BOSTON MUNICIPAL
RESEARCH BUREAU

Testimony of the Boston Municipal Research Bureau

Submitted to the

Boston City Council Committee on Post-Audit

Regarding: Docket #1716, Order for a Hearing to Discuss the Findings of the State Inspector General's Report on Boston Public Schools' Procurements, Contracts and Payments and Plans to Improve Fiscal Management Practices Going Forward

Thank you to the Committee and the Chair for the invitation to testify.

Multiple Independent Reports Have Brought Attention to Serious Problems Over Several Years - The August 2026 Inspector General's report, *Boston Public Schools – Procurements, Contracts, and Payments: Improper Workarounds and Oversight Failures Lead to Wasted Public Funds and Inaccurate Budget Reporting*, which carries 25 recommendations, warrants serious attention on its own terms. It is not, however, a standalone document. In addition to the 2026 IG Report, other outside assessments and reviews describe a series of related problems with procurement over several years. Each contributes important information:

- The Boston Finance Commission's October 2023 BPS Vendor Report, which first surfaced the contracting and payment irregularities that gave rise to this hearing.
- The September 2024 RSM audit, *Internal Audit Report: Procure to Pay*, which identified 13 high-risk areas that should be addressed within six months. The report is now 24 months old, and some have been addressed; others remain only partially addressed or unaddressed. This audit also contemplated a follow-up engagement within roughly a year, which has not taken place.
- The September 2025 Eagle Hill Consulting review of contracting, *BPS Contract Management: Final Recommendations Report*, which makes 11 recommendations — many implemented, some not — and contains several troubling findings. Among them: 86% of contracts begin before the contract is actually approved; a single contract administrator is responsible for 31.3 contracts on average; a single unnamed administrator manages 27.6% of all contracts; and 72% of contract-related key performance indicators are marked "not applicable."

Together, these reports document systemic, long-standing issues rather than an isolated or "one-off" incident. The 2026 Inspector General report identifies pass-through activity (i.e. an improper procurement workaround where BPS staff used unrelated contracts to pay invoices, fees, and/or compensation) running through August 2024. While many of the IG's findings are older, this transaction is relatively current. The August OIG 2026 report specifically notes that the scale of additional problematic procurement transactions cannot be determined with the current information available.

The failure is one of system design, not compliance alone - To paraphrase a management adage – Every system is perfectly designed to produce the outcomes it currently produces. The pass-through arrangements described in the report reflect a number of employees that prioritize the efficacy of getting something done quickly over adherence to appropriate procurement and accounting processes. Of course, this is a compliance failure, which demands accountability. However, a system that is not working also has root causes, and those causes require attention if the outcome is to change.

The Inspector General performed a real public service by mapping the process and establishing that BPS' contract approval process currently has 14 steps. When the boiler goes out at a school, there is no time to work through 14 steps. If every contract is touched 14 times and painful oversight hearings like this one still prove necessary, the process is not actually providing real oversight and it should be re-engineered.

A related problem is organizational. Caseload figures across reports cited here suggest an unmanageable workload for individual administrators. A portfolio of that size may be manageable from an accounting standpoint, but managing those contracts for performance is not realistically possible. Employees are not currently positioned to manage contracts; at best they can move them through the accounting system and hope that everything required gets done. The IT systems and workloads described across these reports do not give them the ability to do the deeper work of insuring quality and timely execution.

When failures surface, the institutional reflex is to issue a memo and fight the last war by banning the offending practice. To be sure, prohibiting pass-throughs and updating policies is necessary, but it fixes problems retroactively (after wrongdoing), as opposed to proactively going after the underlying root cause. What the district needs is an organization that empowers employees to manage contracts, operating within a clear cultural framework of expectations about what is and is not appropriate.

Three reforms warrant priority - In response to the request to identify three immediately actionable reforms, the Research Bureau suggests the following:

- **Centralize procurement.** At a minimum, all BPS procurement belongs under the Chief of Finance within BPS. Many of the problems in the Inspector General's report occur outside the Chief of Finance's purview — in particular, Facilities Management appears to have a significant compliance issue — among staff who prioritize results over process. The case for consolidating BPS procurement into citywide procurement is worth examining; the need to centralize somewhere is not in question.

- **Simplify the approval process.** Remove a number of the 14 approval steps. This sounds counterintuitive as a response to a control failure, but an extraordinarily complex process is not delivering control. It is generating workarounds.

- **Prohibit pass-throughs explicitly.** Forbid them absent an extraordinary set of conditions and go beyond an announcement — redraft the governing policy statements, which likely include Superintendent's Circular FIN-05, Accounts Payable, so the prohibition is explicit on the page.

Two other issues deserve attention alongside these. First, a contractor should not have to contact the Finance Commission to resolve a payment or contracting dispute. The Finance Commission does virtuous work but should not function as the help desk for vendor payment problems; an

ombudsperson, or similar role, is the appropriate channel. Second, on-call contracts require periodic review and rebidding. They supply flexibility and responsiveness the district genuinely needs when a time-sensitive issue arises, but dependence on a single contractor can become unhealthy, as a lack of competition leads to overreliance on a single source.

Tone from BPS Leadership - One of the Inspector General's recommendations concerns the message from the top, and it deserves underscoring. A clear statement from leadership — articulating the principles that govern every procurement — is more powerful guidance than another memo banning a specific tactical practice. Narrow prohibitions address what went wrong. A message from the top establishes how the district intends to conduct its business.

BPS carries responsibility for the City's children and accounts for the largest single share of the municipal budget. Employees need an unambiguous understanding of what the right thing to do is, and they need to hear it clearly communicated by leadership.

Further auditing: trust but verify, with a bias for action - Standardized, periodic auditing by BPS may have value, and trust but verify is the right principle. In particular, the Inspector General's own report states that its review is circumscribed and signals that additional findings are possible. That language is deliberate and should be read as such. Additionally, the follow-up audit contemplated by the RSM Audit in 2024 was not conducted. With these facts in mind, an additional and more exhaustive audit may well have virtue. In fairness to BPS, an in-house review was conducted based on the OIG Report guidance, though it captures the invoices in-hand at that moment rather than a historical look back.

However, an additional audit risks consuming department bandwidth at the expense of fixing the process and taking action. The supply of existing audits and reports is already substantial; the Eagle Hill deliverable alone runs to 87 extraordinarily dense slides. That is a great deal to absorb and a great deal to implement. The pursuit of another audit or another consulting engagement should not become the reason nothing changes.

BPS has the resources to fix this if it makes the work a priority. The people who staff procurement likely know where the bottlenecks sit and what could be changed.

Oversight going forward - Three forms of continued oversight are warranted:

- Consider conducting an audit a year from now, or after a period in which process changes are in place and can be fairly evaluated.
- Examine BPS Plan to Restructure. Seek visibility into the restructuring plan BPS committed to in its October 9 letter to the Inspector General, *RE: Response to the OIG Report*, released at the October 14 School Committee meeting, which promised a plan by October 30. That plan has not been released as of the date of this hearing (November 12, 2026).
- Regular review of recommendation status across the RSM Audit, Eagle Hill Consulting Report and OIG Report. Some recommendations are achieved, some are not, and some are in a partially completed state. Tracking progress on a recurring basis has great virtue.

An offer of assistance - The Research Bureau stands ready to work with the Council, the administration, and other stakeholders to ensure that Boston's procurement process is efficient, effective, and that it follows the standards set forth under state law.

Steve Poftak

President, Boston Municipal Research Bureau