



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, 2024

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

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

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, 2024. Our compliance audit described in the Qualified and Unmodified Opinions section of our report does not include the operations of these entities because they engaged other auditors to perform an audit of compliance.

Qualified Opinion on Student Support and Academic Enrichment Program; ALN 84.424

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Student Support and Academic Enrichment Program for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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.



Exhibit I

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 qualified and unmodified opinions on compliance for each of the major federal programs. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Student Support and Academic Enrichment Program; ALN 84.424

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the period of performance requirement relating to the Student Support and Academic Enrichment Program; ALN 84.424, as described in finding number 2024-011. Compliance with such requirement is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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.



Exhibit I

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 2024-003, 2024-006, and 2024-010. 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.

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 2024-011 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 2024-003 through 2024-010 and 2024-012 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.



Exhibit I

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 31, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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 27, 2025

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing Number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Agriculture:			
Direct Program:			
Gus Schumacher Nutrition Incentive Grant Program	10.331	\$ —	65,759
Farm to School Program	10.575	—	37,410
Inflation Reduction Act Urban & Community Forestry Program	10.727	—	1,232
Urban Agriculture and Innovative Production	10.935	—	132,138
Passed-through Commonwealth Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch Program (note 2)	10.555	—	30,913,741
Summer Food Service Program for Children (note 2)	10.559	—	883,164
Fresh Fruit and Vegetable Program (note 2)	10.582	—	1,092,960
Total Child Nutrition Cluster		—	32,889,865
Child and Adult Care Food Program (note 2)	10.558	—	1,934,548
Child Nutrition Discretionary Grants Limited Availability	10.579	—	59,354
Total U.S. Department of Agriculture		—	35,120,306
U.S. Department of Commerce:			
Direct programs:			
Economic Development Cluster:			
Economic Adjustment Assistance	11.307	—	949
Total Economic Development Cluster		—	949
Total U.S. Department of Commerce		—	949
U.S. Department of Housing and Urban Development:			
CDBG Entitlement/Special Purpose Grants Cluster:			
Direct programs:			
Community Development Block Grants – Entitlement Grant	14.218	3,964,232	22,570,247
COVID-19 Community Development Block Grants – Entitlement Grant	14.218	—	8,251,139
Passed through Economic Development and Industrial Corporation of Boston:			
Community Development Block Grants – Entitlement Grant	14.218	—	2,146
Total CDBG Entitlement/Special Purpose Grants Cluster		3,964,232	30,823,532
Direct programs:			
Emergency Solutions Grants:			
Emergency Solutions Grants Program	14.231	1,087,143	1,199,766
COVID-19 Emergency Solutions Grants Program	14.231	2,335,897	2,768,603
Total Emergency Solutions Grants		3,423,040	3,968,369
H.O.M.E. Investment Partnerships Program (note 3):			
H.O.M.E. Investment Partnerships Program	14.239	—	155,147,325
COVID-19 H.O.M.E. Investment Partnerships Program	14.239	5,833,489	5,873,433
Total H.O.M.E. Investment Partnerships Program		5,833,489	161,020,758
Housing Opportunities for Persons with AIDS Grants:			
Housing Opportunities for Persons with AIDS Grants	14.241	3,592,465	3,708,312
COVID-19 Housing Opportunities for Persons with AIDS Grants	14.241	99,539	99,539
Total Housing Opportunities for Persons with AIDS		3,692,004	3,807,851
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	—	28,049
Community Development Block Grants_Section 108 Loan Guarantees	14.248	—	919,562
National Homeless Data Analysis Project (NHDAP)	14.261	—	1,750
Continuum of Care Program	14.267	37,992,323	40,377,874
Fair Housing Assistance Program	14.401	—	119,749
Lead Hazard Reduction Demonstration Grant Program	14.905	33,076	1,108,272
Passed-through Boston Housing Authority:			
HOPE VI Cluster:			
Choice Neighborhood Implementation Grant	14.889	—	59,681
Total HOPE VI Cluster		—	59,681
Total U.S. Department of Housing and Urban Development		54,938,164	242,235,447
U.S. Department of the Interior:			
Passed-through MA Historical Commission:			
Historic Preservation Fund Grants-In-Aid	15.904	—	11,270
Total U.S. Department of the Interior		—	11,270

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing Number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Justice:			
Direct programs:			
Missing Alzheimer's Disease Patient Assistance Program	16.015	\$ —	142,079
Public Safety Partnership and Community Policing Grants	16.710	—	10,945
Edward Byrne Memorial Justice Assistance Grant	16.738	—	302,301
DNA Backlog Reduction Program	16.741	—	254,896
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	—	73,828
National Sexual Assault Kit Initiative	16.833	11,680	777,046
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	—	68,165
Passed-through Commonwealth Executive Office of Public Safety:			
Violence Against Women Formula Grants	16.588	—	104,318
Passed-through Massachusetts Department of State Police:			
Paul Coverdell Forensic Sciences Improvement Grant	16.742	—	27,991
Passed-through The Committee for Public Counsel Services :			
Postconviction Testing of DNA Evidence	16.820	—	9,290
Total U.S. Department of Justice		11,680	1,770,859
U.S. Department of Labor:			
Direct programs:			
Registered Apprenticeship	17.285	—	582
Community Project Funding/Congressionally Directed Spending	17.289	—	107
Passed-through MassHire Department of Career Services:			
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	—	67
Total Employment Service Cluster		—	67
WIOA Cluster:			
WIOA Adult Program	17.258	—	214
WIOA Youth Activities	17.259	—	1,145
WIOA Dislocated Worker Formula Grants	17.278	—	101
Total WIOA Cluster		—	1,460
Total U.S. Department of Labor		—	2,216
U.S. Department of Transportation:			
Passed-through Commonwealth Executive Office of Public Safety/Administration:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	—	496,691
Total Highway Safety Cluster		—	496,691
Passed-through Commonwealth Department of Conservation and Recreation:			
Recreational Trails Program	20.219	—	300,000
Passed-through Boston Region Metropolitan Planning Organization:			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants (Fixed Guideway Capital Investment Grants)	20.500	—	815,500
Total Federal Transit Cluster		—	815,500
Total U.S. Department of Transportation		—	1,612,191
U.S. Department of Treasury:			
Direct Program:			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	—	182
COVID-19 Emergency Rental Assistance Program	21.023	4,465,157	4,728,737
COVID-19 State And Local Fiscal Recovery Funds:			
Direct Program:			
COVID-19 State And Local Fiscal Recovery Funds	21.027	30,002,637	96,441,951
Passed-through Commonwealth Department of Elementary and Secondary Education:			
COVID-19 State And Local Fiscal Recovery Funds	21.027	—	52,730
Passed-through Economic Development and Industrial Corporation of Boston:			
COVID-19 State And Local Fiscal Recovery Funds	21.027	—	39,416
Passed-through Massachusetts Technology Collaborative:			
COVID-19 State And Local Fiscal Recovery Funds	21.027	—	96,100
Passed-through MBI Digital Equity Partnership:			
COVID-19 State And Local Fiscal Recovery Funds	21.027	—	353,549
Total COVID-19 State And Local Fiscal Recovery Funds		30,002,637	96,983,746
Total U.S. Department of Treasury		34,467,794	101,712,665

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing Number	Passed through to subrecipients	Total federal expenditures
Federal Communications Commission:			
Direct Program:			
Communications Information and Assistance and Investigation of Complaints	32.001	\$ —	77,625
Total Federal Communications Commission		—	77,625
National Endowment for the Humanities:			
Direct Program:			
Museums for America	45.301	—	93,526
Total National Endowment for the Humanities		—	93,526
U.S. Environmental Protection Agency:			
Direct programs:			
Reducing Lead in Drinking Water (SDWA 1459B)	66.443	—	1,478,289
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	—	25,980
Total U.S. Environmental Protection Agency			1,504,269
U.S. Department of Education:			
Direct programs:			
School Safely National Activities	84.184	—	731,838
Teacher Quality Partnership Grants	84.336	—	222,942
Passed-through Commonwealth Department of Elementary and Secondary Education:			
Adult Education – Basic Grants to States	84.002	—	276,923
Title I – Grants to Local Educational Agencies	84.010	—	58,867,151
COVID-19 Education Stabilization Fund	84.425D	2,819,701	203,782,335
Special Education (IDEA) Cluster:			
Special Education - Grants to States	84.027	—	17,935,913
Special Education – Preschool Grants	84.173	—	3,237,882
Total Special Education (IDEA) Cluster			21,173,795
Career and Technical Education -- Basic Grants to States	84.048	—	2,242,003
Education for Homeless Children and Youth	84.196	—	106,059
English Language Acquisition State Grants	84.365	—	1,939,759
Supporting Effective Instruction State Grants	84.367	—	2,999,384
Student Support and Academic Enrichment Program	84.424	—	3,119,106
Twenty-First Century Community Learning Centers	84.287	—	748,658
Total U.S. Department of Education		2,819,701	296,209,953
U.S. Department of Health and Human Services:			
Direct programs:			
Cooperative Agreements to Promote Adolescent Health	93.079	—	526,196
Congressional Directives	93.493	—	680,072
Passed-through Commonwealth Executive Office of Elderly Affairs:			
Special Programs for the Aging:			
Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals:			
Title VII, Chapter 2	93.042	216,365	216,365
COVID-19 Title VII, Chapter 2	93.042	35,915	35,915
Total Title VII, Chapter 2		252,280	252,280
Title III, Part D: Disease Prevention and Health Promotion Services:			
Title III, Part D	93.043	85,885	214,458
COVID-19 Title III, Part D	93.043	44,415	402,254
Total Title III, Part D		130,300	616,712
National Family Caregiver Support, Title III, Part E:			
Title III, Part E: Family Caregiver Support:			
Title III, Part E	93.052	398,440	398,440
Total Title III, Part E		398,440	398,440
Aging Cluster:			
Special Programs for the Aging:			
Title III, Part B: Supportive Services Supportive Services and Senior Centers:			
Title III, Part B	93.044	737,706	864,399
COVID-19 Title III, Part B	93.044	685,598	737,136
Total Title III, Part B		1,423,304	1,601,535
Title III, Part C: Nutrition Services:			
Title III, Part C	93.045	1,893,995	1,893,995
Total Title III, Part C		1,893,995	1,893,995

CITY OF BOSTON, MASSACHUSETTS
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing Number	Passed through to subrecipients	Total federal expenditures
Nutritional Services Incentive Program	93.053	\$ 593,356	593,356
Total Aging Cluster		3,910,655	4,088,886
Passed-through Commonwealth Department of Elementary and Secondary Education:			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	—	131,056
Total U.S. Department of Health and Human Services		4,691,675	6,693,642
U.S. Corporation for National and Community Services:			
Direct programs:			
AmeriCorps Retired and Senior Volunteer Program	94.002	—	134,183
Foster Grandparent/Senior Companion Cluster:			
AmeriCorps Senior Companions Programs	94.016	—	329,650
Total Foster Grandparents/Senior Companion Cluster		—	329,650
Total U.S. Corporation for National and Community Services		—	463,833
U.S. Department of Homeland Security:			
Direct programs:			
Emergency Food and Shelter National Board Program	97.024	556,657	556,657
Assistance to Firefighters Grant	97.044	—	393,945
Port Security Grant Program	97.056	—	42,469
Securing the Cities Program	97.106	8,039	1,276,028
Staffing for Adequate Fire and Emergency Response	97.083	—	9,973,157
Passed-through Massachusetts Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	—	425,792
Emergency Management Performance Grants	97.042	—	91,427
BRIC: Building Resilient Infrastructure and Communities	97.047	—	294,366
Passed-through Commonwealth Executive Office of Public Safety:			
Homeland Security Grant Program	97.067	2,371,510	13,808,857
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	47,367	711,470
Total U.S. Department of Homeland Security		2,983,573	27,574,168
Total expenditures of federal awards		\$ 99,912,587	715,082,919

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, 2024

(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.

(c) Food Nutrition Service Programs (ALN # 10.555/10.558/10.559/10.582)

Program expenditures in the accompanying schedule of expenditures of federal awards represent total federal reimbursements for meals provided during fiscal 2024.

(d) 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 2024, the City received \$1,455,910 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 2024, 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, 2024, the H.O.M.E. program had year end loan balances subject to continuing compliance requirements of \$151,612,357.

(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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2024.

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 independent auditor's 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 or compliance 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.



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*.

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
December 31, 2024

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

(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: **No**
 - Significant deficiencies: **Yes**
- 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:
 - Student Support and Academic Enrichment Program (84.424) – **Qualified**
 - All other major programs – **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

g. Identification of Major Programs

Name of federal program or cluster	Federal Assistance Listing Number
Child Nutrition Cluster	10.555/10.559/10.582
Child and Adult Care Food Program	10.558
CDBG - Entitlement/Special Purpose Grants Cluster	14.218
Home Investment Partnerships Program	14.239
Continuum of Care Program	14.267
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
Special Education (IDEA) Cluster	84.027/84.173
Supporting Effective Instruction State Grants	84.367
Student Support and Academic Enrichment Program	84.424
Staffing for Adequate Fire and Emergency Response	97.083

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, 2024

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

Finding 2024-001- Other Postemployment Benefits Census Data

Condition and Context

The City sponsors and participates in a Other Postemployment Benefits Trust Plan, a defined benefit OPEB plan that provides healthcare and insurance benefits. An actuarial valuation is performed bi-annually and utilizes the City's census data as an input into the calculation used to estimate the City's OPEB liability and related accounts. The census data consists of the members of the City's OPEB plan, which includes both active and retired City employees. This information is provided by the City to their actuary.

During our accuracy testing of the City's OPEB census data utilized for the actuarial valuation report as of June 30, 2023, we noted one current City employee was incorrectly included in the actives data. This was due to the employee opting out of coverage during the period relevant to the census data and as such, should not have been included in the active census data utilized by the City's actuary for the actuarial valuation.

After further investigation, management determined there were a total of 617 employees that opted-out of the plan that were also erroneously included as active employees receiving OPEB benefits in the census data sent to the City's actuary. As a result, management and their actuary determined that the OPEB liability was overstated by approximately 1.87%.

Recommendation

We recommend that the City implement a more rigorous review of their census data prior to submitting it to the City's actuary to ensure accuracy of the data.

Management Response

The City will implement additional controls and enhanced reports to cross-reference opt-out employees to ensure they are not included in any census data that is given to the City's actuary.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding 2024-002- Financial Reporting of Capital Fund Accrued Expenses

Condition and Context

During the audit of the City's financial statements for the fiscal year ending June 30, 2024, it was determined that expenditures within the Capital Fund, which amounted to \$11,452,490, were inappropriately accrued for at fiscal year-end. These expenditures pertained to services received from July 1, 2024 to August 31, 2024, which were subsequent to the City's fiscal year end. Therefore, these expenditures are considered to be a fiscal year 2025 expenditure and should not have been accrued as of June 30, 2024. This misstatement was identified during our audit while performing testing procedures over year-end accruals and adjustments. The accrual of these expenditures in the incorrect period resulted from an insufficient review process within the City's audit department. The absence of robust internal controls to ensure the accurate recording of accrued expenditures contributed to this significant control deficiency. Had the City not corrected the misstatement, the financial statements for the fiscal year 2024 would have been misstated, reflecting higher liabilities, higher capital outlay expenditures, and higher construction in progress of capital asset additions than appropriate.

Recommendation

We recommend that the City implement a more rigorous review and approval process for end-of-period adjustments, involving multiple levels of review, to ensure that all accrued expenditures are recorded in the appropriate period and that the City adheres to generally accepted accounting principles (GAAP).

Management's Response

The City will train its staff on how to properly accrue expenditures. The City will also ensure that multiple levels of review are conducted by qualified employees to provide assurance over these accrued expenditures.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

(3) Findings and Questioned Costs Relating to Federal Awards

Finding number: 2024-003

Federal agency: U.S. Department of Agriculture

Pass-through agency: Commonwealth Department of Elementary and Second Education

Program: Child Nutrition Cluster – National School Lunch Program

ALN #: 10.555

Award number: 13-035

Award year: July 1, 2023 to June 30, 2024

Finding: Internal Control and Compliance over Allowability and Reporting

Prior Year Finding: Yes; 2023-003

Type of Finding: Significant Deficiency and Noncompliance

*Criteria**Allowability:*

Reimbursement for meals served is not based on costs; it is determined solely by applying the applicable meals times rates formula.

Financial Reporting:

a. Claims for Reimbursement

SFAs and sponsors must submit monthly claims for reimbursement for meals and snacks served to eligible students within 60 days following the last day of the month covered by the claim (7 CFR sections 210.8, 220.11, 215.10, and 225.15(c)). The state agency has an additional 30 days to submit a consolidated report to FNS (7 CFR 210.5(d), 220.13(b)(2), 215.11(c)(2), and 225.8).

b. Recordkeeping

Each month's claim for reimbursement and all data used in the claims review process must be maintained on file. Accurate records must be maintained justifying all meals claimed and documenting that all Program funds were spent only on allowable Child Nutrition Program costs. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question. Records are required to be retained for a period of three years after submission of the final Claim for Reimbursement for the fiscal year. Or, if audit findings have not been resolved, the records must be retained beyond the three-year period as

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

long as required for the resolution of the issues raised by the audit. School food authorities are required to make the information available to the Department and the state agency upon request.

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 completeness and accuracy testing of the City of Boston Public Schools Food and Nutrition Services (FNS) monthly claims for reimbursement and recordkeeping, which included the allowability of meals reimbursed, we noted that edit checks were performed and documented monthly at the school site level confirming meal count reports. However, out of a sample of 60 days across 12 schools, there were 14 days across 7 schools that did not agree to the underlying manual tally sheets.

Additionally, out of a sample of 12 monthly Field Coordinator reviews across 72 school sites, there were 3 reviews where the City was unable to provide evidence that the Field Coordinator's review and approval took place.

Cause

This appears to be due to insufficient policies and procedures surrounding the claims for reimbursement and recordkeeping.

Effect

Meal count reports utilized for the monthly claims for reimbursement are not complete and accuracy, nor do they have complete and accurate underlying records to substantiate the meals requested for reimbursement.

Whether Sampling was Statistically Valid

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

Questioned Costs

\$108

Recommendation

We recommend that FNS enhance their policies and procedures to include a more thorough review and approval of meal counts at the school level to ensure allowability as well as completeness and accuracy of the meal counts submitted for reimbursement. Additionally, we recommend FNS re-enforce their policy to ensure underlying records are maintained in accordance with program requirements.

View of Responsible Officials from the Auditee

FNS agrees with the importance of accurate meal counting and claiming. Because most errors result from arithmetic or data entry mistakes when cafeteria staff record meals served on paper tally sheets and later

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

enter totals into the computer, we now require that all meals served in the cafeterias be recorded electronically in the POS system at the point of service. We are also exploring ways to use the electronic POS system to record meals that are served in classrooms.

The monthly review of school edit check reports by the field coordinators is also now documented using a Google Form that each coordinator is required to complete each month for review by the financial analyst prior to submission of the claim.

We will emphasize the importance of proper meal counting and retention of documents during training for cashiers and cafeteria managers.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2024

Finding number: 2024-004

Federal agency: U.S. Department of Agriculture

Pass-through agency: Commonwealth Department of Elementary and Second Education

Program: Child and Adult Care Food Program

ALN #: 10.558

Award number: 13-035-CF-815

Award year: July 1, 2023 to June 30, 2024

Finding: Internal Control over Allowability

Prior Year Finding: No

Type of Finding: Significant Deficiency

Criteria

Reimbursement for Operating Costs of Child and Adult Care Centers

CACFP centers and sponsors of centers shall be reimbursed solely according to the meals-times-rates formula outlined in II, "Program Procedures." Costs claimed by the institution as operating costs must be related to preparing and serving meals to children and/or adults under the CACFP (7 CFR 226.11(c) and definition of "operating costs" in 7 CFR 226.2).

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 over the allowability of meals reimbursed, we noted that edit checks were performed and documented monthly at the school site level confirming meal count reports. However, out of a sample of 12 monthly Field Coordinator reviews across 72 school sites, there were 3 reviews where the City was unable to provide evidence that the Field Coordinator's review and approval took place.

Cause

Field Coordinator edit checks were not precise enough to detect meal count differences for those sites which use a hardcopy tally sheet to count meals prior to entering into the POS system. Additionally, the City was unable to provide documentation showing that the Field Coordinator's review and approval took place in cases. This appears to be due to an insufficient process for documenting and retaining evidence of the Field Coordinator's monthly review.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Effect

Meal count reports utilized for the monthly claims for reimbursement are not complete and accuracy, nor do they have complete and accurate underlying records to substantiate the meals requested for reimbursement.

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 FNS enhance their policies and procedures to include a more thorough review and approval of meal counts at the school level to ensure allowability as well as completeness and accuracy of the meal counts submitted for reimbursement. Additionally, we recommend FNS re-enforce their policy to ensure underlying records are maintained in accordance with program requirements.

View of Responsible Officials from the Auditee

FNS agrees with the importance of accurate meal counting and claiming.

We have implemented a new standard operating procedure for after-school supper meals served under CACFP that includes more thorough review of meal counts and related documentation prior to submission of the claim, monthly documentation of the edit check review by Field Coordinators using a Google Form, and procedures for holding program and site-based staff accountable for correctly documenting meal counts and submitting paperwork in a timely manner.

CITY OF BOSTON, MASSACHUSETTS
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2024

Finding number: 2024-005

Federal agency: U.S. Department of Housing and Urban Development

Pass-through agency: N/A – Direct Funding

Program: CDBG Entitlement/Special Purpose Grants Cluster

ALN #: 14.218

Award number: Various

Award year: Various

Finding: Internal Control over FFATA Reporting

Prior Year Finding: No

Type of Finding: Significant Deficiency

Criteria

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No.109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reporting should be made in FSRS no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.

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 the Special Reporting for Federal Funding Accounting and Transparency Act (FFATA) reports, we were unable to verify the review and approval of the FFATA reports by the City Auditor’s Office for 7 out of 7 reports selected for testing. Additionally, we were unable to verify the reports were submitted timely.

Cause

This appears to be due to lack of a formal documented review over when the FFATA reports were approved and submitted.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Effect

The City Auditor's Office has an insufficient process in place to ensure the timely filing of the FFATA reports.

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 Auditor's Office re-enforce control procedures to ensure that the FFATA reports formal review, approval and submission is documented.

View of Responsible Officials from the Auditee

The City has performed reviews and approvals prior to FFATA reports being submitted, however it has been verbal due to the proximity of the individuals working on this activity. The City will implement Google Calendar meetings and email confirmations once review is completed so that there is documentation of review approval and submission of FFATA reports.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-006

Federal agency: U.S. Department of Education

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

Program: Title I, Grants to Local Education Agencies

ALN #: 84.010

Award number: 0305-000549-2024-0035

Award year: September 12, 2023 to September 30, 2025

Finding: Internal Control and Compliance over Payroll Costs

Prior Year Finding: Yes; 2023-006

Type of Finding: Significant Deficiency and Noncompliance

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.

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.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

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, and that these timesheets are approved by the Department Head/Supervisor on a Department Time Summary Report (DTSR). However, for our sample of 60 payroll transactions charged to the program, 3 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

Insufficient review of payroll documentation increases the risk of inaccurate payroll costs being allocated to a grant award.

Additionally, 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.

Whether Sampling was Statistically Valid

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

Questioned Costs:

Questioned costs of \$13,382, for unsupported payroll charges, were charged to ALN # 84.010, Award No. 0305-000549-2024-0035

Recommendation

We recommend that BPS re-enforce its policies and procedures to ensure their review of payroll charges and records are retained 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

BPS will add additional guidance around timesheet retention to the trainings for new timekeepers and at the annual payroll training held every August.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-007

Federal agency: U.S. Department of Education

Pass-through agency: Commonwealth 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 Annual Report Card, High School Graduation Rate

Prior Year Finding: Yes; 2023-009

Type of Finding: Significant Deficiency

Criteria

An SEA and its LEAs must report graduation rate data for all public high schools at the school, LEA, and state levels using the four-year adjusted cohort rate and, at an SEA's or LEA's discretion, one or more extended-year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the ESEA, homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25). Except as noted below, only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating graduation rates. The term "regular high school diploma" means the standard high school diploma that is awarded to the preponderance of students in the state and that is fully aligned with the state standards (but not to alternate academic achievement standards for students with the most significant cognitive disabilities) or a higher diploma. A regular high school diploma does not include a recognized equivalent of a diploma, such as a general equivalency diploma (GED), certificate of completion, certificate of attendance, or similar lesser credential (ESEA, Section 8101(43) (20 USC 7801(43). An SEA may, but is not required to, award a state-defined alternate diploma for students with the most significant cognitive disabilities who take an alternate assessment aligned with alternate academic achievement standards. That diploma must be standards based, aligned with the state's requirements for a regular high school diploma, and obtained within the time period for which the state ensures the availability of a free appropriate public education. If an SEA awards an alternate diploma, the SEA may count those students in its four-year and any extended-year adjusted cohort graduation rate, even if the student takes more than four years to receive the alternate diploma (ESEA, Section 8101(23)(A)(ii)(I)(bb), (25)(A)(ii)(I)(bb) (20 USC 7801(23)(A)(ii)(I)(bb), (25)(A)(ii)(I)(bb).

To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, 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. A

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

student who is retained in grade, enrolls in a GED program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25) (20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25).

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

Per the City of Boston Public School's (BPS) *Student Withdrawal Procedures* policy, school leaders are required to sign off, via a Google Form, prior to state data submissions in October, March and June that there is sufficient documentation to support all students who have withdrawn from their school.

During our testing of 14 public high schools in which BPS is responsible for reporting graduation data, 6 school leaders did not submit their school's certification for the data submission timeframe selected. Additionally, we noted 2 schools where the school leader provided a certification; however, their certification was not submitted prior to the state's data submission.

Lastly, we noted that for 2 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.

Cause

This appears to be due to an insufficient system for collecting school leader's certifications prior to state submission and 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-enforce their policy and the requirements with staff related to the removal of students from the adjusted cohorts used to determine the 4-year adjusted cohort graduation rate. In addition,

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

BPS management should re-enforce their policies and procedures to obtain and monitor official written documentation of student transfers that is required to remove students from their respective cohort.

View of Responsible Officials from the Auditee

While all school leaders have not completed the certification form, BPS central office staff conduct reviews of all withdrawal documentation prior to state reporting submissions. For any student found to not have sufficient documentation in that testing, central office staff reach out to school leaders to alert them to the issue and instruct them to upload sufficient documentation. If that documentation is not uploaded by a certain date, the withdrawal codes for those students are changed to reflect a dropout status. In this year's sample of 60 students, BPS was able to produce documentation for 58 students, a marked improvement from previous year's samples.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-008

Federal agency: U.S. Department of Education

Pass-through agency: Commonwealth 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 Assessment System Security

Prior Year Finding: Yes; 2023-010

Type of Finding: Significant Deficiency

Criteria

SEAs, in consultation with LEAs, are required to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures (Title I, Section 1111(b)(2)(B)(iii) of the ESEA (20 USC 6311(b)(2)(B)(iii)).

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

Each year schools who administer the Massachusetts Comprehensive Assessment System (MCAS) test are required to review and sign the Superintendent's Assurance of Proper MCAS Test Administration form (Assurance Form), attesting their school will meet all the requirements and test administration protocols as outlined by the City of Boston Public Schools (BPS) and the Massachusetts Department of Secondary Education.

During our testing of 16 schools in which BPS is responsible for administering the MCAS test, the form for one school were not obtained.

Cause

This appears to be due to an insufficient system for collecting and retaining school leader's certifications ensuring they will meet all requirements and test administration protocols.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Effect

Schools are potentially not following all requirements and protocols related to the administration of the MCAS test and therefore not maintaining an assessment system that is valid, reliable and consistent with professional technical standards.

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-enforce their policy and the requirements to obtain and monitor official written documentation of school's compliance with the administration of the MCAS test.

View of Responsible Officials from the Auditee

In addition to the superintendent's assurance form, staff from the Office of Data and Accountability conduct announced and unannounced visits to schools during MCAS testing. These visits include observations of testing locations and test material storage, as well as support when questions arise. Observation notes are stored centrally.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-009

Federal agency: U.S. Department of Education

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

Program: Title I, Grants to Local Education Agencies; Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants); and Student Support and Academic Enrichment Program

ALN #: 84.010; 84.367; 84.424

Award number: Various

Award year: Various

Finding: Internal Control over Participation of Private School Children

Prior Year Finding: Yes; 2023-008

Type of Finding: Significant Deficiency

Criteria

For programs funded under Title I, Part A (Assistance Listing 84.010), an LEA, after timely and meaningful consultation with private school officials, must provide equitable services to eligible private school children, their teachers, and their families. Eligible private school children are those who reside in a participating public school attendance area and have educational needs under Section 1115(c) of the ESEA (20 USC 6315(c)). The amount of funds an LEA makes available for equitable services under Title I, Part A must be equal to the proportion of funds generated by private school children from low-income families who reside in participating public school attendance areas. An LEA must determine the proportional share available for services for eligible private school children based on the total amount of Title I funds received prior to any expenditures or transfers of funds within the program, such as reservations for administration, parental involvement, and district-wide activities (20 USC 6320(a)(4)(A)). LEAs determine the proportional share by multiplying the proportion of children from low-income families who attend private schools and live in participating Title I attendance areas by the LEA's total Title I allocation (including any funds transferred into Title I). For more information, see Title I, Part A of the ESEA: Providing Equitable Services to Eligible Private School Children, Teachers, and Families (October 7, 2019) (<https://oese.ed.gov/files/2020/07/equitable-services-guidance100419.pdf>).

For programs under Title VIII of the ESEA (Assistance Listing 84.011, 84.365, 84.367, and 84.424), an agency, consortium, or entity receiving financial assistance under an applicable program must provide eligible private school children and their teachers or other education personnel with equitable services or other benefits under the program. Before an agency, consortium, or entity makes any decision that affects the opportunity of eligible private school children, teachers, and other educational personnel to participate, the agency, consortium, or entity must engage in timely and meaningful consultation with private school officials. Expenditures for services and benefits to eligible private school children and their teachers and

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

other education personnel must be equal on a per-pupil basis to the expenditures for participating public school children and their teachers and other educational personnel, taking into account the number and education needs of the children, teachers and other education personnel to be services (Section 8501 of ESEA (20 USC 7881); 34 CFR sections 299.6 through 299.9).

The control of funds used to provide equitable services to eligible private school students, teachers and other educational personnel, and families, and title to materials, equipment, and property purchased with those funds must be in a public agency and the public agency must administer the funds, materials, equipment, and property. The provision of equitable services must be by employees of a public agency or through a contract by the public agency with an individual, association, agency, or organization that is independent of the private school. The contract must be under the control of the public agency (Sections 1117(d), and 8501(d) of ESEA (20 USC 6320(d), and 7881(d); section 18005(b) of the CARES Act; 34 CFR sections 76.661, 200.64(b)(3), 200.67, and 299.9).

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

ALN 84.010:

As part of the City of Boston Public School's (BPS) policy over compliance with private school funding, we noted the data on children from low-income families who reside in the participating Title I public school attendance area and attend the private school is provided by the private school officials, which is then inputted and calculated by BPS on their Title I application.

We were able to verify that the amount of funds available for equitable services for BPS was determined by multiplying the proportion of private school children from low-income families residing in participating public school attendance areas by the LEA's total Title I, Part A allocation. However, we were unable to confirm completeness and accuracy of the eligible private school children counts used in the calculation as BPS did not retain the correspondence from the schools to support the data ultimately included in their calculation.

ALN 84.367 and ALN 84.424:

As part of BPS' policy over compliance with private school funding, we noted the private school student count is provided by the private school officials, which is then inputted and calculated by BPS on their Title II and Title IV applications.

We were able to verify that the amount of funds available for equitable services for BPS are equal on a per-pupil basis. However, we were unable to confirm completeness and accuracy of the eligible private school children counts used in the calculation as BPS did not retain the correspondence from the schools to support the data ultimately included in their calculation.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Cause

This appears to be due to an insufficient system in place to ensure retention of all supporting documentation related to compliance with providing equitable services for eligible private school children.

Effect

BPS is potentially using inaccurate or incomplete data when calculating the amount of funds available for equitable services for eligible private school children.

Whether Sampling was Statistically Valid

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

Questioned Costs:

None

Recommendation

When utilizing data provided by private school officials to determine the eligible private school child count, we recommend BPS retain copies of their correspondence to ensure completeness and accuracy of the calculation.

View of Responsible Officials from the Auditee

BPS requests that private schools wishing to participate in receiving Title funds submit detailed student eligibility information, and which is saved to an internal drive, with other supporting documentation pertaining to equitable services compliance. This adjustment to record keeping practice has been instituted beginning with the FY25 grant application cycle.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-010

Federal agency: U.S. Department of Education

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

Program: Special Education (IDEA) Cluster

ALN #: 84.027; 84.173

Award number: 240-714716-2023-0035; 0240-000558-2024-0035

Award year: October 3, 2022 to September 30, 2024; October 2, 2023 to September 30, 2025

Finding: Internal Control and Compliance over Payroll Costs

Prior Year Finding: Yes; 2023-011

Type of Finding: Significant Deficiency and Noncompliance

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.

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

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

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, and that these timesheets are approved by the Department Head/Supervisor on a Department Time Summary Report (DTSR). However, for our sample of 60 payroll transactions charged to the program, 4 DTSR's were not approved.

Additionally, although the DTSR was approved, the transactions were not supported by a completed timesheet for an additional 3 selections.

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

Insufficient review of payroll documentation increases the risk of inaccurate payroll costs being allocated to a grant award.

Additionally, 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.

Whether Sampling was Statistically Valid

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

Questioned Costs:

Questioned costs of \$13,149, for unsupported payroll charges

Recommendation

We recommend that BPS re-enforce its policies and procedures to ensure their review of payroll charges and records are retained and documented 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

BPS will add additional guidance around timesheet retention to the trainings for new timekeepers and at the annual payroll training held every August. Additionally, BPS is exploring electronic timesheets, with a pilot focusing on staff that work at multiple sites.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-011

Federal agency: U.S. Department of Education

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

Program: Student Support and Academic Enrichment Program

ALN #: 84.424

Award number: 0309-000548-2024-0035

Award year: September 12, 2023 to September 30, 2025

Finding: Internal Control and Compliance over Period of Performance

Prior Year Finding: No

Type of Finding: Material Weakness and Material Noncompliance

Criteria

Period of Performance

A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308, 200.309, and 200.403(h)). A period of performance may contain one or more budget periods.

LEAs and SEAs must obligate funds during the 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover.

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 period of performance associated with those expenditures charged to grant awards which began during fiscal year 2024 and cost transfers, we noted noncompliance for 2 expenditures out of a sample of 4. Per review of the underlying vendor invoices, the service period for these expenditures started prior to the award start date of September 12, 2023.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Cause

This appears to be due to an insufficient review of invoices to ensure the underlying services performed by vendors are within the grant awards outlined grant period.

Effect

Insufficient review of vendor invoices increases the risk of costs being charged to a grant award outside its approved budget period.

Whether Sampling was Statistically Valid

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

Questioned Costs:

\$1,250,864

Recommendation

We recommend that the Boston Public Schools (BPS) re-enforce its policies and procedures to ensure their review of expenditures charged to the award also includes a detailed review of the underlying vendor service period.

View of Responsible Officials from the Auditee

BPS will take a multi-step approach to ensuring accuracy of spending to the grant award period:

1. Reinforce our existing practice of ensuring that period of service is reflected on Purchase Orders, which it was for the PO's in question.
2. Working with major suppliers to ensure they understand the grant funded nature of their program and the eligible dates of service, which are outlined on the Purchase Order
3. Review / Update training for our Accounts Payable team on ensuring that the period of service on an invoice matches the period of service on the Purchase Order
4. Review / Update training for our State & Federal Grants, Programs, and Compliance teams to ensure that expenses are reviewed before the end of the grant period to ensure compliance with federal regulations.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Finding number: 2024-012

Federal agency: U.S. Department of Homeland Security

Pass-through agency: N/A – Direct Funding

Program: Staffing for Adequate Fire and Emergency Response (SAFER)

ALN #: 97.083

Award number: EMW-2020-FF-00996

Award year: February 27, 2022 to February 26, 2025

Finding: Internal Control over Financial Reporting and Performance Reporting

Prior Year Finding: Yes; 2023-015 and 2023-016

Type of Finding: Significant Deficiency

Criteria

Financial Reporting

Per the *Department of Homeland Security (DHS) Notice of Funding Opportunity (NOFO) for Fiscal Year 2020 Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program*, recipients of the SAFER Program grants are required to submit an FFR (SF-425) on a semi-annual basis. The FFR is to be submitted using the online FEMA GO based on the calendar year beginning with the period after the start of the period of performance. Grant recipients are required to submit an FFR throughout the entire period of performance of the grant.

Reports are due:

1. No later than July 30 (for the period January 1 – June 30)
2. No later than January 30 (for the period July 1 – December 31)
3. Within 120 days after the end of the period of performance

Performance Reporting

Per the *Department of Homeland Security (DHS) Notice of Funding Opportunity (NOFO) for Fiscal Year 2020 Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program and the Federal Emergency Management Agency (FEMA) Grant Programs Directorate Information Bulletin No. 471*, the recipient is responsible for completing and submitting a Programmatic Performance Report (PPR) using FEMA GO. For those awards which began in prior year, the PPR is due every six months based on the calendar year until the period of performance ends, and no later than 30 days after the six-month period end.

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

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

Financial Reporting

During our testing of both semi-annual Federal Financial SF-425 (SF-425) reports, we were unable to verify approval of the SF-425 for reporting period ending 12/31/2023 by the Deputy Commissioner of the Boston Fire Department prior to submission.

Performance Reporting

Additionally, during our testing over both required semi-annual performance progress reports (PPRs) for fiscal year 2023, we noted the semi-annual PPR covering July 1, 2023 to December 31, 2023 was filed 65 days late on April 5, 2024. Additionally, we noted the semi-annual PPR covering January 1, 2024 to June 30, 2024 was filed one day late on August 1, 2024.

Cause

Financial Reporting

This appears to be due to lack of a formal documented review over the semi-annual SF-425 reports.

Progress Reporting

This appears to be due to inadequate program detail to ensure complete and accurate information for reporting at the time of the submission deadlines.

Effect

Financial Reporting

The Boston Fire Department (BFD) does not have effective internal controls over the Federal award to ensure the completeness and accuracy of the semi-annual SF-425 Financial Report.

Performance Reporting

The BFD has an insufficient process in place to ensure completeness and accuracy of the period expenditures and the timely filing of the semi-annual PPRs.

Whether Sampling was Statistically Valid

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

Questioned Costs

None

CITY OF BOSTON, MASSACHUSETTS
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Recommendation

We recommend that the BFD re-enforce control procedures to ensure that the SF-425 Financial Reports formal review and approval is documented.

Additionally, we recommend that the BPD implement control procedures to ensure that the PPRs are filed timely and reviewed against supporting schedules to ensure completeness and accuracy of each report prior to submission.

View of Responsible Officials from the Auditee

BFD has taken considerable steps to incorporate and implement proper control procedures surrounding all grant related matters, i.e. programmatic and financial reporting and oversight. In August 2023, the department hired a Financial Grants Manager with more than ten years of experience working in municipal government with grants to ensure proper financial oversight is established and enforced. In February 2024, the department hired a Programmatic Grants Manager to ensure and implement proper policies and procedures regarding programmatic aspects of the department's external funds.

The department has acquired licenses for Airtable, an online platform for creating and sharing relational databases. It combines the features of a database and a spreadsheet, allowing users to store, organize, and collaborate on information about anything. This platform allows the department to track upcoming reporting deadlines, maintain information regarding grant related purchases, etc.

The Programmatic and Financial Grants Manager have been reviewing all currently funded grants, to include SAFER, to ensure that the general ledger postings accurately reflect allowable costs so that when reports are filed the information reported in FEMA GO is accurate and complete.

The Department projected that timely and accurate filing will be in effect no later than in January 2025 in order to complete the semi-annual reports due for the period ending December 31, 2024. The department had a high success rate in ensuring timely completion, approval and submission of financial reports for the most recently reporting period.