

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Official Audit Report – Issued December 24, 2025

Massachusetts School Building Authority

For the period July 1, 2022 through June 30, 2024



OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

December 24, 2025

James A. MacDonald, Chief Executive Officer
Massachusetts School Building Authority
10 Post Office Square, Suite S400
Boston, MA 02109

Dear Mr. MacDonald:

I am pleased to provide to you the results of the enclosed performance audit of the Massachusetts School Building Authority. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2022 through June 30, 2024. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the Massachusetts School Building Authority. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

cc: Deborah Goldberg, State Treasurer and Receiver General and Chair of the Massachusetts School Building Authority Board of Directors

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LIST OF ABBREVIATIONS

ARP	Accelerated Repair Program
LEED	Leadership in Energy and Environmental Design
MSBA	Massachusetts School Building Authority
NE-CHPS	Northeast Collaborative for High Performance Schools
OSA	Office of the State Auditor
SOI	Statement of Interest

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of the Massachusetts School Building Authority (MSBA) for the period July 1, 2022 through June 30, 2024. When examining MSBA's verification of Green Schools Program building commitments, we extended the audit period to January 1, 2020 through December 31, 2024, to account for the multiyear nature of Core Program projects and to include a larger number of projects that had reached completion and received final grant payments. The purpose of our audit was to determine the following:

- Did MSBA ensure that school districts that committed to green building standards under its Green Schools Program had fulfilled those commitments before MSBA disbursed final grant payments?
- Did MSBA develop and implement written policies and procedures for evaluating and prioritizing statements of interest (SOIs)¹ submitted by school districts for the Core Program and Accelerated Repair Program (ARP), as recommended in the prior OSA audit (Audit No. 2022-1461-3A)?

Below is a summary of our findings, the effects of those findings, and our recommendations, with hyperlinks to each page listed.

Finding 1 Page 13	MSBA did not submit the required annual report regarding the condition and improvement needs of school buildings to the Governor and other legislative committees.
Effect	If MSBA does not submit required annual reports, then the Legislature and other stakeholders may lack up-to-date, statutorily required information on the statewide condition and financial needs of school facilities. This could impair oversight, planning, and funding decisions related to school construction and renovation needs across the Commonwealth.
Recommendation Page 14	MSBA should ensure that it complies with Section 17(a) of Chapter 70B of the General Laws by either preparing and submitting the required annual reports to the Governor and the appropriate legislative committees using data derived from the School Survey and other internal information systems, or by collaborating with the Legislature to amend the statutory reporting requirement to correspond with the current five-year School Survey cycle.
Finding 2 Page 16	MSBA did not update its internal control plan annually in accordance with Chapter 647 of the Acts of 1989, as would be best practice.

1. An SOI is an electronic form submitted by cities, towns, or regional school districts to request funding from MSBA. Submitting an SOI is the first step in notifying MSBA of a district's interest in the grant program. In the form, districts identify perceived deficiencies in a school building and explain how those deficiencies align with the statutory priorities outlined in Chapter 70B of the General Laws.

Effect	Without an up-to-date internal control plan, MSBA may be limited in its ability to identify vulnerabilities, which could prevent it from achieving organizational goals and objectives. This also exposes MSBA to heightened risks in its operations.
Recommendations Page <u>16</u>	<ol style="list-style-type: none">1. MSBA should review and update its internal control plan whenever significant changes occur in objectives, risks, or management structure, but at least annually.2. After updating its internal control plan, MSBA should ensure that the internal control plan is communicated to all employees and used within its operations.

In addition, as part of our audit, we conducted a survey of a sample of Massachusetts school districts to gather feedback on their experiences with MSBA’s Core Program. We have included selected survey results and additional related information in the “Other Matters” section of this report.

OVERVIEW OF AUDITED ENTITY

The Massachusetts School Building Authority (MSBA), established under Section 1A of Chapter 70B of the Massachusetts General Laws, is a quasi-public agency that was created to reform and administer the funding process for capital improvement projects in the Commonwealth's public schools. Established in 2004, MSBA replaced the former school building assistance program, which was previously administered by the Massachusetts Department of Education (now the Department of Elementary and Secondary Education).

According to its website, "MSBA partners with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities. We are a financing agency, focused on bringing reform and innovation to the school building process."

MSBA is overseen by a seven-member board of directors, consisting of the State Treasurer, who serves as its chairperson; the Secretary of Administration and Finance (or their designee); the Commissioner of Education (or their designee); and four additional members appointed by the State Treasurer. The four appointed members currently hold the following positions in addition to their seats on MSBA's board of directors: principal at Perry Dean Rogers Partners Architects; former teacher and former Brookline School Committee member; associate vice president for real estate and capital projects at Northeastern University; and former town administrator for the Town of Eastham. The board approves projects through a formal voting process that governs how MSBA allocates its available funding.

MSBA is required to conduct periodic surveys of public school facilities across Massachusetts to assess their condition and help inform its grant programs. To date, MSBA has completed these School Surveys in 2005, 2010, and 2016. The next survey is currently underway and is expected to be completed by December 2025, which is almost a decade after the last one was completed.

MSBA is funded through a dedicated 1% statewide sales tax (drawn from the statewide 6.25% sales tax). According to its financial statements, in 2023 and 2024, MSBA had \$1,264,674,000 and \$1,247,278,000 of dedicated sales tax revenue, respectively.

MSBA Grant Programs

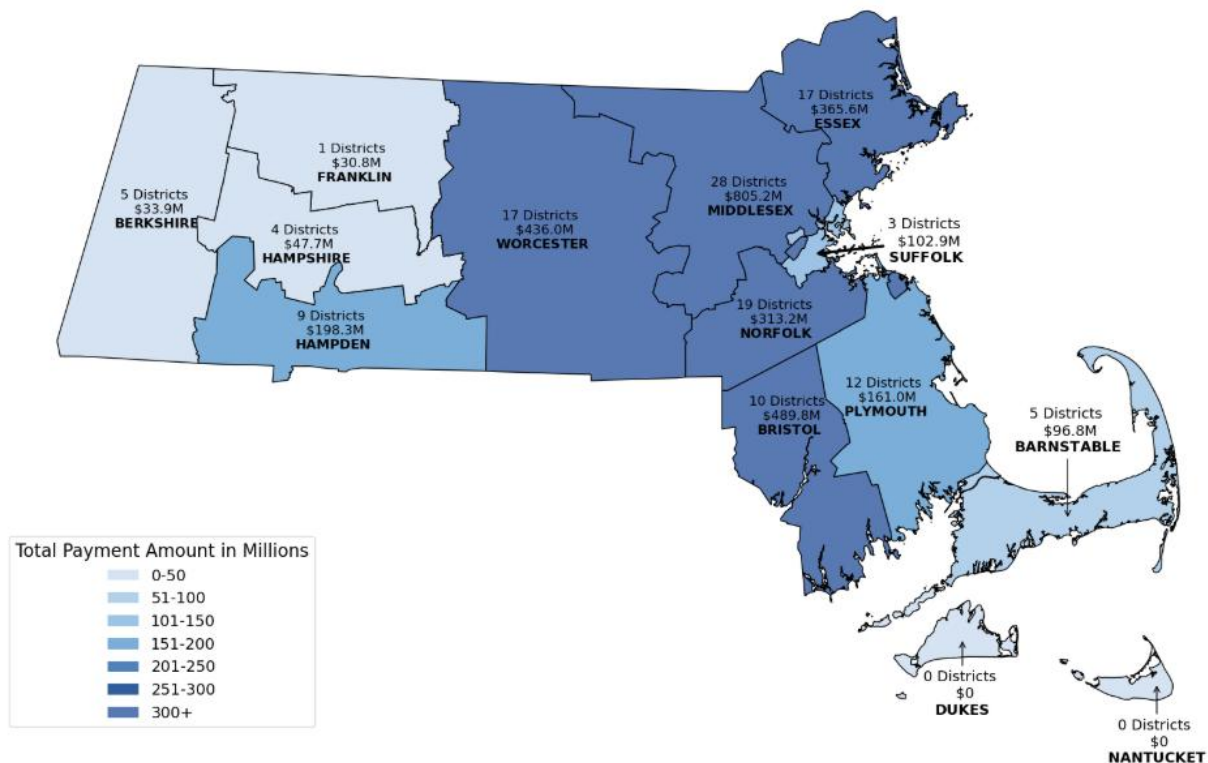
MSBA administers competitive, non-entitlement² grant programs that provide financial assistance for projects addressing critical infrastructure needs in public school facilities, such as those that are outdated, overcrowded, or unsafe. These programs include the Core Program and the Accelerated Repair Program (ARP). The Core Program supports projects involving new construction, additions, and/or major renovations, while the ARP is designed for limited-scope projects, including the replacement of roofs, windows, and doors, as well as the conversion of heating systems to heat pumps in existing schools. Grants are awarded to school districts that MSBA determines to have the most urgent needs, based on the results of its due diligence process. This due diligence process for the Core Program consists of the following four phases, which are described in more detail below:

- reviewing Statement of Interest (SOI) submissions for completeness (i.e., verifying that MSBA received all required documents);
- reviewing SOI content and accompanying documentation;
- conducting Senior Study visits,³ if applicable; and
- recommending SOIs for invitation into the Eligibility Period.⁴

MSBA provides reimbursements to school districts for eligible construction costs, based on a reimbursement rate determined by a formula outlined in Section 10 of Chapter 70B of the General Laws. This formula establishes a base rate and adjusts it according to factors such as community income, property wealth, and the district's proportion of low-income students. MSBA may apply additional incentive points to a school district's base reimbursement rate to recognize specific project attributes. These incentive points can be awarded for initiatives such as forming a new regional school district, renovating existing facilities, and incorporating high standards of energy efficiency and indoor air quality. Districts cover project costs up front and submit invoices to MSBA, which reimburses a portion of the eligible expenses at the approved reimbursement rate.

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2. Non-entitlement programs are discretionary grant programs. Funding is not automatically provided to all eligible applicants but is awarded pursuant to criteria set forth in Chapter 70B of the General Laws and based on evaluation standards established by MSBA and is subject to the availability of funds.
 3. A Senior Study is an on-site visit conducted by MSBA staff members, accompanied by a consultant, to assess the physical condition and educational suitability of a school. This team interviews key staff members and evaluates building systems, capacity, maintenance, and design features that impact learning.
 4. The Eligibility Period is a 270-day timeframe in which a district must complete several readiness steps, including establishing a School Building Committee, certifying enrollment projections, summarizing the district's maintenance history, and obtaining approval from local government to fund the next project phase.

According to MSBA's 2023–2024 Annual Report, MSBA issued nearly \$1.3 billion in school construction payments to cities and towns during fiscal years 2023 and 2024. The map below summarizes Core Program reimbursement payments made by MSBA from January 1, 2020 through December 31, 2024, broken down by county, including the number of school districts that received payments and the total dollar amounts reimbursed. These payments reflect projects that may have been in different phases of development or construction during this period.



SOI Process

School districts interested in participating in MSBA's grant programs must submit SOIs. MSBA opens its SOI system annually,⁵ typically during the month of January, for districts to submit one or more SOIs for consideration in grant programs. For each SOI, MSBA confirms that the submission is complete by verifying that all required documents have been received. Examples of documents submitted with an SOI include a signed SOI form, municipal and/or school committee authorization vote, and supporting materials such as engineering or professional facility reports detailing the severity and urgency of building issues, accreditation

5. Beginning in January 2025, the ARP shifted to a two-year SOI submission cycle.

reports identifying deficiencies that place the school at risk, or photographs illustrating building conditions. Once an SOI is deemed complete, MSBA staff members review the information and any additional documents submitted with the SOI. The staff then compiles the data necessary to evaluate and prioritize SOIs filed that year according to urgency and need.

According to MSBA's website, it uses the following data specifically for the Core Program,

Determining the most urgent and needy SOIs relies on many different data sources. MSBA staff use over 50 data points that include the SOI, the MSBA project management system, the MSBA's [student] enrollment tool, the MSBA's 2016 School Survey, and information from the Department of Elementary and Secondary Education ("DESE"). . . . There are many factors that can impact the assessment of urgency and need in an SOI, such as increasing enrollment, overcrowding, building conditions, general environment, and program deficiencies. As such, it is important to assemble as much data as possible so that staff may gain as complete a picture of the submitted SOI as possible.

If MSBA staff members determine that a Senior Study visit is necessary to complete the due diligence process, MSBA staff members, accompanied by a technical consultant, conduct a visit to the facility identified in the SOI.

After the content review and any necessary Senior Study visits are completed, MSBA staff members re-evaluate various factors that influence the level of urgency and need presented in each SOI. These factors include trends in student enrollment, signs of overcrowding, the physical condition of the facility, the overall learning environment, and any instructional or programmatic limitations. This analysis helps MSBA staff members assess how these elements collectively reflect the level of need described in the SOI.

Since the number of Core Program projects that MSBA can approve each year is limited by its annual budget cap, and the number of SOIs submitted generally exceeds the funding available, MSBA staff members conduct a comparative review of all SOIs that progress to this stage. Each SOI is evaluated in relation to the others and is assigned a relative level of urgency and need, ranging from minor to major. Based on this review, the MSBA extends formal invitations to selected districts to enter the next stage of the funding process.

The table below presents data from 2020 through 2024 on the number of SOIs submitted to the Core Program and ARP, including how many districts were invited to participate, how many districts expressed interest but were not invited to participate, and the total number of SOIs submitted each year.

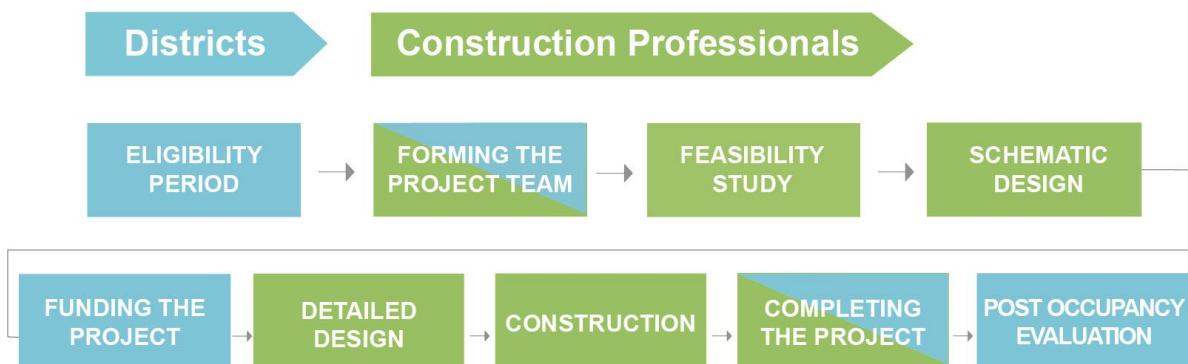
Year	Program	Total SOIs Submitted	Invited to Participate	Not Invited to Participate
2020	Core	71	15	56
2020	ARP	90	25	65
2021	Core	58	17	41
2021	ARP	60	28	32
2022	Core	54	10	44
2022	ARP	67	33	34
2023	Core	63	19	44
2023	ARP	NA*	NA*	NA*
2024	Core	47	22	25
2024	ARP	72	70	2

* There was a temporary, one-year pause to the ARP in 2023.

MSBA staff members submit the results of their reviews of SOIs to MSBA’s chief executive officer, executive director/deputy chief executive officer, and the Facilities Assessment Subcommittee.⁶ MSBA senior management then prepares and presents their recommendations to MSBA’s board of directors, which votes on which school districts will be invited to participate in MSBA’s grant program. Once a school district is invited into the grant program, it begins a structured, collaborative process with MSBA, during which the district completes the steps outlined in the image below.

MSBA Building Process

Steps primarily for:



Source: MSBA’s website (<https://www.massschoolbuildings.org/index.php/building>)

See [Appendix](#) for more information on each of the steps in the image above.

6. According to MSBA’s website, “The Facilities Assessment Subcommittee meets to hear district presentations regarding proposed projects and provide feedback to districts before the project is presented to the Board [of Directors].”

Green Schools Program

The MSBA Green Schools Program is built into MSBA's Core Program for new school construction and major renovation projects. The Green Schools Program is a set of requirements and incentives that promote the design of schools that are energy-efficient, sustainable, and healthier for students and staff members. All projects must meet minimum green building standards by achieving certification through either the Leadership in Energy and Environmental Design (LEED) school rating system, developed by the US Green Building Council, or the Northeast Collaborative for High Performance Schools' (NE-CHPS's) criteria. These certifications are specifically designed for school environments and help ensure high performance in areas such as energy use, indoor air quality, and environmental impact.

In addition to achieving a green building certification, all MSBA Core Program projects must comply with the minimum energy efficiency requirements outlined in the Massachusetts Department of Energy Resources' "Stretch Code Green Community" standards. Projects that exceed these baseline requirements are eligible for additional reimbursement from MSBA. Before 2023, projects that achieved an energy performance of 20% better than the then-current Massachusetts base energy code qualified for a 2% bonus reimbursement. In 2023, MSBA updated its policy to replace this incentive. Under the new policy, projects that meet the Department of Energy Resources' more stringent "Opt-in Specialized Code" are now eligible for a 3% bonus reimbursement instead of the previous 2%. Also, beginning in 2023, projects that incorporate enhanced indoor air quality measures may receive an extra 1% reimbursement, provided they meet certain indoor air quality point thresholds under LEED or NE-CHPS. A district that meets both of these criteria would receive a total of 4% in Green Schools Program reimbursements.

School districts must fulfill certain sustainability requirements in a project in order to receive these bonus reimbursements. If a district does not satisfy those requirements, it will not qualify for bonus reimbursements, and MSBA will adjust the reimbursement rate accordingly.

Project Closeout and Final Payment

After a district has been reimbursed for up to 95% of its estimated grant, MSBA withholds the remaining 5% until the project reaches substantial completion, all project costs have been paid by the district, and the district submits a Final Request for Payment Reimbursement, along with all required closeout documentation.

At this stage, MSBA conducts a final audit of the project, which must be reviewed and accepted by the district in which the project was completed. The purpose of this audit is to verify that all reported costs are documented, paid by the district, eligible under MSBA policies, and consistent with the approved project scope and budget. Once the audit is complete and MSBA's board of directors approves the final grant amount, the remaining 5% of the grant is paid to the district.

As part of the closeout process, MSBA also ensures that districts have met their sustainability commitments under the Green Schools Program. Districts are required to submit an MSBA form called the Certificate of Green Schools Program Achievement, which is signed by both the owner's project manager⁷ and the project designer. This certificate confirms that the project has completed certain Green Schools Program requirements. Included as part of this certification are the project's final NE-CHPS or LEED scorecard and official certification letters or emails from NE-CHPS or the US Green Building Council. These scorecards and letters provide detailed evidence showing how the building meets environmental and energy efficiency standards. This final step ensures that the sustainability measures committed to during the planning phase have been fully implemented before the district receives the final payment.

7. An owner's project manager, as defined in Section 2.02 of Title 963 of the Code of Massachusetts Regulations, is an individual or entity engaged in providing project management services for the construction of buildings. The owner's project manager must have at least five years of experience in the construction and supervision of building projects, or, if they are not registered as an architect or professional engineer, they must have at least seven years of relevant construction and supervision experience.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of the Massachusetts School Building Authority (MSBA) for the period July 1, 2022 through June 30, 2024. When examining MSBA's verification of Green Schools Program building commitments, we extended the audit period to January 1, 2020 through December 31, 2024 to account for the multiyear nature of Core Program projects and to include a larger number of projects that had reached completion and received final grant payments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did MSBA ensure that school districts that committed to green building standards under its Green Schools Program had fulfilled those commitments before MSBA disbursed final grant payments?	Yes
2. Did MSBA develop and implement written policies and procedures for evaluating and prioritizing Statements of Interest (SOIs) submitted by school districts for its Core Program and Accelerated Repair Program (ARP), as recommended by the prior OSA audit (Audit No. 2022-1461-3A)?	Yes

To accomplish our audit objectives, we gained an understanding of MSBA's internal control environment relevant to our objectives by reviewing applicable policies and procedures and by interviewing MSBA officials. We evaluated the design and implementation of the internal controls related to our audit objectives. We also tested the operating effectiveness of controls over the approval of final grant payments for Core Program projects by MSBA's board of directors. In performing our work, we found that MSBA has not updated its internal control plan since 2018 (see [Finding 2](#)).

To obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

Verification of Green Schools Program Commitments

To determine whether MSBA ensured that school districts that committed to green building standards under its Green Schools Program fulfilled those commitments before MSBA disbursed final grant payments, we obtained a list of all 44 Core Program projects that received a final grant payment between January 1, 2020 and December 31, 2024 from MSBA's Pro-Pay system.⁸ For each of the 44 projects, we determined whether MSBA conducted a final audit of the project, with the final audit report approved by MSBA's board of directors, and whether all required Green Schools Program documentation was submitted and reviewed by MSBA before it disbursed the final grant payment. We examined documentation to determine whether each district completed and submitted certain required closeout materials, including a Certificate of Green Schools Program Achievement; a Northeast Collaborative for High Performance Schools (NE-CHPS) or Leadership in Energy and Environmental Design scorecard; and official certification letters or emails from NE-CHPS or the US Green Building Council, where applicable. We compared the green building standards achieved to those agreed upon in the approved Project Scope and Budget Agreement and identified any discrepancies or deviations from the original sustainability commitments. If the agreed-upon green standard was not achieved, we determined whether the final payment was appropriately adjusted in accordance with MSBA guidelines.

We did not identify any exceptions in our testing. Therefore, we concluded that, during the audit period, MSBA ensured that school districts that committed to green building standards under its Green Schools Program fulfilled those commitments before MSBA disbursed the final grant payments.

SOI Evaluation and Prioritization Policies and Procedures

During our prior audit (Audit No. 2022-1461-3A), we found that, although MSBA had established a process to evaluate and prioritize SOIs that school districts submit to its Core Program and ARP for grant funding, it had not established written policies and procedures that described how to conduct various aspects of this process. To determine whether MSBA had addressed this prior finding, we interviewed MSBA officials to discuss whether written policies and procedures had been developed since the prior audit. During these meetings, MSBA officials informed us that the agency had developed SOI Operations Manuals for both the Core Program and the ARP. These manuals outline the various steps of the SOI evaluation and prioritization process. We conducted walkthroughs with MSBA staff members who were responsible for

8. Pro-Pay is the progress payment system that MSBA uses to receive, review, and approve reimbursement requests submitted by school districts.

evaluating SOIs for the 2023 Core Program and 2022 ARP,⁹ during which MSBA staff members demonstrated the prioritization and evaluation processes and the tools they used to evaluate and prioritize each SOI MSBA received. Finally, we assessed whether the 2023 Core Program and the 2022 ARP evaluation processes reflected the steps outlined in the SOI Operations Manuals and, therefore, the implementation of formalized policies and procedures, as recommended in the prior OSA audit.

We did not identify any exceptions in our testing. Therefore, we concluded that, during the audit period, MSBA developed and implemented written policies and procedures for evaluating and prioritizing SOIs submitted by school districts for its Core Program and ARP, as recommended by the prior OSA audit.

In the course of our audit work, we found that MSBA did not submit required annual reports on the condition and improvement needs of school buildings to the Governor and the designated legislative committees. See [Finding 1](#) for more information.

Data Reliability Assessment

To determine the reliability of the list of Core Program final grant payments that we obtained from MSBA's Pro-Pay system, we conducted interviews and system walkthroughs with MSBA management and staff members who were knowledgeable about and responsible for overseeing the data. We also observed MSBA staff members extract the data directly from the Pro-Pay system to ensure its completeness. We tested the data to ensure that it did not contain duplicate records, missing values in necessary data fields, and data corresponding to dates outside the audit period. We selected a random sample of 5 out of 44 projects that received a final grant payment and traced key data points, including district name, payment date, payment amount, and the board of directors' approval date, to source documentation to verify accuracy. Additionally, we reviewed MSBA board of directors meeting memoranda to ensure completeness of Core Program final grant payments by confirming that no districts with projects listed as having received final audit approval were missing from our list. Further, we tested access controls over the Pro-Pay system.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained was sufficiently reliable for the purposes of our audit.

9. There was a temporary, one-year pause to the ARP in 2023. Accordingly, for the purposes of this audit, we reviewed the 2022 ARP process. Projects were approved for invitation at MSBA's October 2022 board of directors meeting, which fell within the audit period.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Massachusetts School Building Authority did not submit the required annual report regarding the condition and improvement needs of school buildings to the Governor and other legislative committees.

During the audit period, the Massachusetts School Building Authority (MSBA) did not submit its required annual report to the Governor and the legislative committees named in Section 17(a) of Chapter 70B of the Massachusetts General Laws. Instead, MSBA officials stated that MSBA collects the information specified in the law through its School Survey program, which assesses the condition of all public school facilities approximately every five years. The most recent completed School Survey was conducted in 2016, and the next survey, originally scheduled for 2021, was delayed due to the COVID-19 pandemic. At the time of this review, the 2025 School Survey was ongoing and was expected to be completed and released by the end of calendar year 2025.

If MSBA does not submit required annual reports, then the Legislature and other stakeholders may lack up-to-date, statutorily required information on the statewide condition and financial needs of school facilities. This could impair oversight, planning, and funding decisions related to school construction and renovation needs across the Commonwealth.

Authoritative Guidance

According to Section 17(a) of Chapter 70B of the General Laws,

On or before June 30 of each year, the [MSBA] authority shall submit a report to the governor, the house and senate committees on ways and means, the joint committee on education, arts and humanities, the joint committee on natural resources, the house and senate committees on long-term debt and capital expenditures and the joint committee on local affairs which analyzes the anticipated financial needs for school facilities projects of the kind that qualify for assistance under this chapter. The report shall include a listing of each school building within the commonwealth, together with a description of its size, capacity, age and state of maintenance and whether it is likely to require construction, enlargement, reconstruction, rehabilitation or improvement due to such factors as deterioration, lack of adequate facilities to meet educational standards and anticipated increases in school-age population.

Reasons for Issue

When we inquired about the reporting requirement in Section 17(a) of Chapter 70B of the General Laws, MSBA officials directed us to the agency's annual reports on MSBA's website. However, those reports do

not contain the detailed information specified in the statute. Instead, MSBA's annual reports provide a high-level summary of projects completed during the year and general financial data on total payments made to school districts throughout the Commonwealth. MSBA officials stated that they did not submit their 2021 or 2022 annual reports to the legislative bodies, but MSBA plans to submit the 2023 and 2024 annual reports once they are finalized.

MSBA officials also told us that preparing an annual report containing the detailed data required by statute for the approximately 1,800 public schools is not feasible on an annual basis. They said that, while this reporting approach may have seemed reasonable when the law was enacted in 2004, it is not practical given the scope and complexity of the data. MSBA's School Survey, which takes about two years to complete, was designed to meet the intent of the statute.

Recommendation

MSBA should ensure that it complies with Section 17(a) of Chapter 70B of the General Laws by either preparing and submitting the required annual reports to the Governor and the appropriate legislative committees using data derived from the School Survey and other internal information systems, or by collaborating with the Legislature to amend the statutory reporting requirement to correspond with the current five-year School Survey cycle.

Auditee's Response

The MSBA understands the importance of providing the most current information available to the Governor's office, the Legislature and other stakeholders, and the MSBA prides itself on maintaining consistent communications with State officials and Legislative partners. In addition to the Annual Reports, the MSBA has provided this information through a combination of publications, regularly issued and provided upon request, as noted below:

- *Three school surveys conducted periodically in accordance with the requirements of the statute and a fourth survey currently underway and anticipated to be completed by the end of calendar year 2025;*
- *Comprehensive reporting through our website with regular project updates included in the Project Overview Report, issued every two months, and in the Annual Report;*
- *MSBA Student Opportunity Act Final Report to the Legislature which supported the legislative increase to our grant program on December 9, 2020;*
- *Legislative Report Detailing Supplemental Grants, May 23, 2024, required based on legislation that guided the issuance of supplemental grants for districts who experienced unanticipated construction cost escalation;*

- *Report on Methods, Best Practices, and Standards for Achieving Green and Healthy Schools in the Commonwealth of Massachusetts, issued March 31, 2025, required based on legislation that required an inter-agency collaboration between the Department of Public Health, the Department of Elementary and Secondary Education, the Department of Energy Resources and the MSBA;*
- *Collaboration with multiple state agencies studying grant potential for decarbonization providing specific school survey data to support inquiries regarding the condition of HVAC building systems and types of fuel use; and*
- *The MSBA issued its 2023/2024 Annual Reports sent to the parties identified in Section 17(a) of Chapter 70B, along with a link to all of its Annual Reports, noting that the 2025 School Survey would be made available upon its release.*

We appreciate the recommendation made by the Office of the State Auditor and are currently reviewing the language in Section 17(a) of Chapter 70B to better understand how we can either enhance the content of the Annual Report to consolidate the information requested and/or collaborate with the Legislature to amend the statutory language to align with the committees that currently exist in the Legislature and also correspond with the current statutory requirement to conduct periodic school surveys.

Auditor's Reply

We acknowledge MSBA's description of the various reports, updates, and communications that it provides to state officials and other stakeholders, as well as its completion of prior School Surveys and ongoing work on the 2025 School Survey. However, the materials cited by MSBA do not meet the specific reporting requirements established in Section 17(a) of Chapter 70B of the General Laws. The statute requires that an annual report be submitted to the Governor and designated legislative committees. It also requires that the annual report include detailed information on the condition and capital needs of all Massachusetts public school facilities. MSBA's Annual Reports, as currently prepared, do not contain the statutorily required level of detail, and the School Survey—conducted approximately every five years—does not substitute for annual reporting required by law.

MSBA stated that preparing an annual report containing detailed data for approximately 1,800 schools is not practical. While we recognize the challenges associated with compiling such information annually, the statutory obligation remains in effect unless and until the Legislature amends Section 17(a) of Chapter 70B of the General Laws to align with current practices or expectations. Absent such an amendment, MSBA is not in compliance with existing reporting requirements.

Based on its response, MSBA is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

2. The Massachusetts School Building Authority did not update its internal control plan annually in accordance with Chapter 647 of the Acts of 1989, as would be best practice.

The Massachusetts School Building Authority has not updated its internal control plan since 2018. This issue was also identified and discussed during our previous audit (Audit No. 2022-1461-3A); however, it has still not yet been resolved.

Without an up-to-date internal control plan, MSBA may be limited in its ability to identify vulnerabilities, which could prevent it from achieving organizational goals and objectives. This also exposes MSBA to heightened risks in its operations.

Authoritative Guidance

According to Chapter 647 of the Acts of 1989, every state agency must maintain an internal control plan, review it annually, and update it as necessary.

In addition, the Office of the Comptroller of the Commonwealth's *Internal Control Guide* states, "Your department is obligated to review and update your Internal Control Plan on an annual basis, as well as whenever there is a new objective, risk, or management structure."

Although MSBA is not required to comply with Chapter 647 of the Acts of 1989 or follow the Office of the Comptroller of the Commonwealth's standards, since it is a quasi-public agency, we consider them best practices.

Reasons for Issue

We requested clarification from MSBA regarding the absence of an updated internal control plan. According to MSBA officials, its internal control plan has not been updated since 2018 due to personnel changes and the need to revise practices following the onset of the COVID-19 pandemic in March 2020. With the appointment of a new chief financial officer at the end of 2024, the process of updating its internal control plan has begun, with the goal of completing the 2025 update by year-end.

Recommendations

1. MSBA should review and update its internal control plan whenever significant changes occur in objectives, risks, or management structure, but at least annually.

2. After updating its internal control plan, MSBA should ensure that the internal control plan is communicated to all employees and used within its operations.

Auditee's Response

As noted by the Office of the State Auditor, Chapter 647 of the Acts of 1989 does not apply to the MSBA as we are a quasi-governmental agency. However, we do agree that regular review and update is best practice. . . The MSBA appreciates the recommendations made by the Office of the State Auditor and is underway with its review of the Internal Control Plan. Once complete, we will ensure that it is communicated to all employees and used within MSBA's operations.

Auditor's Reply

Based on its response, MSBA is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

OTHER MATTERS

1. School District Survey on the Massachusetts School Building Authority's Core Program

As part of our audit, we conducted a survey of Massachusetts school districts to gather feedback on their experiences with the Massachusetts School Building Authority's (MSBA's) Core Program. The survey was sent to a judgmental sample of 50 school districts, selected to include districts from different geographic locations, districts with varying percentages of students from households with low incomes, and districts with different levels of previous participation in the MSBA Core Program. Specifically, the sample included districts that had (1) submitted a Statement of Interest (SOI) and were ultimately invited to participate in the program, (2) submitted an SOI but were not invited to participate in the program, and (3) not submitted an SOI during the period January 1, 2020 through December 31, 2024. Survey respondents included school district superintendents, unless the superintendent determined that another individual was more familiar with the program and better suited to respond on behalf of the district.

The survey asked respondents about their familiarity with the MSBA Core Program, their opinions on the program's equity in serving districts, and the usefulness of any guidance and training provided by MSBA. The survey also sought input on respondents' interactions with MSBA, including the clarity of guidance provided, timeliness of responses, and overall satisfaction with the program's processes. Respondents were also invited to share any challenges they encountered and suggestions for improvement.

Of the 50 district superintendents surveyed, we received responses from 43. Two district superintendents did not respond to the survey or any follow-up communications, and five district superintendents indicated that no one within their district had sufficient institutional knowledge of MSBA's Core Program to complete the survey.¹⁰

Of the 43 respondents, most indicated that they were well acquainted with MSBA's Core Program. Specifically, 37 respondents (86%) reported being either very familiar or somewhat familiar with the program, while 6 (14%) stated that they had heard of it but were not sure what it included. In contrast, familiarity with MSBA's Green Schools Program was notably lower. Of the 43 respondents, only 5 (12%) reported being very familiar and 14 (33%) somewhat familiar with the Green Schools Program, while 15

10. The Brookline and Greenfield school districts did not respond.

(35%) reported that they had heard of it but were unsure of its components, and 8 (19%) reported that they were not at all familiar with it. One district did not respond to this question.

When asked whether they felt their district had equitable access to apply for and receive funding through the MSBA Core Program, most respondents stated that they did. Of the 43 respondents who answered this question, 36 (82%) responded “yes,” stating that they believe there is equitable access to the program. Six respondents (13.6%) answered “no,” stating that they did not believe access was equitable, and one respondent (2.3%) reported being unsure. One respondent did not respond to this question. Respondents who answered “no” cited concerns such as a lack of awareness about the program, uncertainty regarding eligibility—particularly among Horace Mann Charter Schools—and a perception that smaller districts are sometimes overlooked in favor of larger projects.

A recurring theme among survey responses concerned the level of feedback provided by MSBA to districts where their SOIs did not result in an invitation to participate in the Core Program. Several respondents reported that, although they were informed that their projects were not selected, they did not receive detailed explanations regarding the specific factors that influenced the decision. Respondents noted that they were typically told how many districts applied and how many were invited to participate. Respondents also stated that they had been told that their projects were not advanced because other districts demonstrated greater need or urgency during that funding cycle.

District officials stated that receiving more specific and actionable feedback would be valuable in strengthening their future SOIs. For example, respondents suggested that MSBA could identify the particular criteria or project elements that fell short of selection standards and outline what changes would be needed for a project to be invited in future rounds. This concern regarding limited feedback was also noted in our prior audit of MSBA, where we recommended that MSBA provide specific reasons when it does not select a district’s SOI. Survey responses indicated that districts continue to view the feedback process as an area in need of improvement.

Because districts are eligible to submit SOIs in future years, it would be advantageous for them to understand how their submissions compare to those of other districts considered by MSBA. Preparing an SOI requires a substantial investment of time and effort by district personnel. Understanding why an SOI was not selected would help districts make targeted improvements and better align future submissions

with MSBA's criteria. To enhance the transparency of its SOI review process, MSBA should inform each district of the specific reasons its SOI was not selected for invitation.

Our survey findings indicate that while most school districts are familiar with the MSBA Core Program, several areas for improvement remain. Districts continue to cite limited feedback on SOI decisions as a barrier to strengthening future submissions, highlighting the need for MSBA to provide specific, actionable guidance and support. Familiarity with the MSBA Green Schools Program is considerably lower, suggesting an opportunity for MSBA to proactively raise awareness and provide additional guidance on this program. By improving feedback on SOIs, offering clearer guidance, and increasing outreach about the Green Schools Program, MSBA can better support districts in navigating its programs, enhancing future applications, and achieving successful project outcomes.

Auditee's Response

The MSBA appreciates that the Office of the State Auditor shared some of the responses from the survey conducted. The MSBA prides itself on its communication with its districts and takes many steps to provide informational sessions about the MSBA program, school construction and other relevant topics for our districts. The MSBA is pleased that 82% of the districts reported that their district had equitable access to apply for and receive funding through the MSBA Core Program. We also appreciate that you are sharing some areas where districts have noted that they would benefit from additional MSBA feedback. We will review our current communication in these areas and look for opportunities to enhance our communication, as appropriate.

During presentations regarding the Core Program process, we discussed that the reasons for invitations and non-invitations were included as part of the Board memo for Core Program recommendations, which is available on our website. In addition, we shared that the MSBA makes itself available to discuss any questions from districts who participated in the SOI process or who are interested in future participation. Your office recommended that the MSBA should incorporate these reasons into the individual letters to districts who applied for the Core Program similar to the letters issued for Accelerated Repair Program. The MSBA has accepted this recommendation and will be including this in the letters issued for the 2025 Core Statements of Interest.

Auditor's Reply

Based on its response, MSBA is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

2. Observations from Green Schools Program Scorecard Reviews

As part of our audit work relating to MSBA's Green Schools Program, we reviewed 34 projects for their compliance with Leadership in Energy and Environmental Design (LEED) or Northeast Collaborative for

High Performance Schools (NE-CHPS) certification requirements. Of these 34 projects, 30 pursued LEED certification, while 4 pursued NE-CHPS certification. Our audit provided insights into trends in sustainability performance across the projects and highlighted areas where additional guidance or incentives could help improve future outcomes.

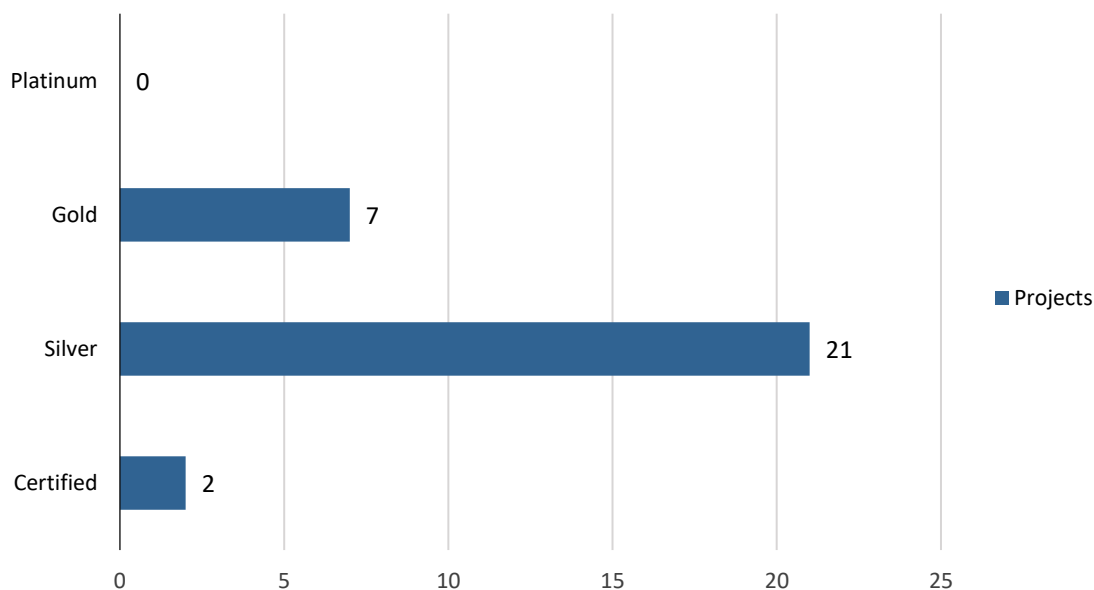
LEED Certification

LEED-certified projects must meet certain prerequisites and achieve points across several categories, including Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality. Each project's total points determine its certification level: Certified, Silver, Gold, or Platinum.

We reviewed a total of 31 LEED scorecards, representing 30 unique projects. One project generated two scorecards because it included multiple buildings, each evaluated separately under LEED. Of the 31 scorecards, 10 were completed using Version 1 of the LEED form, and 21 used Version 2, reflecting updates to the rating system that revised the categories and scoring methods.

Of the 30 projects, 2 (6%) achieved LEED Certified, 21 (68%) achieved LEED Silver, 7 (26%) achieved LEED Gold, and no projects achieved LEED Platinum. The chart below illustrates the distribution of LEED certification levels across the 30 projects.

LEED Certification Levels



Across the 21 projects scored using Version 2 of the LEED scorecards, we identified the following trends in credit achievement:

- **Sustainable Sites:** All projects earned credits for “Open Space” and “Joint Use of Facilities.” No projects achieved credits for “Neighborhood Development Location” because the credit does not generally apply to school sites.
- **Water Efficiency:** Most projects earned credits for “Outdoor Water Use Reduction” and “Water Metering.”
- **Energy and Atmosphere:** Most projects achieved “Enhanced Commissioning,” while few achieved credits for “Renewable Energy Production” and “Green Power and Carbon Offsets.”
- **Materials and Resources:** Most projects achieved credits for “Construction and Demolition Waste Management,” while few achieved points for “Product Disclosure and Optimization.”
- **Indoor Environmental Quality:** Most projects achieved points for “Enhanced Indoor Air Quality Strategies,” while few achieved points for “Acoustic Performance,” “Daylight,” and “Quality Views.”

The visuals below show how different projects scored across various LEED subcategories, comparing the points they earned to the maximum number of points possible. These tables highlight differences in performance across projects, showing not just where points were earned but how many points each project achieved in each area. For more information on the categories and subcategories that are assessed for LEED certification, see the US Green Building Council’s [website](#).

Category: Sustainable Sites

Subcategories	Projects																				Maximum Points Possible
	Site Assessment	1	1	1	1	1	1	1	1	0	0	0	1	1	1	1	1	1	1	1	
	Site Development - Protect or Restore Habitat	0	2	0	0	0	0	2	2	0	2	0	0	0	0	2	0	0	0	0	
	Open Space	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
	Rainwater Management	3	0	3	3	3	0	3	0	3	0	0	2	0	3	0	0	0	3	0	
	Heat Island Reduction	0	0	0	0	0	2	0	2	0	2	0	0	0	2	2	0	2	2	0	
	Light Pollution Reduction Site	1	1	1	0	0	1	1	1	1	1	1	1	0	0	1	1	1	1	1	
	Master Plan	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	
	Joint Use of Facilities	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
	Total Points Achieved	7	6	8	6	6	6	10	8	7	7	3	5	3	8	8	4	6	10	4	



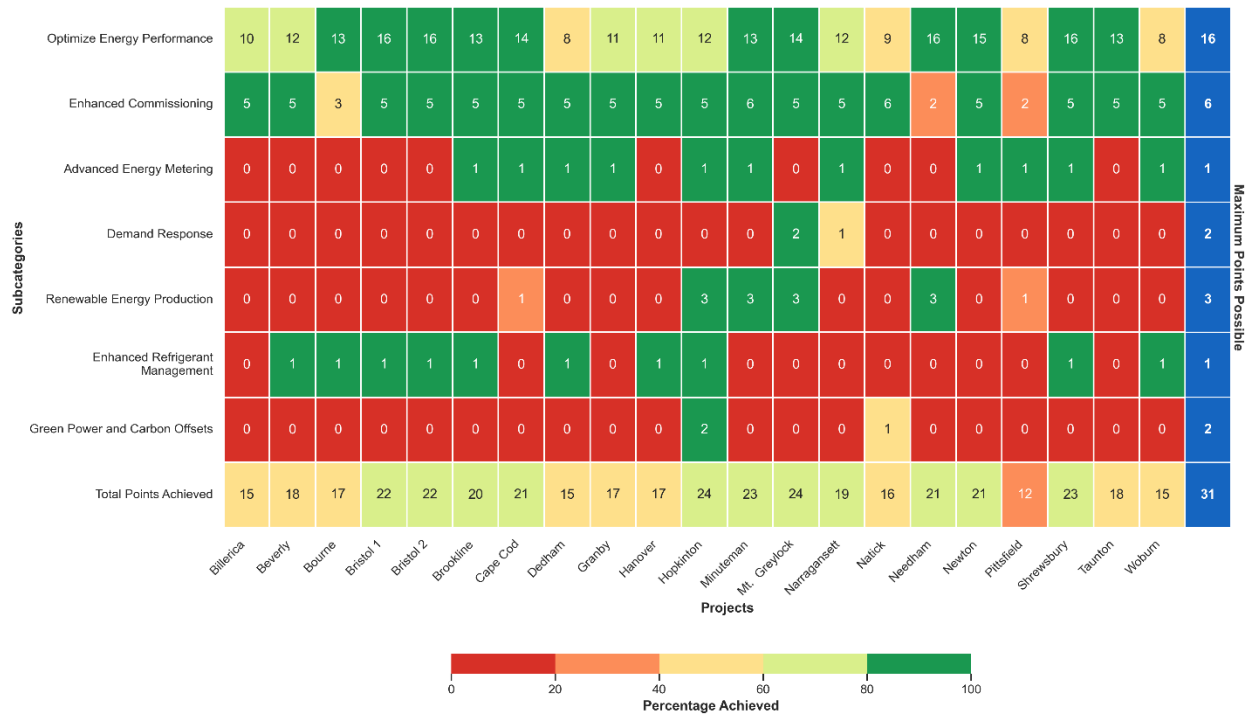
Category: Water Efficiency

Subcategories	Projects																				Maximum Points Possible
	Outdoor Water Use Reduction	2	2	3	1	1	1	1	2	2	2	2	2	2	2	1	2	2	1	1	
	Indoor Water Use Reduction	3	1	5	5	2	2 / 5	3	0	3 / 5	1	2	4	2 / 5	2 / 5	2	3	3	3 / 5	2	
	Cooling Tower Water Use	2	0	0	0	0	2	0	0	0	0	0	1	0	0	0	0	0	2	0	
	Water Metering	0	1	1	1	1	1	1	1	1	0	1	1	0	1	1	1	1	1	1	
	Total Points Achieved	7	4	9	7	4	6 / 10	5	3	6 / 10	3	5	8	4 / 10	5 / 10	4	6	6	7 / 10	4	

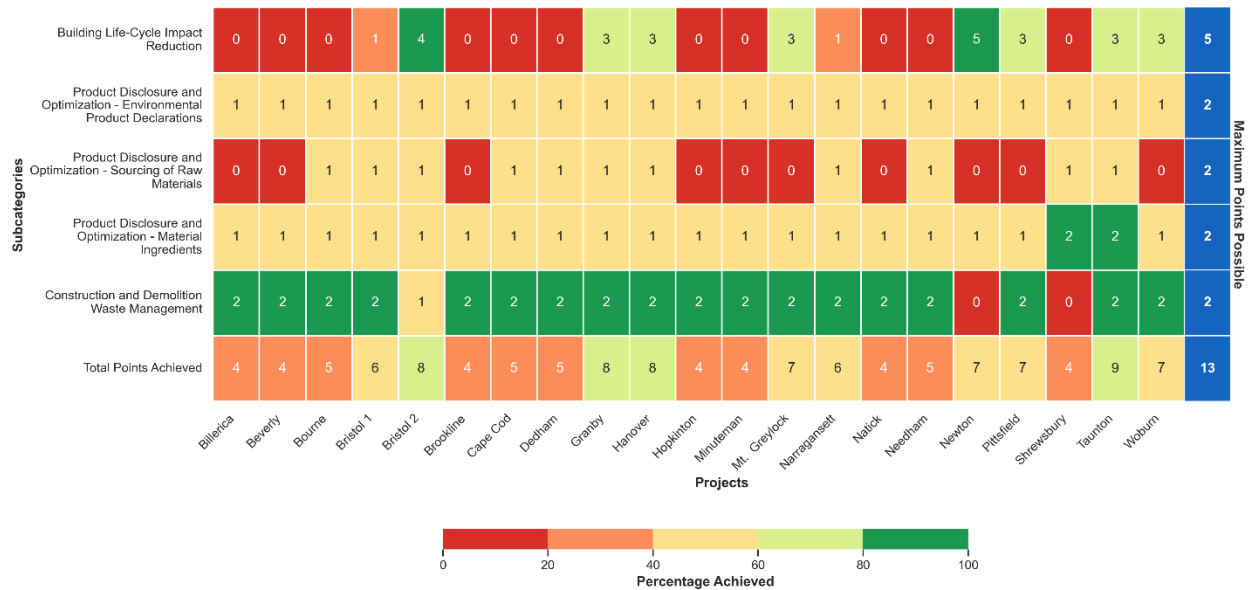


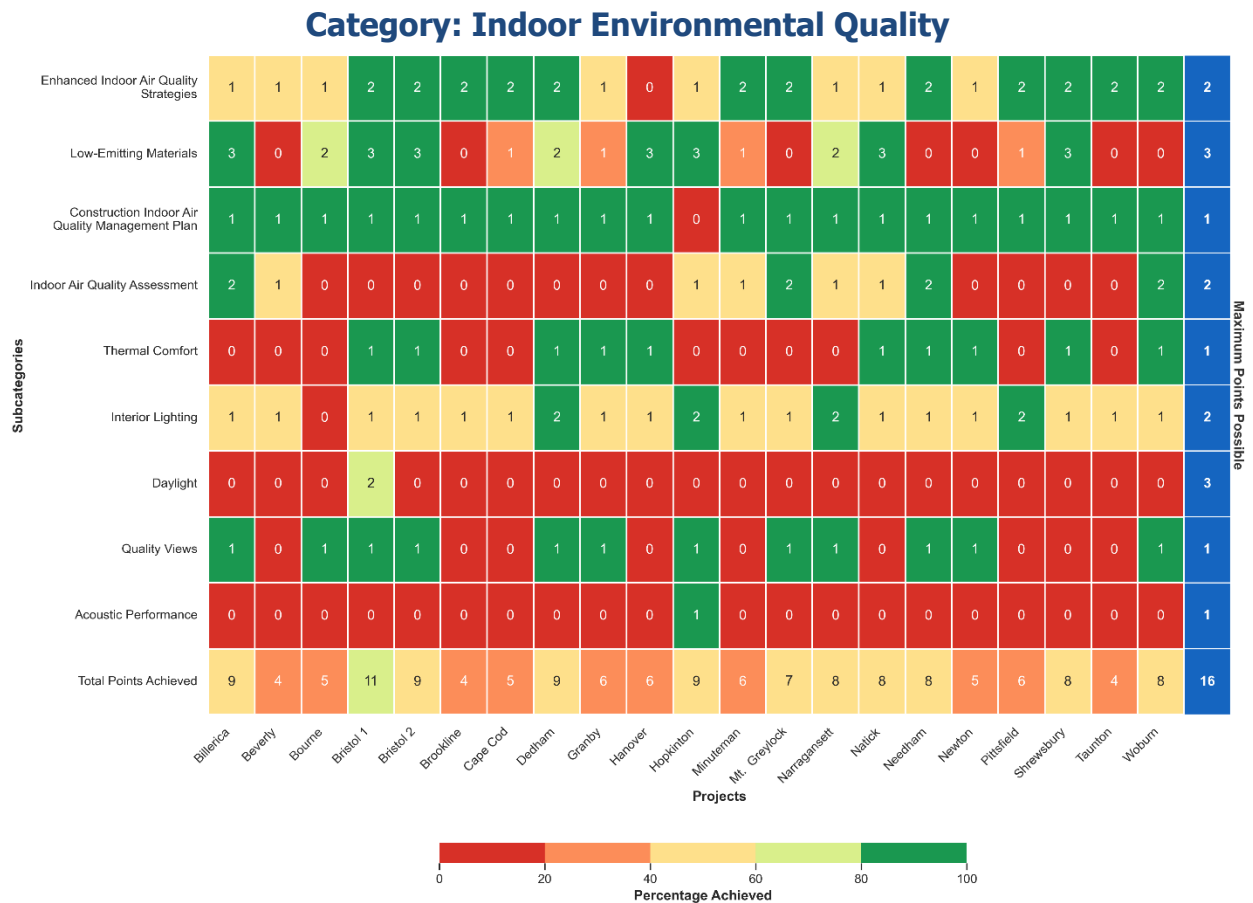
Note: The total scorecard points for LEED subcategories are subject to change. In instances where the maximum points possible for a project differed from the total on the table, the points achieved are represented by a fraction showing the number of points achieved out of the number of points available.

Category: Energy and Atmosphere



Category: Materials and Resources





NE-CHPS Certification

NE-CHPS certification has two levels: CHPS Verified and CHPS Verified Leader, with the latter indicating performance that exceeds the minimum requirements. Like LEED certifications, projects must meet prerequisites and earn points across multiple sustainability categories for NE-CHPS certification.

The four NE-CHPS projects we reviewed received the following certifications:

- Three projects (75%) achieved CHPS Verified.
- One project (25%) achieved CHPS Verified Leader.

We reviewed the scorecards for the three projects that achieved CHPS Verified certification. Trends across these three NE-CHPS projects highlight the following areas of strong performance and opportunities for improvement:

- **Integration and Innovation:** Three projects earned credits for “Integrated Design,” “Educational Display,” and “Demonstration Area.” No projects earned credits for “Climate Change Action” or “Innovation.”
- **Operations and Metrics:** Three projects earned credits for “Facility Staff and Occupant Training,” “Performance Benchmarking,” and “Systems Maintenance Plan.” No projects earned credits for “High Performance Operations” and “Green Power.”
- **Indoor Environmental Quality:** Three projects earned credits for “HVAC Design,” “Acoustical Performance,” “Low Emitting Materials,” and “Thermal Comfort.” No projects earned credits for “Dedicated Outdoor Air Systems” and “Low Radon.”
- **Energy:** All projects earned credits for “Energy Performance” and “Commissioning,” though none reached “Zero Net Energy Capable.”
- **Sites:** Three projects earned credits for “Site Selection” and “Use of Native Plants,” but no projects earned credits for “Minimize Site Disturbance.”
- **Materials and Waste Management:** Three projects earned credits for “Recyclables” and “Waste Management,” but no projects earned credits for “Building Reuse” or “Health Product Reporting.”

Overall, our review highlighted consistent strengths in areas like open space, shared facilities, indoor air quality, and water and energy efficiency, while identifying opportunities for improvement in renewable energy, the amount of daylight a building lets in, and building reuse. These findings can inform future policy and guidance to further improve sustainability outcomes in school projects.

APPENDIX

Overview of the Massachusetts School Building Authority's School Construction Process

The information below is quoted directly from the Massachusetts School Building Authority's (MSBA's) website, outlining the steps of MSBA's grant process for school construction projects.

Module 1 – Eligibility Period

Once the MSBA Board of Directors votes to invite a District into the Eligibility Period, a 270-day period is initiated for the District to complete certain preliminary requirements that include: 1) a certification of the District's understanding of the grant program rules by executing an Initial Compliance Certification; 2) forming a School Building Committee and submitting the membership to the MSBA for acceptance; 3) a summary of the District's existing maintenance practices; 4) certification of a design enrollment for the proposed project agreed upon with the MSBA (may not be applicable for Repair Assessments depending on the proposed scope of work); 5) confirmation of community authorization and funding to proceed; . . . and, 6) execution of the MSBA's standard Feasibility Study Agreement, which establishes a process for the District to be reimbursed for eligible expenses.

Module 2 – Project Team

Once all of the Pre-Requisites have been completed to the satisfaction of the MSBA, the District procures the team of professionals utilizing MSBA specific procurement processes and standard Request for Services ("RFS") templates and Contracts to work with the District as the proposed project advances through the MSBA's grant process.

Module 3 – Feasibility Study

Upon successful conclusion of procurement of Owner's Project Management and Designer services in accordance with the procedures outlined under Module 2 - Forming the Project Team, the District and its team collaborate with the MSBA to document their educational program, generate an initial space summary, document existing conditions, establish design parameters, develop and evaluate alternatives, and recommend the most cost effective and educationally appropriate preferred solution to the MSBA Board of Directors for their consideration. During this phase, the Owner's Project Manager will submit, on behalf of the District and its Designer, a Preliminary Design Program and a Preferred Schematic Report. Approval by the MSBA Board of Directors is required for all projects to proceed into schematic design. Please refer to Module 4 - Schematic Design for additional information.

Module 4 – Schematic Design

The District and its team develop a final design program and robust schematic design of sufficient detail to establish the scope, budget and schedule for the Proposed Project.

Module 5 – Funding the Project

Based upon the completed Feasibility Study, the District and MSBA staff establish and document the project scope, budget, schedule, and MSBA financial participation to forward to the MSBA Board of Directors for their approval. Approval by the MSBA Board of Directors establishes the MSBA's participation in the proposed project. Once the District secures community authorization and financial support, the MSBA and the District enter into a Project Funding Agreement, which defines the scope, budget and schedule for the Proposed Project.

Module 6 – Detailed Design

The District and its team advance the design, generate construction documentation, procure bids and award a construction contract in accordance with the agreed upon project scope, budget and schedule as documented in the Project Funding Agreement, and the requirements contained in the MSBA's standard contracts for Owner's Project Management and Designer Services. The MSBA continues to monitor the project to ensure it remains on track and meets the expectation of both the District and the MSBA as defined in the Project Funding Agreement.

Module 7 – Construction

The MSBA continues to monitor progress of the project to confirm that it remains on track and meets the expectation of both the District and the MSBA as defined in the Project Funding Agreement.

Module 8 – Completing the Project

The MSBA performs final audit to determine final total grant amounts and make final payment.

Module 9 – Post Occupancy Evaluation

Once an MSBA-funded project has been occupied for three or more years, MSBA staff collect qualitative and quantitative data associated with building and site performance. This data is distilled, summarized, and aggregated into various formats to provide actionable insights for school districts and the broader architecture and construction communities.