

**CITY OF NEWTON, MASSACHUSETTS**  
**GAO AND UNIFORM GUIDANCE REPORTS**  
**YEAR END JUNE 30, 2023**

**CITY OF NEWTON, MASSACHUSETTS**  
**GAO AND UNIFORM GUIDANCE REPORTS**  
**YEAR ENDED JUNE 30, 2023**

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**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***

Honorable Mayor and City Council  
City of Newton, 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 activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2023 (except for the Newton Contributory Retirement System, which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements, and have issued our report thereon dated January 25, 2024. Our report includes a reference to other auditors who audited the financial statements of Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2022), 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.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Newton, Massachusetts' 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 of Newton, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton, Massachusetts' 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 or significant deficiencies may exist that were not identified.

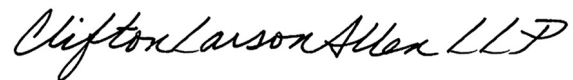
Honorable Mayor and City Council  
City of Newton, Massachusetts

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Newton, Massachusetts' 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
January 25, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council  
City of Newton, Massachusetts

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Newton, Massachusetts' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Newton, Massachusetts' major federal programs for the year ended June 30, 2023. The City of Newton, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Newton, Massachusetts complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Newton, Massachusetts and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Newton, Massachusetts' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Newton, Massachusetts' federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Newton, Massachusetts' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Newton, Massachusetts' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Newton, Massachusetts' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements. We have issued our report thereon dated January 25, 2024, 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 City of Newton, Massachusetts' financial statements include the operations of the Newton Contributory Retirement System and Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2022) and the Newton Community Development Authority (as of and for the year ended June 30, 2023). The federal expenditures, where applicable, for these entities are not included in the schedule of expenditures of federal awards.

Honorable Mayor and City Council  
City of Newton, Massachusetts

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
March 12, 2024



**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2023**

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	Federal ALN Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program - Cash Assistance	10.553	09-207	\$ -	\$ 111,780
School Nutrition Equipment - Cash Assistance	10.579	09-207	-	19,809
National School Lunch Program - Cash Assistance	10.555	09-207	-	1,213,666
National School Lunch Program - Non-Cash Assistance (Commodities)	10.555	09-207	-	217,444
Supply Chain Assistance - Cash Assistance	10.555	09-207	-	328,529
Subtotal ALN 10.555			<u>-</u>	<u>1,759,639</u>
Subtotal Child Nutrition Cluster			<u>-</u>	<u>1,891,228</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>1,891,228</u>
<b>U.S. Department of Housing and Urban Development</b>				
<u>Direct Programs:</u>				
Community Development Block Grant	14.218	Not Applicable	774,040	1,825,312
COVID: Community Development Block Grant - CARES	14.218	Not Applicable	-	11,413
Emergency Solutions Grants Program	14.231	Not Applicable	-	162,073
COVID: Emergency Solutions Grants Program	14.231	Not Applicable	-	140,764
HOME Investment Partnerships Program	14.239	Not Applicable	<u>314,642</u>	<u>1,701,873</u>
Total U.S. Department of Housing and Urban Development			<u>1,088,682</u>	<u>3,841,435</u>
<b>U.S. Department of Justice</b>				
<u>Direct Programs:</u>				
DEA Asset Forfeitures	16.UNK	Not Applicable	-	97,791
<u>Passed through the State Executive Office of Public Safety:</u>				
Bulletproof Vest Partnership Grant	16.607	Not Available	<u>-</u>	<u>3,617</u>
Total U.S. Department of Justice			<u>-</u>	<u>101,408</u>
<b>U.S. Department of the Treasury</b>				
<u>Passed through Massachusetts Office of Administration and Finance:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	<u>-</u>	<u>10,336,244</u>
Total U.S. Department of Treasury			<u>-</u>	<u>10,336,244</u>
<b>U.S. Department of Education</b>				
<u>Direct Programs:</u>				
Education for Homeless Children and Youth	84.196	Not Applicable	-	2,798
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>				
<i>Title I Distribution</i>				
Title I Distribution	84.010	305-687839-2023-0207	-	420,218
<i>Special Education Cluster</i>				
SPED 94-142 Allocation	84.027	240-687848-2023-0207	-	3,363,941
SPED 94-142 Allocation (ARPA)	84.027	252-583132-2022-0207	<u>-</u>	<u>204,317</u>
Subtotal 84.027			<u>-</u>	<u>3,568,258</u>
<u>Passed through the State Department of Early Education and Care:</u>				
<i>Special Education Cluster (continued)</i>				
SPED Early Childhood Allocation	84.173	262-687849-2023-0207	-	76,777
SPED Early Childhood Allocation (ARPA)	84.173	264-583121-2022-0207	<u>-</u>	<u>19,552</u>
Subtotal 84.173			<u>-</u>	<u>96,329</u>
Subtotal Special Education Cluster			<u>-</u>	<u>3,664,587</u>

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2023**

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>Passed through the State Department of Elementary &amp; Secondary Education:</u>				
Carl Perkins Occupational Education	84.048	400-698830-2023-0207	\$ -	\$ 164,208
Title III - English Language Acquisition	84.365	180-687841-2023-0207	-	131,434
Title IIA - Improving Teacher Quality	84.367	140-687840-2023-0207	-	208,383
Title IVA	84.424	309-687842-2023-0207	-	57,266
Math and Summer Acceleration Academics	84.425	125-774489-2023-0207	-	113,874
High Quality Summer Learning	84.425	523-678160-2023-0207	-	100,000
Building Capacity for High Quality Instruction	84.425	124-767166-2023-0207	-	19,600
Elementary and Secondary School Emergency Relief Fund	84.425D	119-511492-2022-0207	-	1,174,547
			<u>-</u>	<u>6,056,915</u>
Total U.S. Department of Education				
<b>U.S. Department of Health and Human Services</b>				
<u>Passed through the State Executive Office of Health and Human Services:</u>				
Medical Assistance Program	93.778	1951726	-	681,540
<b>U.S. Food &amp; Drug Administration</b>				
<u>Direct Programs:</u>				
Food Safety Inspection Grant	93.103	Not Applicable	-	2,520
<b>U.S. Department of Homeland Security</b>				
<u>Direct Program:</u>				
Assistance to Firefighters Grant	97.044	Not Applicable	-	47,919
Fire Prevention Grant	97.044	Not Applicable	-	78,315
			<u>-</u>	<u>126,234</u>
Total U.S. Department of Homeland Security				
			<u>\$ 1,088,682</u>	<u>\$ 23,037,524</u>

See notes to schedule of expenditures of federal awards.

**CITY OF NEWTON, MASSACHUSETTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newton, Massachusetts and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 – INDIRECT COSTS**

The City of Newton, Massachusetts did not elect to use the 10% de minimis indirect cost rate identified in §200.414 of the Uniform Guidance.

**NOTE 3 – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS**

The amount reported for the National School Lunch Program – Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the National School Breakfast and Lunch Programs – Cash Assistance represent cash receipts from federal reimbursements.

**NOTE 4 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The amount reported for the Medical Assistance Program represents federal cash receipts related to Administrative Activity Claims.

This information is an integral part of the accompanying schedule of expenditures of federal awards.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023**

***Section I – Summary of Auditors’ Results***

**A. Summary of Auditors’ Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes       x       No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes       x       None reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes       x       No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ x \_\_\_\_\_ Yes \_\_\_\_\_ No
- Significant deficiency(ies) identified? \_\_\_\_\_ x \_\_\_\_\_ Yes \_\_\_\_\_ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ x \_\_\_\_\_ Yes \_\_\_\_\_ No

***Identification of Major Programs:***

Name of federal program or cluster	Assistance Listing Number
HOME Investment Partnerships	14.239
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Special Education Cluster	84.027 & 84.173
Education Stabilization Fund	84.425

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

***Section II – Financial Statement Findings***

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2023**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**UNITED STATES DEPARTMENT OF EDUCATION**

***Significant Deficiency in Internal Control over Compliance***

2023-001            Special Education Cluster, ALN. 84.027, 84.173

Award Period:    July 1, 2022 – June 30, 2023

Compliance Requirement: Suspension and Debarment

*Criteria or Specific Requirement:* The Code of Federal Regulations (CFR) Title 2 Part 200.214 states that nonfederal entities are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Condition and Context:* For the one vendor in our audit sample, documentation was not provided to support that the City verified the vendor was not debarred or suspended from participation in Federal assistance programs or activities for the fiscal year 2023 time period.

*Questioned Costs:* None. The vendor was not suspended or debarred.

*Cause:* Procedures were not adhered to for the documentation of the verification that all vendors were not suspended or debarred from participation in Federal assistance programs or activities.

*Effect:* While this did not occur in the instances identified in this finding, lack of verification of vendors' debarment or suspension status could cause federal grant funds to be expended with vendors that are excluded from participation in Federal assistance programs or activities.

*Repeat Finding:* No.

*Recommendation:* We recommend procedures be strengthened to document the verification that all vendors are not suspended or debarred from participation in Federal assistance programs or activities.

*Views of Responsible Officials:* Management agrees with the finding.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2023**

***Significant Deficiency in Internal Control over Compliance***

2023-002            Special Education Cluster, ALN. 84.027, 84.173

Award Period:    July 1, 2022 – June 30, 2023

Compliance Requirement: Allowable Costs/Cost Principles

*Criteria or Specific Requirement:* The Code of Federal Regulations (CFR) Title 2 Part 200.430 indicates charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Such records must also reasonably reflect the total activity for which the employee is compensated by the non-Federal entity.

*Condition and Context:* For all of the payroll disbursements in our sample, evidence of management review of time and effort was not provided.

*Questioned Costs:* None.

*Cause:* Procedures were not in place to document the management review of time and effort.

*Effect:* Significant deficiency in internal controls.

*Repeat Finding:* No.

*Recommendation:* We recommend procedures be strengthened to document and maintain on file the management review of time and effort.

*Views of Responsible Officials:* Management agrees with the finding.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2023**

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

***Material Weakness in Internal Control over Compliance and Material Noncompliance***

2023-003          HOME Investment Partnership Program, ALN. 14.239

Award Period: July 1, 2022 – June 30, 2023

Compliance Requirement: Subrecipient Monitoring

*Criteria or Specific Requirement:* The Code of Federal Regulations (CFR) Title 2 Part 200.332 – Requirements for Pass-Through Entities states, in part, that all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

*Condition and Context:* For one (1) vendor in our sample of five (5) in a population of 13, documentation of monitoring was not provided. For one (1) vendor in our sample of five (5) in a population of 13, there was no evidence of management review of monitoring procedures.

*Questioned Costs:* None

*Cause:* Procedures were not in place to fully document subrecipient monitoring for all subrecipients.

*Effect:* Noncompliance with the federal grant program occurred.

*Repeat Finding:* No.

*Recommendation:* We recommend procedures be strengthened to fully document subrecipient monitoring for all subrecipients.

*Views of Responsible Officials:* Management agrees with the finding.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2023**

***Material Weakness in Internal Control over Compliance and Material Noncompliance***

2023-004          HOME Investment Partnership Program, ALN. 14.239

Award Period:    July 1, 2022 – June 30, 2023

Compliance Requirement:    Special Tests and Provisions

*Criteria or Specific Requirement:* The Code of Federal Regulations (CFR) Title 24 Part 92.504(d) states that during the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of § 92.251 and to verify the information submitted by the owners in accordance with the requirements of § 92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of § 92.251.

*Condition and Context:* For one (1) out of nine (9) inspections selected for testing in our audit sample, the inspection was not conducted within the required timeframe in accordance with federal requirements.

*Questioned Costs:* None

*Cause:* Procedures were not in place to perform inspections timely for all inspections.

*Effect:* Noncompliance with the federal grant program occurred.

*Repeat Finding:* No.

*Recommendation:* We recommend procedures be strengthened to perform inspections timely for all inspections.

*Views of Responsible Officials:* Management agrees with the finding.