



## BOSTON MAIN STREETS REPORT

City of Boston • December 2025

The report is intended solely for the use of management, the Audit Committee, other related entities, its legal counsel and regulatory authorities, and is not intended to be and should not be used by anyone other than these specified parties.

## EXECUTIVE SUMMARY

The **Boston Main Streets** review was performed by the Advisory Group at the request of Boston’s City Auditor. Our review encompassed two objectives. The first objective, Phase I, was to evaluate the adequacy of related processes and controls of the Boston Main Streets program. The second objective, Phase II was to perform a three-year lookback on transactional activity recorded in Salesforce, the system of record, to verify appropriate documents were retained, accurately processed, and supported to substantiate recorded disbursements.

These objectives were not designed or intended to be a forensic audit.

We wish to express our sincere appreciation for the cooperation and assistance we received from management and employees during our review.

### Scope and Results Summary

The objectives of the review were:

Audit Area	Phase 1 – Control Evaluation
<b>Scope of Coverage</b>	Determine that adequate operational and financial controls over the management and oversight of the Boston Main Streets program are in place and working as intended.
<b>Summary of Results</b>	Management generally has an effective system of internal controls but the following opportunities for improvement were identified: <ul style="list-style-type: none"> <li>○ Fraud Monitoring</li> <li>○ Narrative Reporting</li> </ul>

Audit Area	Phase 2 – Transactional Lookback
<b>Scope of Coverage</b>	Determine that transactions tested were processed, approved, and supported by appropriate source documentation as required by the control environment assessed during Phase 1.
<b>Summary of Results</b>	Management’s system of internal controls has at least one significant weakness and does not meet a reasonable standard to manage and mitigate threats. Specifically, the following areas require prompt management corrective action: <ul style="list-style-type: none"> <li>○ Salesforce Oversight</li> <li>○ Data Documentation and Integrity</li> </ul>

## FINDINGS AND RECOMMENDATIONS

### Objective – Phase I

Title	1. Fraud Monitoring
<b>Finding</b>	<p>The control environment over processing and disbursing Boston Main Streets program-related transactions can be enhanced to include proactive fraud prevention and resolution. There is no automated fraud monitoring system or controls in place to detect and respond to potentially fraudulent transactions or activities in real time.</p> <p>The implementation of a fraud monitoring system and proactive fraud prevention controls decreases the risk of undetected fraud, waste, and misuse of public funds.</p>
<b>Recommendation</b>	<p>Implement a fraud monitoring system capable of analyzing activity, flagging anomalies, and supporting investigating workflows for the Boston Main Streets program.</p>
<b>Management's Response</b>	<p>The City is currently working with a consulting firm to explore different automated fraud monitoring systems. The City's banking institution currently has automated fraud monitoring procedures in place for all vendor checks that the City issues.</p>

Title	2. Narrative Reporting
<b>Finding</b>	<p>The Boston Main Streets "End of the Year Narratives FY 2024" document included carryover information from the "End of the Year Narratives FY 2023" document. Specifically, the Mattapan Square Main Streets and Washington Gateway Main Streets information appeared to be carried over.</p> <p>Accurate and current information within these narratives enables management to appropriately assess performance for the given year.</p>
<b>Recommendation</b>	<p>Update the above-mentioned narrative as needed and ensure the "End of Year Narrative FY25" document includes activity from the current year. Ensure the review process going forward includes this component.</p>
<b>Management's Response</b>	<p>The Small Business office in the Economic Opportunity and Inclusion Cabinet implemented procedures to ensure annual information is up-to-date and current. These were implemented prior to June 30, 2025 and do not allow information to be carried forward.</p>

Objective – Phase II

Title	3. Salesforce Transactions
<p><b>Finding</b></p>	<p>Management lacks administrative oversight of Salesforce to ensure all transactional activity is appropriately captured, monitored, and reported. Testing identified transactions that took place during fiscal year 2023 were not recorded within Salesforce.</p> <p>The root cause of this issue appears to be timing of when transactions were received. Approximately 80% of transactions for the year were received during August 2023.</p> <p>Missing transactions increases the risk of financial reporting errors, reputation criticism, and potential financial loss.</p>
<p><b>Recommendation</b></p>	<p>Implement the following:</p> <ul style="list-style-type: none"> <li>• Automate the transaction collection and recording processes to reduce manual intervention.</li> <li>• Establish a periodic reconciliation process to compare source data with the system of record regularly.</li> <li>• Develop and implement a monitoring mechanism to identify and address missing transactions promptly.</li> </ul>
<p><b>Management’s Response</b></p>	<p>Since fiscal year 2023, administrative oversight of Salesforce has been enhanced to ensure that documentation has been stored in a timely manner, and it is readily accessible to the department. This finding was addressed prior to June 30, 2025</p>

Title	4. Lookback Analysis
<p><b>Finding</b></p>	<p>Management has not consistently retained and processed all documentation in Salesforce as required by Policy. Testing of transactions during the lookback period identified the following exceptions:</p> <ul style="list-style-type: none"> <li>• Twenty-five transactions had no supporting documentation retained on file.</li> <li>• Two transaction request forms included food and sales tax, which conflicts with the Eligible Expense Policy.</li> <li>• Two transaction amounts did not agree to supporting documentation.</li> <li>• One transaction had a date on the request form that did not agree to supporting documentation.</li> </ul> <p>Details of each exception identified above were provided to management.</p>
<p><b>Recommendation</b></p>	<p>Implement the following:</p> <ul style="list-style-type: none"> <li>• Review and assess all project records to ensure supporting documentation is attached.</li> </ul>

	<ul style="list-style-type: none"><li>• Verify the appropriate amount and date is stated to ensure agreement between the request form, system of record, and supporting source documentation.</li><li>• Enhance language stated in policy on sales tax, food, beverages, and alcohol are not eligible to align with current processes and HUD standards.</li></ul>
<b>Management's Response</b>	The department continues to update their policies and procedures to ensure that all payments have accurate and appropriate documentation to support amounts paid.

## PROCEDURES

We have performed the following procedures:

### Phase I:

- Reviewed the Boston Main Streets Executive Director Handbook, Boston Main Streets Grants Policy, Boston Main Streets Reporting and Reimbursement procedures for three Fiscal Years (FY) specifically 2025-2023, Boston Main Streets Reporting Schedule procedure for FY 2025-2023, Boston Main Streets Eligible Expenses procedure for FY 2025-2023, and Small Business Unit Program Policies and Procedures.
- Made inquiries of management to document the internal controls in place. Specifically, as follows:
  - Each Neighborhood Business Manager (NBM)
  - The Boston Main Streets Program Director
  - Assistant Director for Grant Management in the Mayor's Office of Housing
  - Controller and Manager of Accounts Payable
  - Manager of Community Grantmaking and the Director of Procurement
- Assessed the following:
  - NBM District Coverage for FY 2025-2023
  - Airtable completed by Procurement used to track and monitor grants
  - Grant Application and Annual workplan responses
  - Information reported in CM-20 and CM-21 Grant Agreements templates
  - FY24 and FY23 end of year narratives
  - FY25-23 Google form output used to track program compliance, documentation uploads, and survey results
  - Subrecipient Risk Assessment completed for each organization
  - Warrant reconciliation completed by Accounting and Treasury

### Phase II:

- Obtained auditor view-only access into Salesforce for transactions pertaining to the Boston Main Streets Program.
- Assessed select transactions reported in Salesforce during the lookback period of FY23 through FY25. Verified the following:
  - The amount in the request form agreed to the amount that was disbursed
  - The funds disbursed agreed to source supporting documentation
  - Appropriate approvals were documented
  - The expense(s) were eligible for reimbursement under the program guidelines
  - The appropriate documentation was retained based on the expense type
  - The beneficiary of reimbursements was within the geographical boundaries of the respective district

## PROCESS NARRATIVE

### Background and Identified Fraud Scheme

The Boston Main Streets Program currently supports the following 20 independent nonprofit organizations:

- Allston Village Main Streets
- Bowdoin Geneva Main Streets
- Brighton Main Streets
- Chinatown Main Streets
- East Boston Gateway Main Streets
- Egleston Square Main Streets
- Fields Corner Main Streets
- Four Corner Main Streets
- Greater Ashmont Main Streets
- Greater Grove Hall Main Streets
- Hyde Park Main Streets
- JP Centre/South Main Streets
- Mattapan Square Main Streets
- Mission Hill Main Streets
- Roslindale Village Main Streets
- Roxbury Main Streets
- Three Squares Main Streets
- Upham's Corner Main Street
- Washington Gateway Main Street
- West-Roxbury Main Streets

The program operates under the oversight of the Office of Economic Opportunity & Inclusion (OEOI), specifically through the Office of Small Business. Each district receives financial and technical assistance, with funding primarily sourced from the federal Community Development Block Grant (CDBG) funds, supplemented by non-CDBG funding for districts not eligible for CDBG assistance.

The program operates on a reimbursement basis, with districts required to submit monthly reimbursement requests including itemized expenses, receipts, proof of payment, and bank statements. The approval process involves multiple required stages of review, including NBM, Program Director, Director of Small Business, Compliance, Accounting, and Operations.

The Boston Finance Commissions for the City's Three Squares Main Street program discovered a fraudulent related incident during the period. Specifically, an altered bank statement was discovered resulting in approximately \$32,000 in funds missing. The current controls in place are designed to include multiple required stages of review. The level and type of review is different across multiple individuals. For example, the NBM is the initial reviewer that verifies the appropriate documents are collected in alignment with program requirements. This review process is different in nature than what is completed in Accounting which verifies vendor information, accurate payment records, appropriate postings to the general ledger, and disbursement through ACH or check. The review process is completed by multiple individuals across different departments but can be enhanced to include fraud prevention controls preventative in nature instead of detective in nature. There is not a Fraud monitoring related system in place which would be used to monitor and track anomalies, suspicious activity, and irregularities in real time. Please see Finding #1 in our Findings and Recommendation section for more information.

### Overview of Program and Controls

With an annual budget of \$2.5 million, the program supports a network of 20 independent nonprofit Main Street organizations across Boston's districts. Each participating organization follows the National Trust for Historic Preservation's comprehensive Main Street Four-Point Approach, focusing on economic vitality, design, promotion, and organization to revitalize neighborhood areas. The program provides substantial financial support to each district, with annual funding of up to \$125,000 per organization, \$100,000 of which is allocated for administrative and operating expenses, and \$25,000 designated for community programming activities.

The program's funding structure relies primarily on federal Community Development Block Grant (CDBG) funds, supplemented by non-CDBG and City operating funds to ensure comprehensive coverage across all districts. Program oversight is centralized under dedicated Neighborhood Business Managers (NBM) assigned to specific districts based on factors such as language requirements, experience, and geographic considerations. This structure ensures personalized attention and specialized support for each participating organization while maintaining consistent program standards and accountability measures.

Financial controls operate on a reimbursement basis, requiring participating organizations to submit detailed monthly documentation including itemized expenses, receipts, invoices, and bank statements as proof of payment. The approval process incorporates multiple required stages of review across various departments. All documentation and approvals are systematically tracked through Salesforce, providing a complete audit trail from initial submission to final payment authorization.

Monitoring and oversight activities are structured around a risk-based approach that tailors supervision intensity to each organization's assessed risk level. Annual subrecipient risk assessments evaluate multiple factors to determine appropriate monitoring frequency, ranging from three to ten site visits per year depending on the organization's risk profile. The monitoring framework includes standardized site visits using established checklists, monthly surveys and compliance tracking through Google forms, quarterly financial and narrative reporting requirements, and annual workplan and budget submissions. These activities are designed to ensure ongoing compliance with program requirements while providing technical assistance and support to participating organizations.

The program operates within a formal compliance framework established through standardized agreements (CM-20 and CM-21) that detail specific terms, conditions, and performance expectations for each participating organization. Procurement oversight ensures that grant terms comply with federal regulations and legal requirements.

The Salesforce platform serves as the primary document management and approval workflow system, while Google forms facilitate data collection for surveys and compliance tracking, the Integrated Disbursement and Information System (IDIS) handles federal reporting requirements and fund drawdown processes, and the PeopleSoft financial system manages payment processing and accounting functions.

