



CITY OF CAMBRIDGE, MASSACHUSETTS

Independent Auditors' Reports as Required by Office of
Management and Budget (OMB) Circular A-133 and
Government Auditing Standards and Related Information

Year ended June 30, 2014

CITY OF CAMBRIDGE, MASSACHUSETTS

Independent Auditors' Reports as Required by Office of
Management and Budget (OMB) Circular A-133 and
Government Auditing Standards and Related Information

Year ended June 30, 2014

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

Exhibit I

Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cambridge, Massachusetts' (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Cambridge, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-006 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Exhibit I

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 17, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards (the Schedule) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic financial statements or to the basic financial statements themselves and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

March 26, 2015

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Exhibit II

Federal grantor/pass-through grantor/ program title/pass-through grantor's number	CFDA number	Federal expenditures
U.S. Department of Agriculture:		
Passed through the Commonwealth of Massachusetts Department of Education:		
Food Distribution	10.550	\$ 124,786
Child Nutrition Cluster:		
School Breakfast Program (SBP)	10.553	257,481
National School Lunch Program (NSLP)	10.555	1,015,488
Summer Food Service Program for Children (SFSPC)	10.559	115,531
Total Child Nutrition Cluster		<u>1,388,500</u>
Child and Adult Care Food Program	10.558	6,833
Fresh Fruit and Vegetable Program	10.582	27,671
Total		<u>1,547,790</u>
U.S. Department of Defense:		
Passed through the University of Massachusetts Lowell:		
Climate Change Education	12.999	4,782
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grants	14.218	10,222,170
Emergency Solutions Grants Program	14.231	253,007
Supportive Housing Program	14.235	450,893
Shelter Plus Care	14.238	94,784
HOME Investment Partnerships Program	14.239	12,238,123
Continuum of Care Program	14.267	2,858,838
Fair Housing Assistance Program State and Local	14.401	50,438
Lead-Based Paint Hazard Control in Privately Owned Housing	14.900	1,275
Passed through the Commonwealth of Massachusetts Department of Housing and Community Development:		
Emergency Solutions Grants Program	14.231	95,198
Passed through the Cambridge Housing Authority:		
Resident Opportunity and Supportive Services – Service Coordinators	14.870	5,923
Moving to Work Demonstration Program	14.881	47,085
Total		<u>26,317,734</u>
U.S. Department of Justice:		
Direct Programs:		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	90,431
Bullet Proof Vest Partnership Program	16.607	12,699
Edward Byrne Memorial Justice Assistance Grant Program	16.738	120,502
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:		
Violence Against Women Formula Grant	16.588	550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	36,400
Emergency Law Enforcement Assistance Grant	16.824	15,108
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety and the City of Boston, Massachusetts:		
Emergency Law Enforcement Assistance Grant	16.824	36,325
Total		<u>312,015</u>
U.S. Department of Labor:		
Passed through the Commonwealth Corporation:		
Workforce Investment Act Cluster:		
WIA Adult Program	17.258	8,746
WIA Youth Activities	17.259	21,575
WIA Dislocated Workers	17.278	16,127
Total Workforce Investment Act Cluster		<u>46,448</u>
U.S. Department of Transportation:		
Passed through the Commonwealth of Massachusetts Executive Office of Transportation:		
Highway Planning and Construction Program	20.205	140,849
Passed through the Commonwealth of Massachusetts Department of Transportation and the Metropolitan Area Planning Council:		
Highway Planning and Construction Program	20.205	15,440
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:		
State and Community Highway Safety	20.600	12,274
Passed through the Massachusetts Emergency Management Agency:		
Interagency Hazardous Materials Public Sector Training and Planning	20.703	2,500
Total		<u>171,063</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/pass-through grantor/ program title/pass-through grantor's number	CFDA number	Federal expenditures
National Endowment for the Arts:		
Direct Programs:		
Promotion of the Arts Grants to Organizations and Individuals	45.024	\$ 21,613
U.S. Department of Education:		
Direct Programs:		
Safe and Drug-Free Schools and Communities – National Programs	84.184	30,981
Foreign Language Assistance	84.293	31,129
Passed through the Commonwealth of Massachusetts Department of Education:		
Adult Education Basic Grants to States	84.002	122,586
Title I Grants to Local Educational Agencies	84.010	1,019,904
Special Education Cluster (IDEA):		
Special Education-Grants to States (IDEA, Part B)	84.027	2,648,572
Special Education-Preschool Grants (IDEA Preschool)	84.173	65,267
Total Special Education Cluster (IDEA)		<u>2,713,839</u>
Career and Technical Education Basic Grants to States	84.048	72,477
Education for Homeless Children and Youth	84.196	29,845
Twenty-First Century Community Learning Centers	84.287	43,211
English Language Acquisition Grants	84.365	47,027
Improving Teacher Quality State Grants	84.367	381,160
ARRA-State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants	84.395	211,075
Race to the Top Early Learning Challenge	84.412	18,945
Passed through the City of Newton, Massachusetts Public Schools:		
Fund for the Improvement of Education – Teaching American History Grant	84.215	300
Passed through Framingham State University:		
English Language Acquisition Grants	84.365	52,558
Total		<u>4,775,037</u>
U.S. Department of Health and Human Services:		
Passed through the Commonwealth of Massachusetts Executive Office of Health and Human Services:		
Substance Abuse and Mental Health Services (BSAS OPIOD)	93.243	5,285
National Bioterrorism Hospital Preparedness Program	93.889	2,180
Block Grants for Prevention and Treatment of Substance Abuse	93.959	84,435
Passed through the Institute for Community Health:		
Maternal and Child Health Federal Consolidated Programs	93.110	3,861
Passed through the Commonwealth of Massachusetts Executive Office of Housing and Community Development:		
Low Income Home Energy Assistance Programs (LIHEAP)	93.568	1,369,216
Passed through the Commonwealth of Massachusetts Department of Education:		
Community Based Child Abuse Prevention Grant	93.590	67,843
Passed through the Commonwealth of Massachusetts Department of Public Health and the Cambridge Health Alliance:		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	28,395
Total		<u>1,561,215</u>
U.S. Department of Homeland Security:		
Direct Programs:		
Port Security Grant Program	97.056	258,800
Passed through Action for Boston Community Development, Inc.:		
Emergency Food and Shelter National Board Program	97.024	6,000
Passed through the Massachusetts Emergency Management Agency:		
Disaster Grants – Public Assistance for Presidentially Declared Disasters	97.036	508,327
Emergency Management Performance Grants	97.042	49,030
Passed through the City of Boston, Massachusetts:		
Homeland Security Grant Program	97.067	1,515,460
Total		<u>2,337,617</u>
Total federal expenditures		<u>\$ 37,095,314</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

(1) Definition of Reporting Entity

The supplementary schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards of the City of Cambridge, Massachusetts (the City). All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule.

(2) Summary of Significant Accounting Policies

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

(a) Basis of Presentation

The Schedule is presented using the modified 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 one combined fund. Program expenditures in the Schedule represent total federal reimbursements for meals provided during fiscal 2014.

(c) Food Distribution Program

Noncash contributions of commodities under the Food Distribution Program are received under a state distribution formula and are valued at federally published wholesale prices for purposes of the Schedule. Such commodities are not recorded in the financial records, although memorandum records are maintained.

(d) Other

Certain federal programs stipulate that a portion of the grant award be paid directly to the Massachusetts Teachers Retirement System (MTRS). The City does not report the amount paid directly to the MTRS as an expenditure in the accompanying Schedule. The program and corresponding amounts paid directly to the MTRS are as follows:

Program title	CFDA number	Amount paid to MTRS
Improving Teacher Quality State Grants	84.367	\$ 13,990
Title I Grants to Local Educational Agencies	84.010	38,646
Career and Technical Education Basic Grants to States	84.048	3,901
Total		\$ <u>56,537</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

(3) Subrecipient Expenditures

The Schedule includes funds paid by the City to its subrecipients. Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program title	CFDA number	Amount provided to subrecipients
Community Development Block Grants	14.218	\$ 1,499,321
HOME Investment Partnerships Program	14.239	777,509
Supportive Housing Program	14.235	450,893
Shelter Plus Care Program	14.238	94,784
Continuum of Care Program	14.267	2,740,646

(4) Loans or Loan Guarantees

The Schedule includes funds loaned by the City to its subrecipients. Of the federal expenditures presented in the schedule, the outstanding loan balances at the end of the previous year to subrecipients are as follows:

Program title	CFDA number	Outstanding loan balance
Community Development Block Grants	14.218	\$ 7,363,127
HOME Investment Partnerships Program	14.239	11,398,552



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Exhibit III

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

The Honorable Mayor and City Council
City of Cambridge, 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 business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cambridge, Massachusetts (the City) as of and for the year ended June 30, 2014, 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 17, 2014. Our report includes a reference to other auditors who audited the financial statements of Cambridge Health Alliance, as described in our report on the City's 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.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

KPMG LLP

December 17, 2014

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of Major Programs

Name of federal program or cluster	CFDA #
Community Development Block Grants (CDBG)	14.218
Continuum of Care Program	14.267
Justice Assistance Grant Program	16.738
Title I-Grants to Local Educational Agencies	84.010
Special Education Cluster (IDEA)	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education - Preschool Grants (IDEA Preschool)	84.173
ARRA-State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants	84.395
Low Income Home Energy Assistance Program (LIHEAP)	93.568
Homeland Security Grant Program	97.067

Dollar threshold used to distinguish between type A and type B programs: \$1,112,859

Auditee qualified as low-risk auditee? yes no

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(2) Findings and Questioned Costs Relating to Financial Statements Reported in Accordance with Government Auditing Standards

None

(3) Findings and Questioned Costs Relating to Federal Awards

Finding Number: 2014-001
Federal Agency: U.S. Department of Housing and Urban Development
Pass-Through Agency: None
Program: Community Development Block Grants (CDBG)
CFDA Number: 14.218
Award Number: B-13-MC-25-0005
Award Year: 2014
Finding: Reporting

Criteria

The Federal Funding Accountability and Transparency Act (FFATA) requires grant and cooperative agreement recipients and contractors to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report certain subaward data through FSRS.

For grants and cooperative agreements, the effective date was October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date.

Actions are to be reported in FSRS no later than the last day of the month *following* the month in which the award or the modification was signed.

Condition

The City could not provide evidence of the timely submission of the selected subawardees. The most recent amendment of the FFATA reporting showed the reports were submitted on August 12, 2014 while the funding was obligated to subawardees as of July 1, 2013.

Cause

Ensure that the key data elements are accurately reported and supported by source documentation.

Effect

Unsure if the subaward amounts reported are accurate.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Questioned Costs

None

Recommendation

The City should review the FFATA reporting requirements and ensure timely submissions are performed and evidence is maintained even after amendments are performed.

Auditee Corrective Action Plan

The Department will maintain evidence of timely submissions of FFATA reporting.

Contact Person: Betty Lyons, Grants Manager

Anticipated Completion Date: Effective immediately

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding Number: 2014-002

Federal Agency: U.S. Department of Education

Pass-Through Agency: Commonwealth of Massachusetts Department of Elementary and Secondary Education

Program: Title I-Grants to Local Educational Agencies

CFDA Number: 84.010

Award Number: 305-006293-2013-0049
305-018911-2014-0049

Award Year: 2014, 2013

Finding: Allowable Costs

Criteria

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at-least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling see (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

Condition

When performing testing over payroll expenditures, the time for 1 out of 25 employees selected was not certified.

Cause

According to the Cambridge School Department, the employee's time was not sufficiently supported by personnel activity reports or equivalent documentation.

Effect

The employee's time was funded by Title I funding without ensuring the time charged to the grant is accurate and complete.

Questioned Costs

None

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Recommendation

We recommend the Title I department ensure all employee's charging time to Federal programs certify their time according to the criteria above.

Auditee Corrective Action Plan

The employee in question was a short-term employee working part-time on multiple cost objectives. Typically, such an employee would be paid as temporary, generating a service agreement and requiring timesheets and payment vouchers for payment. However, in this case, the employee was processed internally as a .2 FTE split-funded permanent employee. The Grant Administrator was unaware the employee had been processed as permanent, and as a result did not have the employee complete a monthly split-funded certification form as would normally be required for permanent employees.

In order to ensure this oversight is not repeated, the CPS Budget Analyst in Position Control will forward to the Title I Administrator for review all P101 and P102 personnel forms that include any Title I funding code(s) whether or not s/he can independently ascertain that funding is available. This will make certain that the Title I administrator knows how all employees charged to the grant are processed and can complete appropriate time certifications accordingly.

Contact Person: Miranda Fasulo, Assistant Director at Cambridge Public Schools

Anticipated Completion Date: Effectively immediately

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding Number: 2014-003

Federal Agency: U.S. Department of Education

Pass-Through Agency: Commonwealth of Massachusetts Department of Elementary and Secondary Education

Program: Title I-Grants to Local Educational Agencies

CFDA Number: 84.010

Award Number: 305-006293-2013-0049
305-018911-2014-0049

Award Year: 2014, 2013

Finding: Highly Qualified Teachers

Criteria

Beginning after the first day of the 2002–2003 school year, an LEA had to ensure that any teacher whom it hired to teach a core academic subject and who worked in a program supported with Title I, Part A funds was highly qualified as defined in 34 CFR section 200.56. This requirement applied to teachers in Title I, Part A targeted assistance programs who taught a core academic subject and were paid with Title I, Part A funds and to all teachers who taught a core academic subject in a Title I, Part A school wide program school. By the end of the 2005–2006 school year, the LEA had to ensure that all teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, are highly qualified. “Core academic subjects” means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography. A special education teacher is a “highly qualified teacher” under the ESEA if the teacher meets the requirements for a “highly qualified special education teacher” in *34 CFR section 300.18 (Title I, Section 1119(a) of ESEA (20 USC 6319(a)); 34 CFR Sections 200.55 and 200.56 (34 CFR section 200.56(d))*.

Condition

During our testing over the payroll expenditures, we noted temporary employees were hired by the City as Title I Summer Learning Camp teachers. Each teacher was provided a contract and job description including responsibilities of teaching reading and mathematics to at-risk students. Based on this job description, we determined the position required each temporary employee to be a highly qualified teacher or paraprofessional since reading and mathematics are considered core academic subjects. When reviewing personnel files, we noted the Cambridge School Department did not obtain the required documentation to verify if 4 individuals met the requirements of a highly qualified teacher. Documentation was obtained for one individual and we determined this person did not meet the requirements of a highly qualified teacher.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Cause

KPMG notes the Cambridge School Department has procedures in place to verify salaried employed teachers are highly qualified, but no procedures are performed for temporary employees.

Effect

The City funded temporary employees who were not deemed highly qualified with Title I funding.

Questioned Costs

We selected 5 different temporary employees who were paid a total of \$13,936 through Title I funding.

Recommendation

We recommend that the Title I department establish procedures to ensure that all employees who teach core academic subjects are deemed highly qualified teachers or paraprofessionals.

Auditee Corrective Action Plan

Title I Administrator will work with the Executive Director and Manager of Human Resources to ensure only teachers deemed highly qualified will be hired for all Title I positions, including those that are temporary. Proper documentation will be required of all applicants, and posted job descriptions will be revised accordingly.

Contact Person: Miranda Fasulo, Assistant Director at Cambridge Public Schools

Anticipated Completion Date: Effectively immediately

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding Number: 2014-004
Federal Agency: U.S. Department of Justice
Pass-Through Agency: Commonwealth of Massachusetts Executive Office of Public Safety
Program: Justice Assistance Grant Program
CFDA Number: 16.738
Award Number: Various
Award Year: Various
Finding: Reporting

Criteria

The Federal Funding Accountability and Transparency Act (FFATA) requires grant and cooperative agreement recipients and contractors to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report certain subaward data through FSRS.

For grants and cooperative agreements, the effective date was October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date.

Condition

Based on our review of the grant award extension approval, the subrecipient Justice & Security Strategies received a new contract for an additional amount of \$56,638.38. According to the Grant Administrator, the Police Department did not report the additional obligated amount required by FFATA.

Cause

The Department was uncertain whether this applied for additional contracts.

Effect

Unreported subawards related to FFATA requirements.

Questioned Costs

None

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Recommendation

The Cambridge Police Department should ensure all contracts over \$25,000 meeting the requirements are reported for FFATA purposes.

Auditee Corrective Action Plan

The FFATA requirement has been incorporated into the Police Department's Federal Grant Procedures, which have been distributed to all employees involved with federal grants. The FFATA report documenting the additional \$56,638.38 has been submitted via the FFATA Subaward Reporting System (FSRS).

Contact Person: Cynthia Duggan, Grants Administrator

Anticipated Completion Date: Effective immediately

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding Number: 2014–005
Federal Agency: U.S. Department of Justice
Pass-Through Agency: Commonwealth of Massachusetts Executive Office of Public Safety
Program: Justice Assistance Grant Program
CFDA Number: 16.738
Award Number: Various
Award Year: Various
Finding: Subrecipient Monitoring

Criteria

At the time of the subaward, the prime recipient must identify to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

Condition

During our subrecipient monitoring testwork, we noted that the subrecipient contract did not contain the CFDA number. In addition, the subrecipient’s DUNS number was not present.

Cause

Lack of knowledge. The Cambridge Police Department was not aware that the CFDA number should be included in the contract when Federal funds are being expended.

Effect

Unsure if the subrecipient is aware of the compliance requirements and other contingencies attached to receiving Federal funds.

Questioned Costs

None

Recommendation

The Cambridge Police Department should create a standard template for contracts with subrecipients that includes all applicable information.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Auditee Corrective Action Plan

The Cambridge Police Department issued internal Federal Grant Procedures in January 2015, which were distributed to all employees involved with federal grants. Under section two "Subrecipients," the terms of all contracts are laid out, and there is also a checklist for contracts with subrecipients that includes all applicable compliance requirements (including CFDA and DUNS numbers). Unfortunately this was not in place when the subrecipient contract in question was executed.

Contact Person: Cynthia Duggan, Grants Administrator

Anticipated Completion Date: Effective immediately

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding Number: 2014-006
Federal Agency: U.S. Department of Justice
Pass-Through Agency: Commonwealth of Massachusetts Executive Office of Public Safety
Program: Justice Assistance Grant Program
CFDA Number: 16.738
Award Number: Various
Award Year: Various
Finding: Cash Management

Criteria

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

U. S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 *et seq.*), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR part 205 (Subpart B).

Condition

During our other than payroll costs testwork, we noted one expenditure was paid after the reimbursement request was processed. All other expenditures were paid prior to the reimbursement.

Cause

Lack of documentation and knowledge.

Effect

Unsure if the Cambridge Police Department is requesting funds subsequent to expenditures being paid.

Questioned Costs

None

Recommendation

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

The Cambridge Police Department should ensure all reimbursement requests relate to expenditures that have been paid for prior to the request.

Auditee Corrective Action Plan

The Department's Federal Grant Procedures (developed in January 2015) lay out a formal internal process whereby all requests for reimbursement line up with the Federal Financial Reports (FFRs). All FFRs represent the expenditures that occurred and were paid out during the quarter, and are accompanied by payroll reports, expenditure reports, and vendor invoices.

Contact Person: Cynthia Duggan, Grants Administrator

Anticipated Completion Date: Effective immediately