

July 2014

BRA Audit Reveals Business Weaknesses but Questions Remain

Audit focuses on business protocols, but larger operational questions remain unanswered

The long-awaited [audit](#) of the BRA by the public accounting firm of KPMG LLP was released on July 11th, and its disturbing findings identify weak business and operational practices which the Authority will need to remedy.

The scope of the report is consistent with the agreement between the City and KPMG to evaluate the BRA's compliance with its internal practices, procedures and protocols. The scope is more limited, however, than the Administration's initial description. It does not address issues that would assist the Mayor in deciding on structural and operational changes in the BRA and on the skill-set required for the next BRA Director. Several important questions about how the BRA will operate in the Walsh Administration remain to be answered.

The BRA should contract with a leading management consulting firm to develop and implement a comprehensive response to correct the internal deficiencies identified in this audit. A new position should be created in the BRA to serve as Chief Operating Officer responsible for daily operations and accountability. An Audit Committee of the Board should be created to review the results.

Some Key Audit Findings

- Governance is a problem with the Board not exercising leadership consistent with proper business practices and with little operational coordination among the affiliate entities associated with the BRA
- Compliance procedures are inadequate regarding enforcement of financial agreements with third parties, timely

adherence to federal tax and grant regulations, and proper risk management

- Documentation protocols are deficient and create difficulties in obtaining information and analyzing data, which limits the transparency that helps others understand the Authority's decision making process
- The BRA lacks a strategic plan for implementing information technology solutions to support its business needs
- Virtually no BRA/EDIC employees have had their job performance evaluated in many years--or at all

Unanswered Questions

A strategic plan is needed to address the future role of the BRA in guiding development and the changes required to achieve that objective. Some key questions to ask are:

- What should the core mission of the BRA be, and how should the City deal with affiliated entities (e.g. EDIC) if they are not part of its core mission?
- What should the role of planning be in guiding and supporting development?
- How should the administration and substantive provisions of Boston's Zoning Code be reformed to facilitate development?
- How should the planning and development functions of the BRA be funded?
- How should the City integrate city-wide agency permitting/exactions to achieve overall planning and development goals?