



CITY OF CAMBRIDGE, 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, 2016

CITY OF CAMBRIDGE, MASSACHUSETTS

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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 the Uniform Guidance

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 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, 2016. The City's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of current year findings and questioned costs.

The City's basic financial statements include the operations of the Cambridge Health Alliance that received Federal awards that are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of the Cambridge Health Alliance because they engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City 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, 2016.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of current year findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of current year findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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 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 current year findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of current year findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



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

We have audited the financial statements of the governmental activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 10, 2017, 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 the Uniform Guidance 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 30, 2017

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

Federal grantor/pass-through grantor/ program title	CFDA number	Passed through to subrecipients	Federal expenditures
U.S. Department of Agriculture:			
Passed through the Commonwealth of Massachusetts Department of Education:			
Food Distribution	10.550	\$ —	114,398
Child Nutrition Cluster:			
School Breakfast Program (SBP)	10.553	—	322,404
National School Lunch Program (NSLP)	10.555	—	1,098,240
Summer Food Service Program for Children (SFSPC)	10.559	132,233	137,468
Total Child Nutrition Cluster		132,233	1,558,112
Child and Adult Care Food Program	10.558	—	16,528
Fresh Fruit and Vegetable Program	10.582	—	31,740
Total		132,233	1,720,778
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grants	14.218	1,322,846	2,411,355
Emergency Solutions Grants Program	14.231	175,749	266,115
HOME Investment Partnerships Program	14.239	—	13,484,547
Continuum of Care Program	14.267	3,336,766	3,377,818
Fair Housing Assistance Program State and Local	14.401	2,500	66,550
Passed through the Commonwealth of Massachusetts Department of Housing and Community Development:			
Emergency Solutions Grants Program	14.231	78,919	129,150
Passed through the Cambridge Housing Authority:			
Moving to Work Demonstration Program	14.881	—	82,578
Total		4,916,780	19,818,113
U.S. Department of Justice:			
Direct Programs:			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	16,721	25,462
Edward Byrne Memorial Justice Assistance Grant Program	16.738	37,635	42,911
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:			
Juvenile Accountability Block Grants	16.523	1,395	1,395
Edward Byrne Memorial Justice Assistance Grant Program	16.738	—	62,716
Total		55,751	132,484
U.S. Department of Transportation:			
Passed through the Commonwealth of Massachusetts Executive Office of Transportation:			
Highway Planning and Construction Program	20.205	70,000	129,154
Passed through the Commonwealth of Massachusetts Department of Transportation and the Metropolitan Area Planning Council:			
Highway Planning and Construction Program	20.205	—	23,153
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:			
State and Community Highway Safety	20.600	—	93,210
Total		70,000	245,517
National Endowment for the Arts:			
Direct Programs:			
Promotion of the Arts Grants to Organizations and Individuals	45.024	—	5,407
U.S. Environmental Protection Agency:			
Passed through the Massachusetts Clean Water Trust:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	—	8,784,817
U.S. Department of Education:			
Passed through the Commonwealth of Massachusetts Department of Education:			
Adult Education Basic Grants to States	84.002	—	167,303
Title I Grants to Local Educational Agencies	84.010	—	1,174,292
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	84.027	—	2,587,094
Special Education-Preschool Grants (IDEA Preschool)	84.173	—	59,212
Total Special Education Cluster (IDEA)		—	2,646,306

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

Federal grantor/pass-through grantor/ program title	CFDA number	Passed through to subrecipients	Federal expenditures
Passed through the Commonwealth of Massachusetts Department of Education (continued):			
Career and Technical Education Basic Grants to States	84.048	\$ —	78,621
Education for Homeless Children and Youth	84.196	—	27,186
Twenty-First Century Community Learning Centers	84.287	125,620	157,174
English Language Acquisition Grants	84.365	—	148,828
Improving Teacher Quality State Grants	84.367	—	358,488
State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants	84.395	—	3,433
Race to the Top Early Learning Challenge	84.412	—	83,141
Passed through the Metro North Regional Employment Board:			
Adult Education Basic Grants to States	84.002	—	15,086
Passed through Framingham State University:			
English Language Acquisition Grants	84.365	—	54,045
Total		<u>125,620</u>	<u>4,913,903</u>
U.S. Department of Health and Human Services:			
Passed through the Commonwealth of Massachusetts Executive Office of Housing and Community Development:			
Low Income Home Energy Assistance Programs (LIHEAP)	93.568	—	1,180,281
Passed through the Commonwealth of Massachusetts Department of Education:			
Community Based Child Abuse Prevention Grant	93.590	400	63,010
Total		<u>400</u>	<u>1,243,291</u>
U.S. Department of Homeland Security:			
Direct Programs:			
Port Security Grant Program	97.056	—	130,066
Passed through the Middlesex County Local Emergency Food and Shelter Board:			
Emergency Food and Shelter National Board Program	97.024	—	15,000
Passed through the Massachusetts Emergency Management Agency:			
Disaster Grants – Public Assistance for Presidentially Declared Disasters	97.036	—	2,538
Emergency Management Performance Grants	97.042	—	35,188
Passed through the City of Boston, Massachusetts:			
Homeland Security Grant Program	97.067	—	770,346
Total		<u>—</u>	<u>953,138</u>
Total federal expenditures		<u>\$ 5,300,784</u>	<u>37,817,448</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Notes to Schedule of Expenditures of Federal Awards
 Year ended June 30, 2016

(1) Definition of Reporting Entity

The schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards of the City of Cambridge, Massachusetts (the City) exclusive of the City's component unit, Cambridge Health Alliance. 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 2016.

(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:

<u>Program title</u>	<u>CFDA number</u>	<u>Amount paid to MTRS</u>
Improving Teacher Quality State Grants	84.367	\$ 14,395
Title I Grants to Local Educational Agencies	84.010	49,913
Career and Technical Education Basic Grants to States	84.048	<u>3,958</u>
Total		<u>\$ 68,266</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

(3) Clustered Programs

The Uniform Guidance defines a “cluster” as “a grouping of closely related programs that share common compliance requirements.” The table below details the Federal programs included in the Schedule that are required by the Uniform Guidance to be “clustered” for purposes of testing federal compliance requirements and identifying Type A programs:

<u>Program title</u>	<u>CFDA number</u>	<u>Expenditures</u>
Child Nutrition Cluster:		
School Breakfast Program (SBP)	10.553	\$ 322,404
National School Lunch Program (NSLP)	10.555	1,098,240
Summer Food Service Program for Children (SFSPC)	10.559	<u>137,468</u>
Child Nutrition Cluster		<u>\$ 1,558,112</u>
Special Education (IDEA) Cluster:		
Special Education-Grants to States (IDEA, Part B)	84.027	\$ 2,587,094
Special Education-Preschool Grants (IDEA Preschool)	84.173	<u>59,212</u>
Special Education Cluster (IDEA) Total		<u>\$ 2,646,306</u>

(4) HOME Investment Partnerships Program Loans (CFDA # 14.239)

Total expenditures in the Schedule for the HOME Investment Partnerships (HOME) program include the total amount of new loans made during fiscal year 2016, 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, 2016, the HOME program had loan balances subject to continuing compliance requirements of \$13,432,473.

(5) Indirect Cost Rate

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



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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 10, 2017. Our report includes a paragraph on other matters related to the City's implementation of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinions were not modified with respect to this matter. Our report also includes a reference to other auditors who audited the financial statements of the Cambridge Health Alliance, the discretely presented component unit 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

January 10, 2017

CITY OF CAMBRIDGE, MASSACHUSETTS
 Schedule of Current Year Findings and Questioned Costs
 Year ended June 30, 2016

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified for all opinion units

Internal control deficiencies over financial reporting:

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

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control deficiencies over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? x yes _____ no

Identification of Major Programs

Name of federal program or cluster	CFDA Number
HOME Investment Partnerships Program	14.239
Continuum of Care	14.267

Dollar threshold used to distinguish between type A and type B programs: \$1,134,523

Auditee qualified as low-risk auditee? x yes _____ no

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Current Year Findings and Questioned Costs

Year ended June 30, 2016

(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: 2016-001

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

Pass-through agency: N/A-Direct Funding

Program: Continuum of Care

CFDA#: 14.267

Award number: MA0521L1T091500 and MA049L1T091400

Award years: July 1, 2015 to June 30, 2016

Finding: Subrecipient Monitoring

Criteria

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

(1) Federal Award Identification:

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Current Year Findings and Questioned Costs

Year ended June 30, 2016

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

Further, 2 CFR Section 200.331(b) requires pass-through entities to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Condition

For the 5 subrecipients selected for testing, it was noted that award letters between the City and the subrecipient did not contain all of the required elements of 2 CFR Section 200.331(a) listed above. The agreements contained only the subrecipient's name, subaward period of performance start and end dates, total amount of federal funds obligated to the subrecipient, the pass-through entity name and contact information for the awarding official, and the federal CFDA number for the award.

It was also noted that the City has standard subrecipient monitoring policies in place, which include the performance of periodic monitoring site visits and desk reviews of financial and operational reports, the frequency of which may be altered depending on the subrecipient. For the subrecipients selected for testing, we noted subrecipient monitoring was conducted in accordance with the City's policies; however, the City did not document its assessment of risk for each subrecipient used to determine the nature and extent of such subrecipient monitoring procedures.

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Current Year Findings and Questioned Costs

Year ended June 30, 2016

Cause

The observation related to subrecipient award letters appears to be due to the format of such letters not being updated to reflect the requirements of the 2 CFR Section 200.331. The observation related to subrecipient monitoring appears to be due to the City's current policies not requiring formal documentation of the assessment of risk among its subrecipients used to develop the nature and extent of monitoring procedures.

Effect

The City is not in compliance with the requirements related to subrecipient notification and documentation of subrecipient risk assessments in regards to its Continuum of Care subrecipients.

Questioned Costs: None

Recommendation:

We recommend that the City review and revise the award letters and related incorporated documents issued to its subrecipients to include all information described in 2 CFR Section 200.331(a).

We also recommend that the City update its subrecipient monitoring policies to require documentation of the assessment of risk associated with each subrecipient used to support the provision of the award to the subrecipient and to develop the nature and extent of monitoring procedures to be performed over the subrecipient in accordance with 2 CFR Section 200.331(b).

Views of Responsible Officials from the Auditee:

City staff have been engaged for several years in transitioning to 2 CFR Part 200 in relation to the management of pass-thru federal grants, and have accessed HUD guidance on this process. The 5 subrecipients selected for testing were based on 2 awards issued for FFY13 (HS14173, HS14197) and 3 awards issued for FFY14 (HS15190, HS15161 & HS15238). HUD guidance states that "FY 2014 Continuum of Care grants were awarded under the requirements of the General Section for the FY 2013 NOFA and, therefore, are not subject to 2 CFR part 200." Therefore, we would conclude that HUD awards for the FY2013 and FY2014 NOFAs were not yet subject to the conforming amendment.

We continue to take steps to meet the compliance requirements of the Uniform Requirements. Award letters/contracts between the City and CoC subrecipients for FFY 15 (City FY16) included 10 of the 13 subaward data elements identified in 2 CFR section 200.331(a).

HUD awards for the FY2013 and FY2014 NOFAs were not yet subject to the conforming amendment, therefore the requirements of 2 CFR section 200.331 were not in effect until FFY2015. Our subrecipient monitoring practices include an ongoing risk assessment of subrecipients to determine the type and frequency of monitoring activities. This assessment occurs in a monthly Grants Management meeting. The assessment criteria and process will be formally codified in written policies and procedures.

Current FY subawards/ Contracts between the City and subrecipients for the CoC program will be revised to include all 13 data elements identified in 2 CFR section 200.331(a).

CITY OF CAMBRIDGE, MASSACHUSETTS
Schedule of Current Year Findings and Questioned Costs
Year ended June 30, 2016

Subrecipient monitoring policies will be revised to include the process and documentation associated with the assessment of risk for each subrecipient, to further determine the nature and extent of monitoring procedures to be performed in accordance with 2 CFR section 200.331(b).