



## **CITY OF BOSTON, MASSACHUSETTS**

Independent Auditors' Reports as Required by Title 2 U.S. Code  
of Federal Regulations Part 200, Uniform Administrative Requirements,  
Cost Principles, and Audit Requirements for Federal Awards and  
*Government Auditing Standards* and Related Information

Year Ended June 30, 2020

# CITY OF BOSTON, MASSACHUSETTS

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KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

**Exhibit I**

**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Honorable Mayor and City Council  
City of Boston, Massachusetts:

**Report on Compliance for Each Major Federal Program**

We have audited the City of Boston, Massachusetts' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Boston Planning and Development Agency, Boston Public Health Commission, the Economic Development and Industrial Corporation of Boston, and the Trustees of the Public Library of the City of Boston, that received federal awards that are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of these entities because they engaged other auditors to perform audits in accordance with the Uniform Guidance.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.



*Opinion on Each Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

*Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-003 to be significant deficiencies.



## Exhibit I

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

Boston, Massachusetts  
April 15, 2021

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Agriculture:			
Passed-through Fair Food Network:			
Food Insecurity Nutrition Incentive Grants Program	10.331	\$ —	133,140
Passed-through State Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (note 2)	10.555	—	21,091,168
Summer Food Service Program for Children (note 2)	10.559	—	4,083,705
Total Child Nutrition Cluster		—	25,174,873
Fresh Fruit and Vegetable Program	10.582	—	728,563
Passed-through State Department of Food and Nutrition Service:			
Child and Adult Care Food Program	10.558	—	1,518
Total U.S. Department of Agriculture		—	26,038,094
U.S. Department of Defense:			
Direct programs:			
Language Grant Program	12.900	—	58,348
Total U.S. Department of Defense		—	58,348
U.S. Department of Housing and Urban Development:			
Direct programs:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grants – Entitlement Grant	14.218	5,150,277	18,379,556
COVID-19 Community Development Block Grants – Entitlement Grant	14.218	1,000,000	1,000,000
Total CDBG Entitlement Grants Cluster		6,150,277	19,379,556
Emergency Solutions Grants Program	14.231	965,978	983,000
H.O.M.E. Investment Partnerships Program (note 3)	14.239	—	131,846,239
Housing Opportunities for Persons with AIDS	14.241	1,489,592	1,574,297
Dudley Executive Plaza Project	14.246	—	12,794
Empower Zone/Repayment Sec 108	14.248	—	821,427
Continuum of Care Program	14.267	23,200,469	24,616,267
Youth Homelessness Demonstration Program	14.276	—	561
Fair Housing Assistance Program: State and Local	14.401	—	421,359
Lead Hazard Reduction Demonstration Grant Program	14.905	7,408	1,022,000
Choice Neighborhood Implementation Grant:			
Direct Program	14.889	—	32,100
Passed-through Economic Development and Industrial Corporation of Boston	14.889	—	490,815
Total Choice Neighborhood Implementation Grant		—	522,915
Total U.S. Department of Housing and Urban Development		31,813,724	181,200,415
U.S. Department of the Interior:			
Passed-through MA Historical Commission:			
Historic Preservation Fund Grants-In-Aid	15.904	—	18,800
Total U.S. Department of the Interior		—	18,800
U.S. Department of Justice:			
Direct programs:			
Special Data Collections and Statistical Studies	16.734	—	1,576,105
Edward Byrne Memorial Justice Assistance Grant	16.738	—	260,007
DNA Backlog Reduction Program	16.741	—	344,682
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	44,582	71,834
Comprehensive Opioid Abuse Site-Based Program	16.838	—	37,584
Passed-through State Office of Juvenile Justice and Delinquency Prevention:			
Missing Children's Assistance	16.543	—	1,587
Passed-through American Institute for Research:			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	—	85,626
Passed-through State Executive Office of Public Safety:			
Violence Against Women Formula Grants	16.588	—	114,526
Edward Byrne Memorial Competitive Grant Program	16.751	—	65,346
Passed-through Massachusetts Department of State Police:			
Paul Coverdell Forensic Sciences Improvement Grant	16.742	—	14,500
Total U.S. Department of Justice		44,582	2,571,797

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

Exhibit II

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Transportation:			
Highway Safety Grant:			
Direct Program	20.205	\$ —	585,112
Passed-through State Executive Office of Transportation	20.205	—	45,511
Total Highway Safety Grant		—	630,623
Passed-through State Executive Office of Public Safety/Administration:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	—	11,065
National Priority Safety Programs	20.616	—	10,421
Total Highway Safety Cluster		—	21,486
Passed-through National Safety Council:			
Boston's Safest Driver 2.0	20.614	—	33,827
Total U.S. Department of Transportation		—	685,936
U.S. Department of Treasury:			
Direct Program:			
COVID-19 Coronavirus Relief Fund	21.019	2,250,000	14,203,649
Total U.S. Department of Treasury		2,250,000	14,203,649
National Endowment for the Arts:			
Direct program:			
Promotion of the Arts	45.024	—	(3,360)
Total National Endowment for the Arts		—	(3,360)
National Endowment for the Humanities:			
Direct program:			
Promotion of the Humanities	45.149	—	190,548
Total National Endowment for the Humanities		—	190,548
National Science Foundation:			
Passed-through University of Massachusetts:			
Education and Human Resources	47.076	—	157,842
Total National Science Foundation		—	157,842
U.S. Environmental Protection Agency:			
Direct programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	—	77,317
Total U.S. Environmental Protection Agency		—	77,317
U.S. Department of Education:			
Direct program:			
Education Research, Development and Dissemination	84.305	—	35,548
Passed-through State Department of Elementary and Secondary Education:			
Adult Education – Basic Grants to States	84.002	—	40,885
Title I – Grants to Local Educational Agencies	84.010	—	33,794,309
Special Education (IDEA) Cluster:			
Special Education - Grants to States	84.027	—	18,231,093
Special Education – Preschool Grants	84.173	—	459,135
Total Special Education (IDEA) Cluster		—	18,690,228
Vocational Education	84.048	—	1,616,616
Education for Homeless Children and Youth	84.196	—	144,015
English Language Acquisition State Grants	84.365	—	2,580,310
Improving Teacher Quality State Grants	84.367	—	3,809,666
School Improvement Grants	84.377	—	821,771
Student Support and Academic Enrichment Program	84.424	—	2,478,441
Hurricane Education Recovery	84.938	—	28,174
Twenty-First Century Community Learning Centers:			
Passed-through State Department of Elementary and Secondary Education	84.287	—	726,617
Total Twenty-First Century Community Learning Centers		—	726,617
Passed-through The New Teacher Project, Inc.:			
Student Financial Assistance Cluster:			
TEACH Grants	84.379	—	(32,500)
Passed-through State Department of Early Education and Care:			
Preschool Development Grants	84.419	547,191	773,658
Passed-through Spurwink Services, Inc.:			
i3 Scale Up Grant -Building Assets Reducing Risks	84.411	—	16,324
Total U.S. Department of Education		547,191	65,524,062

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Health and Human Services:			
Direct programs:			
Cooperative Agreements to Promote Adolescent Health	93.079	\$ —	441,113
Substance Abuse and Mental Health Services	93.243	—	400,639
Passed-through State Executive Office of Elderly Affairs:			
Special Programs for the Aging:			
Title VII, Chapter 2	93.042	134,750	134,750
Title III, Part D:			
Title III, Part D	93.043	58,521	445,501
COVID-19 Title III, Part D	93.043	—	74
Total Title III, Part D		58,521	445,575
National Family Caregiver Support, Title III, Part E	93.052	297,373	297,373
Aging Cluster:			
Special Programs for the Aging:			
Title III, Part B:			
Title III, Part B	93.044	619,014	672,206
COVID-19 Title III, Part B	93.044	—	76
Total Title III, Part B		619,014	672,282
Title III, Part C	93.045	1,785,929	1,785,929
Nutritional Services Incentive Program	93.053	237,047	259,407
Total Aging Cluster		2,641,990	2,717,618
Passed-through State Department of Early Education and Care:			
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	—	109,814
Passed-through Massachusetts Councils On Aging:			
Caregiver Respite and Support Program	93.763	—	76,837
Total U.S. Department of Health and Human Services		3,132,634	4,623,719
Corporation for National and Community Services:			
Direct programs:			
Retired and Senior Volunteer Program	94.002	—	129,635
Foster Grandparent/Senior Companion Cluster:			
Senior Companions Programs	94.016	—	196,184
Total Corporation for National and Community Services		—	325,819
U.S. Department of Homeland Security:			
Direct programs:			
Assistance to Firefighters Grant	97.044	—	135,870
Port Security Grant Program	97.056	—	103,364
Passed-through Massachusetts Emergency Management Agency:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	—	297,500
Emergency Management Performance Grants	97.042	33,395	47,464
Passed-through State Executive Office of Public Safety:			
Homeland Security Grant Program	97.067	4,007,487	11,595,511
Regional Catastrophic Preparedness Grant Program	97.111	—	126,784
Total U.S. Department of Homeland Security		4,040,882	12,306,493
Total expenditures of federal awards		\$ 41,829,013	307,979,479

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF BOSTON, MASSACHUSETTS**

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

**(1) Reporting Entity**

The basic financial statements of the City of Boston, Massachusetts (the City) include various component units that have separate single audits conducted in accordance with the Uniform Guidance. The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs of the City, exclusive of component units.

All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule of expenditures of federal awards.

**(2) Summary of Significant Accounting Policies**

The accounting and reporting policies of the City are set forth below:

**(a) Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

**(b) School Breakfast/Lunch Programs**

The City accounts for local, state, and federal expenditures of the National School Lunch and School Breakfast programs in a combined fund. Program expenditures in the accompanying schedule of expenditures of federal awards represent total federal reimbursements for meals provided during fiscal 2020.

**(c) National School Lunch (CFDA # 10.555)**

Noncash contributions of commodities under the National School Lunch Program are received under a state distribution formula and are valued at federally published wholesale prices for purposes of the schedule of federal awards. During fiscal 2020, the City received \$1,194,947 of noncash contributions of commodities passed through the Commonwealth of Massachusetts. These commodities are not recorded in the financial records, although memorandum records are maintained.

**(3) H.O.M.E. Investment Partnership Program Loans (CFDA # 14.239)**

Total expenditures in the accompanying schedule of expenditures of federal awards for the H.O.M.E. Investment Partnership (H.O.M.E.) program include the total amount of new loans made during fiscal year 2020, as well as the unpaid principal balance from loans originated in previous years that are subject to continuing compliance requirements, as defined by the Uniform Guidance. As of June 30, 2020, the H.O.M.E. program had year end loan balances subject to continuing compliance requirements of \$124,423,249.

**(4) Indirect Cost Rate**

The City has elected to not use the 10% de minimis indirect cost rate as discussed in Section 200.514 of the Uniform Guidance.



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60 South Street  
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Exhibit III

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and City Council  
City of Boston, Massachusetts:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boston, Massachusetts (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2021. Our report includes a reference to other auditors who audited the financial statements of Dudley Square Realty Corporation, the Ferdinand Building Development Corporation, the City's Permanent Funds, the Boston Retirement System, the City's OPEB Trust Fund, the City's Private-Purpose Trust Funds, the Boston Public Health Commission, the Trustees of the Public Library of the City of Boston, and the Economic Development and Industrial Corporation of Boston, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Boston, Massachusetts  
January 28, 2021

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

**(1) Summary of Auditors' Results**

*Financial Statements*

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified for all opinion units**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **None Reported**
  - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**

*Federal Awards*

- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **Yes**
  - Significant deficiencies: **Yes**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**
- (g) Identification of Major Programs

<u>Name of federal program or cluster</u>	<u>CFDA #</u>
Child Nutrition Cluster:	
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
COVID-19 Coronavirus Relief Fund	21.019
H.O.M.E. Investment Partnerships Program	14.239
Title I – Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education-Preschool Grants	84.027
Special Education-Grants to States	84.173

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **No**

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None noted.

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

**(3) Findings and Questioned Costs Relating to Federal Awards**

**Finding number:** 2020-001

**Federal Agency:** U.S. Department of Treasury

**Pass-through Agency:** N/A – Direct Funding

**Program:** COVID-19 Coronavirus Relief Fund

**CFDA#:** 21.019

**Award number:** N/A

**Award year:** March 1, 2020 to December 30, 2020

**Finding:** Internal Control and Compliance over Subrecipient Monitoring

**Prior Year Finding:** No

**Type of Finding:** Significant Deficiency

*Criteria*

2 CFR section 200.331(a) indicates that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification:

(1) Federal Award Identification.

- Subrecipient's name (which must match registered name in DUNS);
- Subrecipient's DUNS number (see § 200.32 Data Universal Numbering System (DUNS) number);
- Federal Award Identification Number (FAIN);
- Federal award date;
- Subaward Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action;
- Total Amount of Federal Funds Obligated to the subrecipient;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;
  - CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
  - Identification of whether the award is R&D; and
  - Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4) An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this part.
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the passthrough entity to meet the requirements of this section, § 200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F – Audit Requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.

*Condition*

Based on a review of the Award Memorandum (the Memorandum) sent by the City of Boston Auditing Department to its 2 program subrecipients, it was noted that such documents did not contain all of the required elements of 2 CFR Section 200.331(a) listed above. For both subrecipients, the Memorandum did not contain the subrecipient's DUNS number.

*Cause*

This appears to be due to the Memorandum being a standard template which did not include all of the required elements of 2CFR Section 200.331(a).

*Effect*

The City is not in compliance with subrecipient notification requirements.

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

*Whether Sampling was Statistically Valid*

The sample was not intended to be, and was not, a statistically valid sample.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the City execute an updated Memorandum with its subrecipients that expressly includes all information described in 2 CFR section 200.331(a)(1) as required by the Uniform Guidance.

**View of Responsible Officials from the Auditee:**

The City has implemented additional procedures to ensure that all information described in 2 CFR section 200.331(a)(1) as required by Uniform Guidance is included in correspondence to the subrecipients. These additional procedures include an audit checklist which contains all of the required data elements.

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

**Finding number:** 2020-002

**Federal Agency:** U.S. Department of Agriculture

**Pass-through Agency:** Massachusetts Department of Elementary and Secondary Education

**Program:** Child Nutrition Cluster

**CFDA #s:** 10.555, 10.559

**Award numbers:** Various

**Award years:** Various

**Finding:** Internal Control over School Food Accounts

**Prior Year Finding:** No

**Type of Finding:** Significant Deficiency

*Criteria*

7 CFR 210.14(a), 210.14(c), 210.19(a)(2), 215.7(d), 220.2 and 220.7(e)(1)(i) indicate that a School Food Authority (SFA) is required to account for all revenues and expenditures of its nonprofit school food service in accordance with State requirements. A SFA must operate its food services on a nonprofit basis; all revenue generated by the school food service must be used to operate and improve its food services.

Additionally, 2 CFR 200.303 indicates that non-Federal entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*Condition*

During our testing of school food accounts, it was disclosed that the recording of food service federal reimbursement payments is reviewed and approved by the City of Boston Public Schools (BPS) Food and Nutrition Services Deputy Director. However, this review and approval process is not documented and therefore could not be confirmed during testing.

*Cause*

This appears to be the result of the lack of a formal process to document the review and approval of the recording of food service cash receipts.

*Effect*

Insufficient documentation over review and approval of the recording of food service federal reimbursement payments increases the risk of inaccurate or untimely recording of these cash receipts.

**CITY OF BOSTON, MASSACHUSETTS**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

*Whether Sampling was Statistically Valid*

The sample was not intended to be, and was not, a statistically valid sample.

**Questioned Costs:**

None

**Recommendation:**

We recommend that BPS implement formal procedures for documenting the review and approval process over the recording of food service federal reimbursement payments in order to ensure compliance over school food accounts requirements of the cluster.

**View of Responsible Officials from the Auditee:**

Management agrees with the audit finding and recommendation. Procedures will be implemented effective immediately to ensure the submission of claims for federal reimbursement payment reflects a preparer and reviewer sign-off.

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

**Finding number:** 2020-003

**Federal Agency:** U.S. Department of Education

**Pass-through Agency:** Massachusetts Department of Elementary and Secondary Education

**Programs:** Title I, Grants to Local Education Agencies; Special Education (IDEA) Cluster

**CFDA #s:** 84.010; 84.027; 84.173

**Award numbers:** Various

**Award years:** Various

**Finding:** Internal Control over Payroll Costs

**Prior Year Finding:** No

**Type of Finding:** Significant Deficiency

*Criteria*

In accordance with 2 CFR 200.430(i)(1), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both Federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity; and
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

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Additionally, 2 CFR 200.303 indicates that non-Federal entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*Condition*

During our testing of allowable costs associated with payroll charges, we noted that the City of Boston Public Schools (BPS) documents time and attendance of employees on daily timesheets as well as weekly Time and Effort Reporting worksheets (worksheets). The timesheets are then reviewed by each employee's supervisor and the worksheets are reviewed by the associated Department Head or designee, ensuring appropriate salary and wage distribution. However, for those payroll transactions that occurred during the initial COVID-19 pandemic months of March 2020 through fiscal year end, the daily timesheets were not completed and reviewed.

*Cause*

This appears to be the result of an insufficient policy and lack of compensating controls when employees were moved to a remote working environment.

*Effect*

Insufficient review of daily timesheets or other time allocation documentation increases the risk of inaccurate payroll costs being allocated to a grant award.

*Whether Sampling was Statistically Valid*

The sample was not intended to be, and was not, a statistically valid sample.

**Questioned Costs:**

None

**Recommendation:**

We recommend that BPS enhance its policies and procedures to include a documented review of employees' time allocation while in a remote work environment.

**View of Responsible Officials from the Auditee:**

BPS re-implemented and required daily timesheets for the 2020/2021 school year to be completed by each employee and to be reviewed by the employee's supervisor and the associated Department Head or designee.

**CITY OF BOSTON, MASSACHUSETTS**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

<b>Finding number:</b>	2020-004
<b>Federal Agency:</b>	U.S. Department of Education
<b>Pass-through Agency:</b>	Massachusetts Department of Elementary and Secondary Education
<b>Program:</b>	Title I, Grants to Local Education Agencies
<b>CFDA #:</b>	84.010
<b>Award numbers:</b>	Various
<b>Award years:</b>	Various
<b>Finding:</b>	Internal Control and Compliance over Annual Report Card, High School Graduation Rate
<b>Prior Year Finding:</b>	Yes, 2019-003
<b>Type of Finding:</b>	Material Weakness

*Criteria*

Beginning with annual report cards providing assessment results for the 2010–2011 school year, a state educational agency (SEA) and its local educational agencies (LEAs) must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Additionally, SEAs and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate or rates) in adequate yearly progress (AYP) determinations beginning with determinations based on assessments administered in the 2011–2012 school year. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, immigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Additionally, 2 CFR 200.303 indicates that non-Federal entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*Condition*

For 16 of 40 students removed from their respective cohorts in the Student Information Management System (SIMS) selected for testing, the City of Boston Public Schools (BPS) could not provide any official written documentation that the student emigrated to another country, is deceased, or is enrolled in another school or in an education program that culminates in the award of a regular high school diploma.

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*Cause*

This appears to be due to insufficient review of supporting documentation before removal of students from the adjusted cohort graduation rate.

*Effect*

BPS is potentially misstating the number of students in the adjusted cohorts used by the Commonwealth of Massachusetts to determine the 4-year adjusted cohort graduation rate.

*Whether Sampling was Statistically Valid*

The sample was not intended to be, and was not, a statistically valid sample.

**Questioned Costs:**

None

**Recommendation:**

BPS management should re-familiarize and re-enforce the requirements with staff related to the removal of students from the adjusted cohorts used to determine the 4-year adjusted cohort graduation rate and the policies and procedures to obtain and monitor official written documentation of student transfers required to remove students from their respective cohort.

**View of Responsible Officials from the Auditee:**

BPS management has established policies and procedures to ensure when students are removed from the cohort, there is sufficient and appropriate documentation to verify the student is categorized appropriately as either immigrated to another country, deceased, or enrolled in another school or in an education program that culminates in the award of a regular high school diploma.

BPS has created a working group that consists of school department management as well as management from the City's Administration and Finance Cabinet to review all of the federal requirements related to calculating the High School Graduation Rate. This committee will update guidance that is sent to each high school and will execute training sessions for all employees that are responsible for this area of compliance. Additional internal procedures are being developed to ensure the compliance of this requirement.