



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, 2022

CITY OF BOSTON, MASSACHUSETTS

Table of Contents

	Exhibit
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	I
Schedule of Expenditures of Federal Awards	II
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 <i>Government Auditing Standards</i>	III
Schedule of Findings and Questioned Costs	IV



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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Boston, Massachusetts' (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other 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 2022-001, 2022-003 and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit 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 other 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

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



Exhibit I

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-003, and 2022-004 to be material weaknesses.

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 2022-002 and 2022-005 through 2022-007 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our audit 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 other 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 10, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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 GAAS. 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
March 30, 2023

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Exhibit II

<u>Federal grantor/pass-through grantor/program</u>	<u>Federal assistance listing number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
U.S. Department of Agriculture:			
Food Insecurity Nutrition Incentive Grants Program:			
Direct Program	10.331	\$ —	41,082
Passed-through Fair Food Network	10.331	—	18,005
Total Food Insecurity Nutrition Incentive Grants Program		—	59,087
Passed-through Commonwealth Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch Program (note 2)	10.555	—	29,432,232
Summer Food Service Program for Children	10.559	—	1,152,242
Total Child Nutrition Cluster		—	30,584,474
Fresh Fruit and Vegetable Program	10.582	—	589,666
COVID-19 Pandemic EBT Administrative Costs	10.649	—	82,855
Total U.S. Department of Agriculture		—	31,316,082
U.S. Department of Defense:			
Direct programs:			
Language Grant Program	12.900	—	62,353
Total U.S. Department of Defense		—	62,353
U.S. Department of Housing and Urban Development:			
Direct programs:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grants – Entitlement Grant	14.218	5,161,686	18,024,835
COVID-19 Community Development Block Grants – Entitlement Grant	14.218	—	3,439,668
Total CDBG Entitlement Grants Cluster		5,161,686	21,464,503
Emergency Solutions Grant Program:			
Emergency Solutions Grant Program	14.231	1,182,667	1,470,435
COVID-19 Emergency Solutions Grant Program	14.231	14,669,062	15,075,752
Total Emergency Solutions Grant Program		15,851,729	16,546,187
H.O.M.E. Investment Partnerships Program (note 3)	14.239	—	141,157,597
Housing Opportunities for Persons with AIDS Grants:			
Housing Opportunities for Persons with AIDS	14.241	4,188,233	4,249,410
COVID-19 Housing Opportunities for Persons with AIDS	14.241	185,038	198,525
Total Housing Opportunities for Persons with AIDS		4,373,271	4,447,935
Brownfields Economic Development Initiative	14.246	—	7,379
Community Development Block Grants_Section 108 Loan Guarantees	14.248	—	151,694
Homeless Management Information Systems Technical Assistance	14.261	—	25,333
Continuum of Care Program	14.267	27,632,657	28,999,153
Fair Housing Assistance Program: State and Local	14.401	—	179,360
Lead Hazard Reduction Demonstration Grant Program	14.905	36,040	875,418
HOPE VI Cluster: Choice Neighborhood Implementation Grant:			
Direct Program	14.889	—	2,500,000
Passed-through Boston Housing Authority	14.889	—	131,317
Total HOPE VI Cluster: Choice Neighborhood Implementation Grant		—	2,631,317
Total U.S. Department of Housing and Urban Development		53,055,383	216,485,876
U.S. Department of Justice:			
Direct programs:			
Missing Alzheimer's Disease Patient Assistance Program	16.015	—	12,177
Coronavirus Emergency Supplemental Funding Program	16.034	—	387,065
Edward Byrne Memorial Justice Assistance Grant	16.738	—	327,657
DNA Backlog Reduction Program	16.741	—	228,189
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	—	17,540
National Sexual Assault Kit Initiative Program	16.833	—	9,758
Comprehensive Opioid Abuse Site-Based Program	16.838	1,800	99,654
Passed-through American Institute for Research:			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	—	77,511
Passed-through Commonwealth Executive Office of Public Safety:			
Violence Against Women Formula Grants	16.588	—	116,980
Passed-through Massachusetts Department of State Police:			
Paul Coverdell Forensic Sciences Improvement Grant	16.742	—	22,337
Passed-through Boston Public Health Commission:			
Byrne Criminal Justice Innovation Program	16.817	15,400	54,978
Passed-through The Committee for Public Counsel Services:			
Postconviction Testing of DNA Evidence to Exonerate the Innocent	16.820	—	115,958
Total U.S. Department of Justice		17,200	1,469,804

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Exhibit II

<u>Federal grantor/pass-through grantor/program</u>	<u>Federal assistance listing number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
U.S. Department of Transportation:			
Highway Planning and Construction Cluster:			
Direct Program	20.205	\$ —	82,990
Passed-through Massachusetts Department of Transportation	20.205	—	1,634
Total Highway Planning and Construction Cluster		—	84,624
Passed-through Commonwealth Executive Office of Public Safety/Administration:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	—	5,364
Total Highway Safety Cluster		—	5,364
National Priority Safety Program	20.616	—	330,000
Total U.S. Department of Transportation		—	419,988
U.S. Department of Treasury:			
Direct Program:			
COVID-19 Coronavirus Relief Fund	21.019	20,987,063	37,755,487
COVID-19 Emergency Rental Assistance Program	21.023	23,529,651	23,840,375
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5,992,419	90,349,540
COVID-19 Emergency Connectivity Fund Program	32.009	—	2,419,442
Total U.S. Department of Treasury		50,509,133	154,364,844
National Endowment for the Arts:			
Direct program:			
Promotion of the Arts_Grants to Organizations and Individuals	45.024	—	5,000
COVID-19 Promotion of the Arts Fund_Grants to Organizations and Individuals	45.024	—	22,500
Museums for America	45.301	—	58,423
Total National Endowment for the Arts		—	85,923
National Endowment for the Humanities:			
Direct program:			
Promotion of the Humanities_Division of Preservation and Access	45.149	—	64,064
Total National Endowment for the Humanities		—	64,064
National Science Foundation:			
Passed-through University of Massachusetts:			
Education and Human Resources	47.076	—	178,788
Total National Science Foundation		—	178,788
U.S. Environmental Protection Agency:			
Direct programs:			
Reducing Lead in Drinking Water	66.443	—	1,914,894
Total U.S. Environmental Protection Agency		—	1,914,894
U.S. Department of Education:			
Passed-through Commonwealth Department of Elementary and Secondary Education:			
Adult Education – Basic Grants to States	84.002	—	493,394
Title I – Grants to Local Educational Agencies	84.010	—	32,735,203
Special Education (IDEA) Cluster:			
Special Education – Grants to States	84.027	—	19,371,936
Special Education – Preschool Grants	84.173	—	705,763
Total Special Education (IDEA) Cluster		—	20,077,699
Career and Technical Education – Basic Grants to States	84.048	—	1,294,436
Education for Homeless Children and Youth	84.196	—	133,025
Twenty-First Century Community Learning Centers	84.287	—	798,800
English Language Acquisition State Grants	84.365	—	2,145,475
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	—	3,136,033
Student Support and Academic Enrichment Program	84.424	—	1,534,040
COVID-19 Education Stabilization Fund	84.425D	—	52,128,459
Passed-through Spurwink Services, Inc.:			
Investing In Innovation (I3) Fund	84.411	—	1,836
Total U.S. Department of Education		—	114,478,400

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Exhibit II

<u>Federal grantor/pass-through grantor/program</u>	<u>Federal assistance listing number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Cooperative Agreements to Promote Adolescent Health	93.079	\$ —	461,145
Substance Abuse and Mental Health Services	93.243	—	434,221
Passed-through Commonwealth Executive Office of Elderly Affairs:			
Special Programs for the Aging:			
Title VII, Chapter 2:			
Title VII, Chapter 2	93.042	304,931	304,931
COVID-19 Title VII, Chapter 2	93.042	1,529	1,529
Total Title VII, Chapter 2		<u>306,460</u>	<u>306,460</u>
Title III, Part D:			
Title III, Part D	93.043	88,380	370,026
COVID-19 Title III, Part D	93.043	—	9,776
Total Title III, Part D		<u>88,380</u>	<u>379,802</u>
National Family Caregiver Support, Title III, Part E:			
Title III, Part E:			
Title III, Part E	93.052	661,169	661,169
COVID-19 Title III, Part E	93.052	128,466	128,466
Total Title III, Part E		<u>789,635</u>	<u>789,635</u>
Aging Cluster:			
Special Programs for the Aging:			
Title III, Part B:			
Title III, Part B	93.044	944,844	1,159,286
COVID-19 Title III, Part B	93.044	139,975	139,975
Total Title III, Part B		<u>1,084,819</u>	<u>1,299,261</u>
Title III, Part C:			
Title III, Part C	93.045	2,691,534	2,691,534
COVID-19 Title III, Part C	93.045	327,115	327,115
Total Title III, Part C		<u>3,018,649</u>	<u>3,018,649</u>
Nutritional Services Incentive Program	93.053	1,461,440	1,461,440
Total Aging Cluster		<u>5,564,908</u>	<u>5,779,350</u>
Passed-through Massachusetts Councils On Aging:			
Alzheimer's Disease Initiative:			
Specialized Supportive Services Project Thru Prevention and Public Health Funds	93.763	—	2,777
Total U.S. Department of Health and Human Services		<u>6,749,383</u>	<u>8,153,390</u>
Corporation for National and Community Services:			
Direct programs:			
Retired and Senior Volunteer Program	94.002	—	134,065
Senior Companion Cluster:			
Senior Companions Programs	94.016	—	180,387
Total Corporation for National and Community Services		<u>—</u>	<u>314,452</u>
U.S. Department of Homeland Security:			
Direct programs:			
Assistance to Firefighters Grant	97.044	—	31,952
Staffing for Adequate Fire and Emergency Response (SAFER) Program	97.083	—	2,140,538
Securing the Cities Program	97.106	—	117,605
Passed-through Massachusetts Emergency Management Agency:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	—	4,433,627
Emergency Management Performance Grants	97.042	—	136,689
Building Resilient Infrastructure and Communities Program	97.047	—	75,000
Hazard Mitigation Grant	97.039	—	29,550
Passed-through Commonwealth Executive Office of Public Safety:			
Homeland Security Grant Program	97.067	2,413,392	10,220,261
Regional Catastrophic Preparedness Grant Program	97.111	750	230,558
Total U.S. Department of Homeland Security		<u>2,414,142</u>	<u>17,415,780</u>
Total expenditures of federal awards		<u>\$ 112,745,241</u>	<u>546,724,638</u>

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, 2022

(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 2022.

(c) National School Lunch (ALN # 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 2022, the City received \$946,212 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 (ALN # 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 2022, 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, 2022, the H.O.M.E. program had year end loan balances subject to continuing compliance requirements of \$143,007,750.

(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.



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

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2023. Our report includes a reference to other auditors who audited the financial statements of Dudley Square Realty Corporation, the Ferdinand Building Development Corporation, the 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.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.



Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
March 10, 2023

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

(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

Name of federal program or cluster	Federal assistance listing number
Emergency Solutions Grants Program	14.231
Housing Opportunities for Persons with AIDS	14.241
COVID-19 Emergency Rental Assistance	21.023
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Title I – Grants to Local Educational Agencies	84.010
COVID-19 Education Stabilization Fund	84.425D
Aging Cluster	93.044/93.045/93.053
Homeland Security Grant Program	97.067

- (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**

(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, 2022

(3) Findings and Questioned Costs Relating to Federal Awards

Finding number: 2022-001

Federal agency: U.S. Department of Education

Pass-through agency: Massachusetts Department of Elementary and Secondary Education

Program: Title I, Grants to Local Education Agencies

ALN #: 84.010

Award number: 305-532937-2022-0035

Award year: September 1, 2021 to June 30, 2023

Finding: Internal Control and Compliance over Payroll Costs

Prior Year Finding: No

Type of Finding: Material Weakness

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.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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 signed by the employee, as well as weekly time and effort reporting worksheets. The timesheets are then reviewed by each employee's supervisor and the worksheets are reviewed by the Department Head or designee, ensuring appropriate salary and wage distribution. However, for our sample of 40 payroll transactions charged to the program, 6 transactions were not supported by a completed timesheet.

Cause

This appears to be due to an insufficient system for collecting, filing and maintaining supporting documentation for payroll transactions charged to Federal programs.

Effect

BPS is not in compliance with 2 CFR 200.430(i)(1) regarding documentation in support of salaries and wages charge to the federal program. The number of transactions that were not supported by a time sheet represent 15% of the selected population and indicate a systemic problem.

Whether Sampling was Statistically Valid

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

Questioned Costs:

Questioned costs of \$24,188, for unsupported payroll charges, were charged to ALN # 84.010, Award No. 305-532937-2022-0035.

Recommendation

We recommend that BPS implement control procedures to ensure that all payroll costs charged to the federal program are supported by documentation as required by 2 CFR 200.430(i)(1).

View of Responsible Officials from the Auditee

The District will revert back to the previously approved Google Form process for daily sign-in and sign-out procedures. This form is authenticated through IT and managed in a centralized repository making it easier to recall data for auditing and validate for weekly time reporting.

The District created a new office of Compliance and Risk Management. The office will audit and review the established process quarterly to ensure integrity of the process.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-002

Federal agency: U.S. Department of Education

Pass-through agency: Massachusetts Department of Elementary and Secondary Education

Program: Title I, Grants to Local Education Agencies

ALN #: 84.010

Award number: Various

Award year: Various

Finding: Internal Control over Reporting

Prior Year Finding: No

Type of Finding: Significant Deficiency

Criteria

The City of Boston Public Schools (BPS) receives funding from the Commonwealth of Massachusetts' Department of Elementary and Secondary Education (DESE). DESE sets policy for the grants and required reports. DESE issues guidance in *Grants for Schools: Getting Them and Using them, A Procedural Manual*.

According to the DESE's procedure manual, "At the conclusion of grant activities, recipients must submit a final financial report to the Department, accounting for the expenditure of funds received. Grants Management has developed an online process and standard form (FR1) for collecting this information. The FR1 form should be submitted to Grants Management within sixty (60) days of the end date of the grant. Grant recipients should file their reports after carefully reconciling all figures with their city auditor, town accountant, or agency business manager."

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 review of compliance with subrecipient reporting requirements for the Title I program, we noted that, for our sample of 4 of the population of 13 FR1 reports required to be filed in fiscal year 2022, 3 reports were filed over a year after the respective grant period ended.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Cause

This appears to be due to inadequate policies and procedures surrounding the filing of financial reports under the program.

Effect

BPS does not have effective internal controls over the Federal award in regard to the primary recipient's Title I program reporting requirements.

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 control procedures to ensure that the FR1 form be submitted to DESE Grants Management within sixty (60) days of the end date of the grant in accordance with the reporting requirements of the primary Federal recipient of the Title I program.

View of Responsible Officials from the Auditee

The Finance Department at Boston Public Schools will implement an internal fiscal tracker to monitor and update on a quarterly basis to reflect reporting timelines and ensure timely spending of all grant funds. In addition, BPS will create a grant close procedure document that outlines the roles, responsibilities, and tasks associated with completing the FR1.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-003

Federal agency: U.S. Department of Education

Pass-through agency: Massachusetts Department of Elementary and Secondary Education

Program: Title I, Grants to Local Education Agencies

ALN #: 84.010

Award number: Various

Award year: Various

Finding: Internal Control and Compliance over Annual Report Card, High School Graduation Rate

Prior Year Finding: Yes 2021-002

Type of Finding: 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 education 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, emigrated 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 9 of 60 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.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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

Between April and June 2022, the district contracted with Ernst and Young to complete a review of withdrawal processes and make recommendations to improve monitoring and internal audit processes. In August 2022, the district formed a student withdrawal working group, which created a process memo to support the appropriate withdrawal process for students in grades 9-12. At the August Management and Operations Institute, the student withdrawal working group was able to communicate and train school leaders and their administration on the appropriate withdrawal processes for students. Throughout the fall and winter, the student withdrawal working group has been monitoring the number of students withdrawn from the district; reviewing associated documentation of the withdrawal; and working with school leaders and school administration both at the central office level as well as through the liaisons and leaders within the regional structure to upload appropriate withdrawal documentation or update withdrawal codes to reflect the evidence associated with each student's withdrawal case.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-004

Federal agency: U.S. Department of Education

Pass-through agency: Massachusetts Department of Elementary and Secondary Education

Program: COVID-19 Education Stabilization Fund

ALN #: 84.425D

Award number: 115-511413-2022-0035

Award year: July 30, 2021 to September 30, 2023

Finding: Internal Control and Compliance over Payroll Costs

Prior Year Finding: No

Type of Finding: Material Weakness

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.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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 signed by the employee, as well as weekly time and effort reporting worksheets. The timesheets are then reviewed by each employee's supervisor and the worksheets are reviewed by the Department Head or designee, ensuring appropriate salary and wage distribution. However, for our sample of 40 payroll transactions charged to the program, 12 transactions were not supported by a completed timesheet.

Cause

This appears to be due to an insufficient system for collecting, filing and maintaining supporting documentation for payroll transactions charged to Federal programs.

Effect

BPS is not in compliance with 2 CFR 200.430(i)(1) regarding documentation in support of salaries and wages charge to the federal program. The number of transactions that were not supported by a time sheet represent 30% of the selected population and indicate a systemic problem.

Whether Sampling was Statistically Valid

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

Questioned Costs:

Questioned costs of \$41,281, for unsupported payroll charges, were charged to ALN # 84.425, Award No. 115-511413-2022-0035.

Recommendation

We recommend that BPS implement control procedures to ensure that all payroll costs charged to the federal program are supported by documentation as required by 2 CFR 200.430(i)(1).

View of Responsible Officials from the Auditee

The District will revert back to the previously approved Google Form process for daily sign-in and sign-out procedures. This form is authenticated through IT and managed in a centralized repository making it easier to recall data for auditing and validate for weekly time reporting.

The District created a new office of Compliance and Risk Management. The office will audit and review the established process quarterly to ensure integrity of the process.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-005

Federal agency: U.S. Department of Health and Human Services

Pass-through agency: Massachusetts Executive Office of Elderly Affairs

Program: Aging Cluster

ALN #: 93.044, 93.045, 93.053

Award number: Various

Award year: Various

Finding: Internal Control 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);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

- ALN Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the ALN 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

During our testing of subrecipient monitoring for a sample of 8 out of the population of 20 subrecipients, the City of Boston's Age Strong Commission (Age Strong Commission) subaward letters were authorized however it was noted that such documents did not contain all of the required elements of 2 CFR Section 200.331(a) listed above. For all 8 subrecipients, the subaward letter did not identify whether the subaward is R&D and did not contain the indirect cost rate for the Federal award.

Cause

This appears to be due to inadequate review to ensure the subaward includes all of the required elements of 2CFR Section 200.331(a) prior to authorization.

Effect

Ageing does not have adequate controls over subrecipient notification requirements.

Whether Sampling was Statistically Valid

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

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Questioned Costs:

None

Recommendation

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

View of Responsible Officials from the Auditee

The City of Boston's Age Strong Commission has revised the addendum that is attached to their award letters to include whether or not the award is R&D and a section on indirect cost rate.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-006

Federal agency: U.S. Department of Health and Human Services

Pass-through agency: Massachusetts Executive Office of Elderly Affairs

Program: Aging Cluster

ALN #: 93.044, 93.045, 93.053

Award number: Various

Award year: Various

Finding: Internal Control over Subrecipient Monitoring

Prior Year Finding: No

Type of Finding: Significant Deficiency

Criteria

According to 2 CFR 200.331 (b), a pass-through entity must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

- The subrecipient’s prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F -Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Also, according to 2 CFR 200.331 (d), a pass-through entity must:

- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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 subrecipient monitoring for a sample of 8 out of the population of 20 subrecipients, the City of Boston's Age Strong Commission (Age Strong Commission) was unable to provide documentation for one of the 8 subrecipients showing that a formal risk evaluation had been performed. In addition, the Age Strong Commission's internal controls did not include formal risk evaluation procedures.

Cause

This appears to be due to inadequate policies and procedures surrounding the initial risk assessment of the subrecipients.

Effect

The Age Strong Commission does not have adequate controls over evaluating each subrecipient's risk of noncompliance for purposes of determining appropriate subrecipient monitoring.

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 Age Strong Commission implement control procedures to ensure that each subrecipient is evaluated for risk of noncompliance to ensure appropriate subrecipient monitoring.

View of Responsible Officials from the Auditee

A risk assessment questionnaire will be completed prior to funding being awarded to a sub-recipient. The City of Boston's Age Strong Commission's policies and procedures will be updated to reflect this.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Finding number: 2022-007

Federal agency: U.S. Department of Homeland Security

Pass-through agency: Massachusetts Executive Office of Public Safety & Security

Program: Homeland Security Grant Program

ALN #: 97.067

Award number: Boston FFY 19 UASI, Boston FFY 20 UASI, Boston FFY 21 UASI, Boston FFY 22 UASI,

Award year: Various

Finding: Internal Control over Subrecipient Monitoring

Prior Year Finding: No

Type of Finding: Significant Deficiency

Criteria

According to 2 CFR 200.331 (b), a pass-through entity must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

- The subrecipient’s prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F -Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Also, according to 2 CFR 200.331 (d), a pass-through entity must:

- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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

Based on our testwork, it was noted that the Mayor's Office of Office of Emergency Management (OEM) did not perform a formal evaluation of each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring to be performed.

Further, our review of program monitoring documentation for our sample of 4 of the population of 11 subrecipients indicated that, although OEM performed subrecipient monitoring in fiscal year 2022, OEM did not follow-up with 2 out of 4 subrecipients as to why the amount of total program expenditures on the subrecipients' fiscal year 2021 Schedule of Expenditures of Federal Awards (SEFA) were different than total program expenditures reported to them by OEM.

Cause

This appears to be due to inadequate policies and procedures surrounding both the initial risk assessment of the subrecipients, as well as follow-up with subrecipients when differences are noted between funding amounts reported to the subrecipient by OEM and amounts reported of the subrecipient's SEFA.

Effect

OEM does not have adequate controls over evaluating each subrecipient's risk of noncompliance for purposes of determining appropriate subrecipient monitoring, and ensuring that the total amount of expenditures reported on the subrecipient's SEFA is consistent with grant funding provided by OEM to the subrecipient.

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 OEM implement control procedures to ensure that each subrecipient is evaluated for risk of noncompliance for determining appropriate subrecipient monitoring, and to ensure that the total amount of expenditures reported on the subrecipient's SEFA is consistent with grant funding provided by OEM to the subrecipient.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

View of Responsible Officials from the Auditee

OEM will add an event to the departmental annual calendar on the first business day of the month of May of every year indicating that pre-risk assessment forms for the upcoming fiscal year beginning on July 1st are to be sent out to subrecipients of federal funds. The addition of this even to the calendar will ensure that all appropriate Admin and Finance staff at OEM are aware of this annual requirement and follow up with subrecipients to receive completed pre-risk assessments in advance of the new fiscal year. OEM's Director of Admin and Finance will be the primary point of contact for pre-risk assessment-related inquiries from subrecipients, with the Assistant Deputy Chief of Administration serving as a backup point of contact. An event will also be added on the final business day of May each year to ensure that OEM staff follow up with subrecipients that were not responsive to the initial request.

OEM will also institute a policy of requiring a written response following receipt of a SEFA letter from OEM detailing the previous fiscal year's expenditures on behalf of a subrecipient. This written response will contain confirmation that the subrecipients have recorded the same expenditures in their accounting systems as OEM reported in the SEFA letter. Should there be any discrepancy between the information provided in the SEFA from OEM and the expenditures reported by the subrecipient, OEM will schedule a meeting to reconcile any differences and resolve discrepancies within 30 days of being notified of said discrepancies. The Director of Admin and Finance and the Assistant Deputy Chief of Administration will represent OEM in this meeting with the appropriate staff from the subrecipient reporting a discrepancy. Confirmation of resolution of any discrepancies will be documented in writing and attached to SEFA letters for record keeping purposes.