Accounts Payable unit process the payment of reimbursable expenses upon notice of the satisfactory completion of the educational course...”

For 2023, we identified 3 (three) instances of Tuition Reimbursement paperwork that did not include total payment detail.

- All showed a balance due:
 - 2 (two) had no additional payment information.
 - 1 (one) where the balance due was less than the amount requested. The balance due was less than the Maximum Tuition Reimbursement allowed.

For 2024, we identified 6 (six) instance of Tuition Reimbursement paperwork that did not include total payment detail.

- 4 (four) instances where the documentation showed balances due with only a \$100.00 payment.
- 2 (two) instances where there was no payment information.

Recommendation

Approvers should be trained on the proper paperwork required for Tuition Reimbursement. Administration should ensure compliance to AIM 6-6-03.

Administration's Response

We agree with this recommendation and will put in place process steps to ensure compliance with AIM 6-6-03 and ensure those with oversight are properly trained.

4. Lack of Class Grade Information

Per an Administrative Email dated 12/15/2022,

“...Upon successful completion of the class with a grade of “C” or better, the employee will be reimbursed.”

We identified 2 (two) 2024 Non-Bargaining Employee Tuition Reimbursement whose paperwork did not provide any class grade information.

Recommendation

Administration should require class grade information prior to tuition reimbursement payment.

Administration's Response

We agree with this recommendation and will put in place process steps to ensure compliance with AIM 6-6-03, that all required information is properly documented, and ensure those with oversight are properly trained.

MUNICIPAL EMPLOYEES

For 2023 2 (two) and for 2024, 2 (two) Municipal Employees submitted for Tuition Reimbursement.

5. **Municipal Employee Tuition Reimbursement Exceeded**

Per the Agreement between the City of Allentown and Service Employees International Union Local 32BJ, effective January 1, 2022, through December 31, 2025:

“The maximum tuition reimbursement per individual in one calendar year shall be \$750.00.”

We identified 1 (one) Municipal Employee who was reimbursed over the \$750.00 maximum Tuition Reimbursement. The 2024 the Tuition Reimbursement totaled \$1,495.00 an overpayment of **\$745.00**.

We noted the Tuition Reimbursement form is generic and not specific to the bargaining unit and does not include the provisions required nor the Maximum Reimbursement amounts which may vary by bargaining unit.

Recommendation

The overpaid Tuition Reimbursement should be collected.

Administration should reiterate and retrain the Tuition Reimbursement approvers of the proper policy.

Consideration should be given to revising the Tuition Reimbursement form and tailoring it to each bargaining unit. The form should include the provisions, requirements and the maximum reimbursement amount.

Administration's Response

We agree with this recommendation. We will put in place a process and reset expectations by the end of 2025 to ensure that:

- Those responsible for oversight are properly trained.
- Any future overpayments are collected
- And that appropriate Tuition Reimbursement form revisions are included with our current Forms project to review, update/revise all HR related forms. Updates will include references to the appropriate employee base impacted by the tuition reimbursement policy.

6. **Lack of Proof of Payment**

Per the Agreement between the City of Allentown and Service Employees International Union Local 32BJ, effective January 1, 2022, through December 31, 2025:

“Documentation of the successful completion of the approved course or training program shall be presented to the Bureau of Human Resources before reimbursement can be authorized. **Proof of payment** must be presented in the year in which the reimbursement is to be encumbered.”

We identified:

- 1 (one) 2023 Municipal Employee Tuition Reimbursement whose paperwork did not include proof of payment. There was no documentation to show what they were billed or if anything was paid.
- 1 (one) 2024 Municipal Employee Tuition Reimbursement whose paperwork did not include proof of payment. The documentation showed a balance due amount only.

Recommendation

Administration should reiterate and retrain the Tuition Reimbursement approvers of the proper policy.

Administration's Response

We agree and will retrain/reiterate expectations of the Tuition Reimbursement policy to ensure we are in compliance.

FIREFIGHTERS

For 2023, 2 (two) and for 2024, 3 (three) Fire Fighters submitted for Tuition Reimbursement.

No issues were identified.