



## **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, 2021

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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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 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, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Cambridge Health Alliance and Cambridge Redevelopment Authority that received federal awards that are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of the Cambridge Health Alliance and Cambridge Redevelopment Authority 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 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, 2021.



## 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 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 findings and questioned costs. The City is also responsible for preparing a corrective action plan to address the audit finding included in our auditors' report. The City's response and corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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



**Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 31, 2022, 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 basic financial statements as a whole.

KPMG LLP

Boston, Massachusetts  
May 18, 2022

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Exhibit II

Federal grantor/pass-through grantor/program title	Assistance Listing number	Passed through to subrecipients	Federal expenditures
U.S. Department of Agriculture:			
Passed through the Commonwealth of Massachusetts Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (NSLP)	10.555	\$ —	53,878
Summer Food Service Program for Children (SFSPC)	10.559	—	1,796,709
Total Child Nutrition Cluster		—	1,850,587
Total U.S. Department of Agriculture		—	1,850,587
U.S. Department of Housing and Urban Development:			
Direct Programs:			
CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grants	14.218	7,437	2,179,659
Community Development Block Grants	14.218	1,328,888	2,023,167
Total CDBG - Entitlement Grants Cluster		1,336,325	4,202,826
HOME Investment Partnerships Program	14.239	75,250	13,170,772
Housing Opportunities for Persons with Aids (HOPWA)	14.241	597,197	597,197
Continuum of Care Program	14.267	2,657,838	3,007,107
Fair Housing Assistance Program State and Local	14.401	—	33,694
Emergency Solutions Grant Program:			
Direct Program:			
COVID-19 Emergency Solutions Grant Program (Direct)	14.231	224,609	241,746
Passed through the Commonwealth of Massachusetts Department of Housing and Community Development	14.231	356,805	359,264
Total Emergency Solutions Grants Program		610,275	631,867
Passed through the Cambridge Housing Authority:			
Moving to Work Demonstration Program	14.881	—	97,435
Total U.S. Department of Housing and Urban Development		5,276,885	21,740,898
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	—	6,690
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:			
Violence Against Women Formula Grants	16.588	—	42,350
Total U.S. Department of Justice		—	49,040
U.S. Department of Transportation:			
Passed through the Commonwealth of Massachusetts Executive Office of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	—	4,278
Total U.S. Department of Transportation		—	4,278
U.S. Department of the Treasury:			
Passed through the Commonwealth of Massachusetts Office for Administration and Finance			
COVID-19 Coronavirus Relief Fund	21.019	1,052,234	9,292,705
Passed through the Commonwealth of Massachusetts Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	—	1,755,421
Total COVID-19 Coronavirus Relief Fund		1,052,234	11,048,126
Total U.S. Department of the Treasury		1,052,234	11,048,126
Institute of Museum and Library Services:			
Passed through the Commonwealth of Massachusetts Board of Library Commissioners:			
IMLS Grants to States	45.310	—	1,245
Total Institute of Museum and Library Services		—	1,245

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program title	Assistance Listing number	Passed through to subrecipients	Federal expenditures
U.S. Department of Education:			
Passed through the Commonwealth of Massachusetts Department of Education:			
Adult Education -Basic Grants to States	84.002	44,373	1,100,536
Title I Grants to Local Educational Agencies	84.010	—	1,066,769
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	84.027	—	2,031,785
Special Education-Preschool Grants (IDEA Preschool)	84.173	—	39,700
Total Special Education Cluster (IDEA)		—	2,071,485
Career and Technical Education Basic Grants to States	84.048	—	95,728
Education for Homeless Children and Youth	84.196	—	8,221
English Language Acquisition State Grants	84.365	—	61,617
Supporting Effective Instruction State Grants	84.367	—	148,989
Comprehensive Literacy Development	84.371	—	2,340
Student Support and Academic Enrichment Program	84.424	—	102,118
Disaster Recovery Assistance for Education	84.938	—	508
Education Stabilization Fund:			
COVID-19 Education Stabilization Fund	84.425	—	12,088
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	—	39,483
Total Education Stabilization Fund		—	51,571
Total U.S. Department of Education		44,373	4,709,882
U.S. Department of Health and Human Services:			
Passed through the Commonwealth of Massachusetts Executive Office of Housing and Community Development:			
COVID-19 Low Income Home Energy Assistance Programs (LIHEAP)	93.568	—	292,308
Low Income Home Energy Assistance Programs (LIHEAP)	93.568	—	646,466
Total Low Income Home Energy Assistance Program (LIHEAP)		—	938,774
Passed through the Commonwealth of Massachusetts Department of Education:			
Child Care and Development Fund Cluster (CCDF):			
Child Care and Development Block Grant	93.575	5,124	8,576
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	234	234
Total Child Care and Development Fund Cluster (CCDF)		5,358	8,810
Community Based Child Abuse Prevention Grant	93.590	3,264	74,324
Passed through the Commonwealth of Massachusetts Department of Public Health:			
National Bioterrorism Hospital Preparedness Grant	93.889	—	1,887
Total U.S. Department of Health and Human Services		8,622	1,023,795
U.S. Department of Homeland Security:			
Passed through the Middlesex County Local Emergency Food and Shelter Board:			
Emergency Food and Shelter National Board Program	97.024	—	3,726
Passed through the Massachusetts Emergency Management Agency:			
Disaster Grants – Public Assistance	97.036	—	21,793
COVID-19 Emergency Management Performance Grants	97.042	—	8,130
Passed through the City of Boston, Massachusetts:			
Homeland Security Grant Program	97.067	—	631,227
Total U.S. Department of Homeland Security		—	664,876
Total federal expenditures		\$ 6,382,114	41,092,727

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, 2021

**(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 units, Cambridge Health Alliance and Cambridge Redevelopment Authority. 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 2021.

**(c) National School Lunch Program**

Noncash contributions of commodities under the National School Lunch Program are received under a state distribution formula and are valued at federally published wholesale prices for purposes of the Schedule. Contributions of commodities received by the City are included in the Schedule as follows:

<u>Program title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Noncash awards</u>
National School Lunch Program (NSLP)	10.555	\$ 53,878

**(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.

**(3) HOME Investment Partnerships Program Loans (ALN # 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 2021, 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, 2021, the HOME program had loan balances subject to federal continuing compliance requirements of \$12,626,780.

**(4) 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.





KPMG LLP  
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60 South Street  
Boston, MA 02111

**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 units, 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, 2021, 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 31, 2022. Our report includes an emphasis of matter paragraph regarding the City adopting the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our report also includes a reference to other auditors who audited the financial statements of the Cambridge Health Alliance and Cambridge Redevelopment Authority, the aggregate discretely presented component units 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Boston, Massachusetts  
January 31, 2022

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

**(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  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 deficiencies 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 for all major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

*Identification of Major Programs*

<b>Name of federal program or cluster</b>	<b>Assistance Listing Number</b>
Child Nutrition Cluster	10.553; 10.555; 10.556; 10.559; 10.579
Community Development Block Grant	14.218
Coronavirus Relief Fund	21.019

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Dollar threshold used to distinguish  
between type A and type B programs: \$1,232,782

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   x   no

**(2) Findings and Questioned Costs Relating to Federal Awards**

**Finding Number:** 2021-001

**Program:** Community Development Block Grants (CDBG) **ALN #:** 14.218

**Federal Agency:** Housing and Urban Development

**Federal Award Number:** B-20-MC-25-0005 **Award Year:** 7/1/2020 – 6/30/2021

**Allowable Costs/ Cost Principles**

**Type of finding:** Significant Deficiency

**Prior year finding:** No

**Statistically valid sample:** No

**Criteria**

The 2 CFR sections 200.420 through 200.475 provide the principles to be applied in establishing the allowability of certain items of cost. These principles apply whether or not a particular item of cost is treated as a direct cost or indirect (F&A) cost.

Additionally, 2 CFR 200.303 indicates that non-Federal entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

**Condition**

The City's Community Development Department (CDD) charges allowable payroll costs to the CDBG program based on time charged specifically to that program.

During our audit, we noted three of 25 timesheets reviewed did not have a supervisor's signature verifying the timesheet had been reviewed and approved.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

**Cause**

For the unapproved timesheet dated, 7/4/2020, the CDD implemented in 7/2020 an automated system, Smartsheet, as a pilot for time entry. However, at the beginning of the pilot, not all staff submitted their timesheet through Smartsheet and therefore were not approved in Smartsheet. In these instances, time may have been emailed to the employee's supervisor, but an email or an approval was not provided. For the unapproved timesheets dated 1/2/21 and 6/19/21, there does not appear to be a formal proxy procedure established to ensure all timesheets are reviewed and approved if an immediate supervisor is on personal time off.

**Effect**

Lack of a formal specific proxy policy and procedure over ensuring all timesheets are reviewed and approved could result in unallowable costs charged to the program.

**Questioned Costs**

Not determinable

**Recommendation**

We recommend the CDD review their policies and procedures over ensuring all timesheets, especially those charged to a federal grant, be reviewed and approved by someone in the employee's chain of command.

**Views of Responsible Officials and Corrective Actions**

For the unapproved timesheet dated 7/4/2020 and prior to that date, the timesheet submission and approval process was manual. However, during the COVID 19 pandemic, CDD migrated to an automated system (Smartsheet) for timesheet submission and approval. The automated system began as a pilot and was fully implemented at the end of July 2020. Not all staff submitted their timesheets in Smartsheet at the beginning of the pilot, so the timesheet dated 7/4/2020 was not approved in Smartsheet. For the unapproved timesheets dated 1/2/21 and 6/19/21, the supervisor was on vacation during those weeks. Typically, the smartsheet form will default to an employee's direct supervisor, but the employee has an option to reroute their timesheet for approval to someone else, usually their supervisor's supervisor when their supervisor is out of the office. This alternative step did not occur for these timesheets. The written timesheet procedures have been updated to ensure all timesheets are reviewed and approved by someone in the employee's chain of command in the absence of his/her supervisor.

**Implementation Date**

The timesheet procedures have been updated as of March 2022.

**Responsible Officials**

Sandra Clarke, Deputy Director, Chief of Administration.