



**CITY OF CAMBRIDGE, MASSACHUSETTS**

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, 2013

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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, 2013

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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; 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, 2013. 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, 2013.



***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 2013-001 through 2013-007. 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 2013-001 through 2013-007 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.



## Exhibit I

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.

### **Report on Supplementary 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 aggregate 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2013, 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 supplementary 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 28, 2014

## CITY OF CAMBRIDGE, MASSACHUSETTS

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

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	\$ 91,362
Child Nutrition Cluster:		
School Breakfast Program (SBP)	10.553	240,234
National School Lunch Program (NSLP)	10.555	989,143
Summer Food Service Program for Children (SFSPC)	10.559	117,976
Total Child Nutrition Cluster		1,347,353
Child and Adult Care Food Program	10.558	8,477
Fresh Fruit and Vegetable Program	10.582	80,235
Total		1,527,427
U.S. Department of Commerce:		
Passed through the Cambridge Housing Authority:		
ARRA-Broadband Technology Opportunities Program	11.557	49,820
U.S. Department of Defense:		
Passed through the University of Massachusetts Lowell:		
Climate Change Education	12.999	16,290
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grants	14.218	10,175,662
Emergency Solutions Grants Program	14.231	210,504
Supportive Housing Program	14.235	2,649,765
Shelter Plus Care	14.238	226,077
HOME Investment Partnerships Program	14.239	11,553,447
ARRA-Homeless Prevention and Rapid Re-Housing Program	14.257	14,536
Continuum of Care Program	14.267	37,164
Fair Housing Assistance Program State and Local	14.401	46,519
Fair Housing Initiatives Program	14.408	573
Lead-Based Paint Hazard Control in Privately Owned Housing	14.900	29,811
Passed through the Commonwealth of Massachusetts Department of Housing and Community Development:		
Emergency Solutions Grants Program	14.231	55,008
Passed through the Cambridge Housing Authority:		
Resident Opportunity and Supportive Services – Service Coordinators	14.870	75,572
Moving to Work Demonstration Program	14.881	7,962
Total		25,082,600
U.S. Department of Justice:		
Direct Programs:		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	43,996
Local Law Enforcement Block Grant Program	16.592	2,766
Bullet Proof Vest Partnership Program	16.607	17,820
Justice Assistance Grant Program Cluster:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	188,012
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.804	63,305
Total Justice Assistance Grant Program Cluster		251,317
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:		
Violence Against Women Formula Grant	16.588	6,277
Bullet Proof Vest Partnership Program	16.607	7,120
Edward Byrne Memorial Justice Assistance Grant Program	16.738	47,184
Total		376,480
U.S. Department of Labor:		
Passed through the Commonwealth Corporation:		
Workforce Investment Act Cluster:		
WIA Adult Program	17.258	568
WIA Youth Activities	17.259	1,400
WIA Dislocated Workers	17.260	1,046
ARRA-WIA Adult Program	17.258	1,577
ARRA-WIA Youth Activities	17.259	3,891
ARRA-WIA Dislocated Workers	17.260	2,908
Total Workforce Investment Act Cluster		11,390

## CITY OF CAMBRIDGE, MASSACHUSETTS

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal grantor/pass-through grantor/ program title/pass-through grantor's number	CFDA number	Federal expenditures
U.S. Department of Transportation:		
Passed through the Commonwealth of Massachusetts Executive Office of Transportation:		
Highway Planning and Construction Program	20.205	\$ 327,543
Passed through the Massachusetts Bay Transportation Authority and the Metropolitan Area Planning Council:		
Federal Transit Capital Investment Grants	20.500	630,640
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:		
State and Community Highway Safety	20.600	4,378
Interagency Hazardous Materials Public Sector Training and Planning	20.703	429
Total		<u>962,990</u>
National Endowment for the Arts:		
Direct Programs:		
Promotion of the Arts Grants to Organizations and Individuals	45.024	21,866
National Science Foundation:		
Passed through Boston University:		
ARRA-Trans-NSF Recovery Act Research Support	47.082	2,830
U.S. Department of Energy:		
Direct Programs:		
ARRA-Energy Efficiency and Conservation Block Grant (EECBG)	81.128	72,592
Passed through the Massachusetts Department of Energy Resources:		
Energy Efficiency and Renewable Energy Information	81.117	35,000
Total		<u>107,592</u>
U.S. Department of Education:		
Direct Programs:		
Safe and Drug-Free Schools and Communities – National Programs	84.184	141,649
Foreign Language Assistance	84.293	159,675
Passed through the Commonwealth of Massachusetts Department of Education:		
Adult Education Basic Grants to States	84.002	131,059
Title I Grants to Local Educational Agencies	84.010	1,198,986
Special Education Cluster (IDEA):		
Special Education-Grants to States (IDEA, Part B)	84.027	2,598,250
Special Education-Preschool Grants (IDEA Preschool)	84.173	62,978
Total Special Education Cluster (IDEA)		<u>2,661,228</u>
Career and Technical Education Basic Grants to States	84.048	74,886
Education for Homeless Children and Youth	84.196	22,446
Twenty-First Century Community Learning Centers	84.287	205,165
English Language Acquisition Grants	84.365	52,932
Improving Teacher Quality State Grants	84.367	362,679
ARRA-State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants	84.395	355,107
Education Jobs Funds	84.410	9,418
Passed through the Town of Arlington, Massachusetts Public Schools:		
Fund for the Improvement of Education – Teaching American History Grant	84.215	3,146
Passed through City of Newton, Massachusetts Public Schools:		
Fund for the Improvement of Education – Teaching American History Grant	84.215	6,650
Total		<u>5,385,026</u>

## CITY OF CAMBRIDGE, MASSACHUSETTS

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal grantor/pass-through grantor/ program title/pass-through grantor's number	CFDA number	Federal expenditures
U.S. Department of Health and Human Services:		
Direct Programs:		
Substance Abuse and Mental Health Services (STOP ACT)	93.243	\$ 21,224
Passed through the Commonwealth of Massachusetts Executive Office of Health and Human Services:		
Public Health and Social Services Emergency Fund	93.003	24
Substance Abuse and Mental Health Services (BSAS OPIOD)	93.243	123,283
National Bioterrorism Hospital Preparedness Program	93.889	6,918
Block Grants for Prevention and Treatment of Substance Abuse	93.959	79,198
Passed through the Institute for Community Health:		
Maternal and Child Health Federal Consolidated Programs	93.110	2,721
Passed through the Commonwealth of Massachusetts Executive Office of Health and Human Services and the Metropolitan Area Planning Council:		
Community Transformation Grants and National Dissemination and Support	93.531	14,065
Passed through the Metropolitan Area Planning Council:		
Community Transformation Grants and National Dissemination and Support	93.531	1,155
Passed through the Commonwealth of Massachusetts Executive Office of Housing and Community Development:		
Low Income Home Energy Assistance Programs (LIHEAP)	93.568	1,182,399
Passed through the Commonwealth of Massachusetts Department of Education:		
Community Based Child Abuse Prevention Grant	93.590	66,641
Total		<u>1,497,628</u>
U.S. Corporation for National and Community Service:		
Passed through the Commonwealth of Massachusetts Department of Education:		
Green in the Middle/Community Service Grant	94.004	20,846
U.S. Department of Homeland Security:		
Passed through Action for Boston Community Development, Inc.:		
Emergency Food and Shelter National Board Program	97.024	6,000
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:		
Disaster Grants – Public Assistance for Presidentially Declared Disasters	97.036	121,914
Emergency Management Performance Grants	97.042	75,000
Port Security Grant Program	97.056	38,444
Buffer Zone Protection Program	97.078	6,243
Passed through City of Boston, Massachusetts:		
Homeland Security Grant Program	97.067	77,906
Total		<u>325,507</u>
Total federal expenditures		<u>\$ 35,388,292</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, 2013

**(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 2013.

**(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	\$ 17,051
Title I Grants to Local Educational Agencies	84.010	41,750
Career and Technical Education Basic Grants to States	84.048	3,898
Total		\$ 62,699

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

**(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:

<b>Program title</b>	<b>CFDA number</b>	<b>Amount provided to subrecipients</b>
Community Development Block Grants	14.218	\$ 1,254,726
HOME Investment Partnerships Program	14.239	69,748
Supportive Housing Program	14.235	2,546,390
Shelter Plus Care Program	14.238	226,077
Continuum of Care Program	14.267	37,134

**(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:

<b>Program title</b>	<b>CFDA number</b>	<b>Outstanding loan balance</b>
Community Development Block Grants	14.218	\$ 7,519,614
HOME Investment Partnerships Program	14.239	11,398,552
Lead-Based Paint Hazard Control in Privately Owned Housing	14.900	29,811



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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 aggregate 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, 2013, 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 19, 2013. 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 19, 2013

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

***Financial Statements***

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<u>  x  </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u>  x  </u> none reported
Noncompliance material to the financial statements noted?	_____	yes	<u>  x  </u> no

***Federal Awards***

Internal control over major programs:			
• Material weakness(es) identified?	_____	yes	<u>  x  </u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u>  x  </u>	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?	<u>  x  </u>	yes	_____ no

***Identification of Major Programs***

<u>Name of federal program or cluster</u>	<u>CFDA #</u>
Community Development Block Grants (CDBG)	14.218
Supportive Housing Program	14.235
Justice Assistance Grant Program Cluster:	
Justice Assistance Grant Program	16.738
ARRA-Justice Assistance Grant Program	16.804
Title I-Grants to Local Educational Agencies	84.010
ARRA-State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants	84.395

Dollar threshold used to distinguish between type A and type B programs:	\$715,045		
Auditee qualified as low-risk auditee?	<u>  x  </u>	yes	_____ no

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**(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:** 2013-001  
**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-12-MC-25-0005  
**Award Year:** 2013  
**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**

The subaward amounts reported for the subawards to Homeowners Rehab, Inc. (HRI) and Just-A-Start Corporation (JAS) were inaccurate. Specifically, the total HRI subaward amount per the source documentation (contracts) was \$254,440; however, the amount reported was \$315,907. The total JAS subaward amount per the source documentation was \$993,400; however, the amount reported was \$973,867.

**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, 2013

**Questioned Costs**

None

**Recommendation**

The City should ensure that information included in FFATA reporting is accurate and supported by source documentation.

**Auditee Corrective Action Plan**

The Department has created a source document supporting the correct reporting amount. The FY13 FFATA report has been updated and resubmitted to FSRs. A supporting source document will be created for all future 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, 2013

**Finding Number:** 2013-002

**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  
ARRA-State Fiscal Stabilization Fund (SFSF) Race to the Top Incentive Grants

**CFDA Number:** 84.010, 84.395

**Award Number:** 305-006293-2012-0049  
201-000296-2013-0049  
201-000070-2012-0049

**Award Year:** 2013, 2012

**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**

***Title I-Grants to Local Educational Agencies***

During our other than payroll costs testwork, we noted that we were unable to obtain PeopleSoft detail to support the Requests for Funds (RF1). FY13 is comprised of grants SC12604 and SC13604. We noted that funds from FY12 (SC12604) are allowed to be carried over into the following fiscal year. The City was able to reconcile grant SC13604 to the PeopleSoft detail but was not able to reconcile grant SC12604 to the PeopleSoft detail.

For 20 of the 25 selections, we were unable to ensure that expenditures were paid prior to the request for reimbursement.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

***ARRA-State Fiscal Stabilization Fund (SFSF) Race to the Top Incentive Grants***

During our other than payroll costs testwork, we noted that we were unable to obtain PeopleSoft detail to support the Requests for Funds (RF1). FY13 is comprised of grants AR12887 and AR13887.

For 5 of the 25 selections, we were unable to ensure that expenditures were paid prior to the request for reimbursement.

**Cause**

Lack of documentation. Further, we noted that the Senior Budget Analyst, who completed the Requests for Funds (RF1) during FY13, retired in October 2013.

**Effect**

Unsure if the City is requesting funds subsequent to expenditures being paid.

**Questioned Costs**

None

**Recommendation**

The Cambridge School Department should maintain PeopleSoft detail for every Request for Funds sent to MA Department of Secondary and Early Education.

**Auditee Corrective Action Plan**

The Cambridge School Department will print and file dated PeopleSoft expense summaries and budget transaction detail ledgers corresponding to and supporting all RF1s submitted to the MA Department of Secondary and Early Education. The Department will also print and file all of these RF1s, along with the dated/time-stamped emails through which they were submitted.

**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, 2013

**Finding Number:** 2013-003  
**Federal Agency:** U.S. Department of Education  
**Pass-Through Agency:** Commonwealth of Massachusetts Department of Elementary and Secondary Education  
**Program:** ARRA-State Fiscal Stabilization Fund (SFSF) Race to the Top Incentive Grants  
**CFDA Number:** 84.395  
**Award Number:** 201-000296-2013-0049  
201-000070-2012-0049  
**Award Year:** 2013, 2012  
**Finding:** Suspension and Debarment

**Criteria**

Effective controls must be maintained in order to ensure that the vendors working on federal contracts are not suspended or debarred from receiving federal funds.

**Condition**

The City requires that a signed suspension and debarment certificate be obtained from all vendors (either a clause in the signed contract or a separate signed certificate).

For all the vendors selected, there was not a signed suspension and debarment certificate or a clause in the signed contract stating that the vendor was not suspended or debarred and thus could not ensure that the RTTT program's controls are operating effectively over Procurement, Suspension and Debarment.

**Cause**

Established a standard contract template.

**Effect**

Unsure if the vendor is suspended or debarred before approving the contract.

**Questioned Costs**

None

**Recommendation**

The Cambridge School Department should create a standard contract template that includes all required language for a contract with a vendor.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Auditee Corrective Action Plan**

The City's School Department will add a suspension and debarment certification addendum to all contracts utilizing federal award money for covered transactions.

**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, 2013

**Finding Number:** 2013-004  
**Federal Agency:** U.S. Department of Justice  
**Pass-Through Agency:** Commonwealth of Massachusetts Executive Office of Public Safety  
**Program:** Justice Assistance Grant Program Cluster  
**CFDA Number:** 16.738 and 16.804  
**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. For ARRA subawards, the prime recipient must identify to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).

**Condition**

During our subrecipient monitoring testwork, we noted that the subrecipient contract did not contain the CFDA number. All other information was present in the contract.

**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

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Recommendation**

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

**Auditee Corrective Action Plan**

The Department routinely notifies the subrecipient of the grant award amount, name and number, as well as applicable compliance requirements. We will ensure that the CFDA number is included in all future projects.

**Contact Person:** Christina Giacobbe, Chief Administrative Officer

**Anticipated Completion Date:** Effective immediately

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Finding Number:** 2013-005  
**Federal Agency:** U.S. Department of Justice  
**Pass-Through Agency:** Commonwealth of Massachusetts Executive Office of Public Safety  
**Program:** Justice Assistance Grant Program Cluster  
**CFDA Number:** 16.738 and 16.804  
**Award Number:** Various  
**Award Year:** Various  
**Finding:** Allowable Costs

**Criteria**

The A-102 Common Rule require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for Federal programs (Internal Control Over Federal Programs), as found in §\_\_\_\_.105 of OMB Circular A-133, include providing reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

**Condition**

The City has a policy in place in which timesheets must be signed by the employee and the employee's supervisor and/or Department Head. During our payroll testwork we noted the following:

- 1 of the 25 employee timesheets was not signed by the employee or the employee's supervisor and/or Department Head.
- 19 of the 25 employee timesheets were not signed by the employee's supervisor and/or Department Head.

**Cause**

Lack of staff

**Effect**

Unsure if the employee's time charged to the grant is accurate and complete.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Questioned Costs**

None

**Recommendation**

The Cambridge Police Department should ensure that all timesheets are signed by the employee and the employee's supervisor and/or the Department Head.

**Auditee Corrective Action Plan**

The Department will ensure that all timesheets are signed by the employees, supervisor and department head as well as reviewed by the supervisor and department head and/or designee.

**Contact Person:** Christina Giacobbe, Chief Administrative Officer

**Anticipated Completion Date:** Effective immediately

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Finding Number:** 2013-006  
**Federal Agency:** U.S. Department of Justice  
**Pass-Through Agency:** Commonwealth of Massachusetts Executive Office of Public Safety  
**Program:** Justice Assistance Grant Program Cluster  
**CFDA Number:** 16.738 and 16.804  
**Award Number:** Various  
**Award Year:** Various  
**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 subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

**Condition**

The OMB requires that for employees working solely on one cost objective, the employee/position was certified at least semi-annually; for employees working on more than one cost objective, a personnel activity report was prepared.

During our testwork, we noted that none of the employees selected were certified at least semi-annually.

**Cause**

The Cambridge Police Department was unaware of this requirement.

**Effect**

Unsure if the employee's 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, 2013

**Recommendation**

The Cambridge Police Department should ensure that employees working solely on the Justice Assistance Grant are certified at least semi-annually.

**Auditee Corrective Action Plan**

The department has hired various employees over the past years under federal grant programs. During the hiring process, the department lays out the expectations of the position, program overview with outcomes and measures to be completed by the end of the grant period. In addition, all employees hired under federal grant programs have an immediate supervisor that is monitoring the work plan as well as update meetings with command staff and the department head. This is to ensure that all employees are adhering to the employment guidelines and work plan.

Upon hiring employees under federal grant programs, the department will make formal notification in writing to advise such personnel the requirement of the federal grant that all employees certify semi annually that they are working on a single federal award or cost objective. This will be completed by utilizing a certification form that will be reviewed by the supervisor and submitted to the department head for review. Upon approval, the certification will be maintained with the grant administrator in the grant folder as well as the payroll record for the employee. In the event that an employee hired under a federal grant program works on multiple activities or cost objectives, a distribution of their salary and work will be supported by activity reports that meet the standards of the federal grant program. These reports will also be maintained in both the grant folder and payroll folder. The grant administrator along with the supervisor will review this material quarterly to ensure compliance. In the event that there are any issues of concern, they will be reported to the department head.

**Contact Person:** Christina Giacobbe, Chief Administrative Officer

**Anticipated Completion Date:** Effective immediately

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Finding Number:** 2013-007  
**Federal Agency:** U.S. Department of Justice  
**Pass-Through Agency:** Commonwealth of Massachusetts Executive Office of Public Safety  
**Program:** Justice Assistance Grant Program Cluster  
**CFDA Number:** 16.738 and 16.804  
**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 that for 10 of the 25 selections the funds were requested for reimbursement prior to the invoice being paid. Further, we noted that 8 of the 25 selections had no Form 21.

**Cause:**

Lack of documentation.

**Effect:**

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

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**Questioned Costs:**

None

**Recommendation:**

The Cambridge Police Department should maintain PeopleSoft detail for every Request for Funds sent to the Department of Justice.

**Auditee Corrective Action Plan:**

The department has a long standing practice of administering grant programs in accordance with federal guidelines as it relates to reimbursement processes. The department does not submit for reimbursement unless the work has been performed and processed for payment. However, due to timing issues with staff processing payments in house and submission for payment to purchasing and auditing there can be a delay in the payment hitting the grant account until after the reimbursement quarter.

In an effort to ensure that the department adheres to the federal grant guidelines as it relates to reimbursement, the department will not process any quarterly reimbursements that have not hit the voucher system. Therefore, the grant administrator will work with the fiscal analyst to ensure the reimbursement requests are reported based on actual payments submitted and processed. The department will impose a new policy for the submission of reimbursement requests that will require the grant administrator to submit to the Office of Planning, Budget & Personnel the request for reimbursement based on reporting completed by the grant administrator. This will include all payroll reports, expenditure reports and appropriate invoices and timesheets for the period. The Office of Planning, Budget & Personnel will complete the same process for the same reporting period and submit to the department head or designee for review. The department head or designee will review both submissions to ensure they are accurate and will approve the request for reimbursement or revise as appropriate. In addition, all payroll reports, timesheets, invoices, purchase orders and contracts that are supported by the federal program will be maintained with the grant administrator as well as the Office of Planning, Budget & Personnel.

**Contact Person:** Christina Giacobbe, Chief Administrative Officer

**Anticipated Completion Date:** Effective immediately