OIG
In Your Inbox
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Oversight of Community Preservation Act Funds

A municipality that has adopted the Community Preservation Act (CPA) can raise revenue to acquire and preserve historic assets, open spaces, community housing, and land for recreational use, in addition to other eligible spending under M.G.L. Chapter 44B. As the primary stewards of CPA funds, municipalities have a responsibility to use CPA funds effectively and only for appropriate purposes.

Good stewardship requires active oversight. This OIG advisory highlights ways your municipality and its Community Preservation Committee should approach CPA funds in order to mitigate risks to program integrity.

Manage Risks

Use the planning stage to actively manage the risk of fraud, waste, and abuse, which can lead to increased project costs, delays, and failure to achieve project goals.

- Identify risks inherent in a program.
- Develop a strategy with specific control activities to address those risks.
- Implement and monitor that strategy.
- Ensure that your municipality's Community Preservation Committee has a committee charter defining the committee's purpose, authority, and responsibility, rules for conduct of meetings and recordkeeping, training on its role and responsibilities, and appropriate administrative support.

Use the Grant Agreement Effectively

Use the Grant Agreement as a tool to set expectations, manage the project, and ensure timely completion in line with project goals.

- Include clear requirements to determine satisfactory completion.
- Ensure responsibilities are well-defined.
- Include milestone or periodic reporting requirements and inspections tied to payments.

- Set standards and qualifications for workmanship and any specialized work, such as historic preservation work.

Audit CPA Projects

CPA funds are public funds and should be monitored, reviewed, and audited in the same way as other municipal funds.

- Require and review monthly reports on spending.
- Audit spending routinely.
- Periodically review the list of properties.
- Review project status to ensure it is on track and meeting expectations.
- Ensure Community Preservation Initiative Reports are filed in a timely manner.
- Ensure that unspent funds are returned to the original source of the appropriation or returned to the municipality from the grantee.

Maintain CPA Project Records

Set expectations for the document retention that meets or exceeds statutory requirements.[1]

- Maintain records of recommendations.
- Track project recommendations from the Community Preservation Committee and approvals from your municipality's legislative body.
- Keep an account of appropriations specifically for CPA projects.
- Track expenditures specific to each CPA project.
- Catalog real property interests acquired, disposed, or improved through CPA funds.
- Maintain complete files on property, including all documents related to the acquisition or disposition of property.

Conclusion

The CPA funds for historic preservation, open space protection, affordable housing, and recreation must be managed with the same level of oversight and diligence as any other category of public funds. By proactively assessing and managing project risks, collecting and maintaining project information and documentation, and ensuring that unspent funds are returned, municipalities can ensure they make the most of their community preservation funds.

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[1] *See e.g.* M.G.L. c. 44B, § 5

Other Resources: The Massachusetts Department of Revenue's Division of Local Services (DLS) Informational Guideline Release No. 2019–14

*The OIG periodically issues **OIG In Your Inbox: Insights, Advisories and Alerts** as a way to succinctly share timely topics with key stakeholders, most notably the leaders within the Commonwealth's 351 local communities. The OIG hopes that **OIG In Your Inbox: Insights, Advisories and Alerts** will prompt dialogue and needed action on matters important to public entities.*

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