



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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**Letter Report: Audit of Advisory Neighborhood
Commission 1B for Fiscal Years 2006
Through 2008, as of March 31, 2008**

September 25, 2008



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Commissioner Thomas K. D. Smith
Chairperson
Advisory Neighborhood Commission 1B
746 Fairmont Street, NW
Washington, D.C. 20009

Letter Report: Audit of Advisory Neighborhood Commission 1B for Fiscal Years 2006 Through 2008, as of March 31, 2008

Dear Commissioner Smith:

Pursuant to Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (ANC Act),¹ as amended, the District of Columbia Auditor (Auditor) conducted an audit of the financial accounts and operations of Advisory Neighborhood Commission (ANC or Commission) 1B.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 1B's disbursements complied with the ANC Act, ANC Financial Management Guidelines² issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General (OAG); and
2. internal controls were adequate to produce reliable financial information and ensure that the ANC's assets were properly safeguarded.

¹See Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975, effective October 10, 1975, D.C. Law 1-21, D.C. Official Code § 1-309.13 (d) (2006 Supp.), as amended by the Comprehensive Advisory Neighborhood Commissions Reform Amendment Act of 2000, effective June 27, 2000, D.C. Law 13-135.

²Office of the District of Columbia Auditor, Advisory Neighborhood Commission Financial Management Guidelines (ANC Financial Management Guidelines), February 2003.

The audit covered fiscal years 2006 through 2008, as of March 31, 2008 (October 1, 2005 through March 31, 2008). In conducting the audit, the Auditor reviewed all available canceled checks, bank statements, bank signature cards, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, and other relevant documents.

STATEMENT OF ANC 1B'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2008

Table I presents a statement of ANC 1B's checking, savings, and petty cash account balances as of March 31, 2008.

**Table I
ANC 1B's Checking, Savings, and Petty Cash Account Balances
As of March 31, 2008**

Petty Cash Account	\$	0.00*
Checking Account		82,674.88
Savings Account		0.00*
Actual Cash Balance	\$	82,674.88

*ANC 1B did not maintain a petty cash fund or savings account during the audit period.
Source: ANC 1B's quarterly reports and bank statements for the period October 1, 2005 through March 31, 2008.

SUMMARY OF ANC 1B'S DISBURSEMENTS DURING FISCAL YEARS 2006 THROUGH 2008, AS OF MARCH 31, 2008

During the audit period, ANC 1B disbursed \$60,332.57. Table II summarizes, by category, ANC 1B's disbursements made during the audit period, including bank service charges.

Table II
Summary of ANC 1B's Disbursements
During Fiscal Years 2006 Through 2008,
as of March 31, 2008

Disbursement Category	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008 as of March 31, 2008	Grand Total
Net Salaries & Wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Workers Compensation	0.00	0.00	0.00	0.00
Insurance (Casualty/Property)	0.00	0.00	0.00	0.00
Federal Wage Taxes Paid	0.00	0.00	0.00	0.00
Local Income Taxes Paid	0.00	0.00	0.00	0.00
Unemployment Insurance Contributions	0.00	0.00	0.00	0.00
Tax Penalties Paid	0.00	0.00	0.00	0.00
Local Transportation	0.00	0.00	0.00	0.00
Office Rent	0.00	0.00	0.00	0.00
Telephone Service	0.00	0.00	0.00	0.00
Postage and Delivery	105.66	916.00	0.00	1,021.66
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	849.56	836.04	0.00	1,685.60
Purchase of Service	2,582.03	2,520.18	400.00	5,502.21
Office Supplies & Expenses	857.63	345.00	280.07	1,482.70
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	65.98	65.98
Grants	20,940.00	13,500.00	10,500.00	44,940.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	181.00	52.00	0.00	233.00
Other	0.00	25.00	5,376.42 ³	5,401.42
Total Disbursements	\$ 25,515.88	\$ 18,194.22	\$ 16,622.47	\$ 60,332.57

Source: ANC 1B's quarterly financial reports, check book, canceled checks, and bank statements.

³ Included in this amount is a debit to ANC 1B's checking account for \$5,321.45 which the bank posted on November 6, 2007 to reverse an allotment credited to the account in error. The allotment belonged to ANC 1A.

FINDINGS

ANC 1B DID NOT FULLY COMPLY WITH D.C. CODE, SECTION 1-309.13 (j) (1) BY MAINTAINING ADEQUATE DOCUMENTATION TO SUPPORT DISBURSEMENTS

Section 1-309.13 (j) (1) of the D.C. Code states, in relevant part, that:

Each quarterly [financial] report shall include copies of canceled checks, bank statements, grant request letters and grant disbursements, invoices and receipts, executed contracts, details about all contributions received during the time period covered by the quarterly report, and the minutes of all meetings indicating the Commission's approval of disbursements during the time period covered by the quarterly report, and certification of the Commission's approval of the quarterly report signed by the Commission's Secretary.

The Auditor found that ANC 1B's Treasurer maintained adequate documentation to support \$28,387.58, or 47.1%, of the \$60,332.57 in disbursements made during the audit period. However, disbursements totaling \$31,944.99, or 52.9%, of total disbursements were not supported by adequate documentation. Of this amount, 19 grants totaling \$31,940 were not supported by a statement of use and receipts as required by D.C. Code, Section 1-309.13 (m). During the quarterly review process, the Auditor disallowed \$2,285.95 from ANC 1B's allotments for unsupported grants and \$4.99 for an unsupported expenditure for office supplies. Therefore, ANC 1B did not comply with D.C. Code § 1-309.13 (j) (1).

RECOMMENDATION

ANC 1B officers ensure that adequate documentation is maintained to support all disbursements.

ANC 1B FILED THREE OF 10 QUARTERLY REPORTS DUE DURING THE AUDIT PERIOD OVER 30 DAYS LATE

Section 1-309.13 (j) (1) of the D.C. Code states, in relevant part, that:

The treasurer of a Commission shall prepare a quarterly financial report on a form provided by the Auditor. The financial report shall be presented to the Commission for its consideration at a Commission meeting within 45 days after the end of the quarter. A copy of the approved financial report . . . shall be filed . . . with the Auditor within 15 days of approval. Each quarterly report shall include copies of [supporting documents for the] disbursements during the time period covered by the quarterly report.

As presented in Table III, ANC 1B filed three of the 10 reports required during the audit period over 30 days late. Of the remaining 7 reports, one report was filed early and 6 were filed on time or less than 30 days after the due date. Therefore, the Auditor found that ANC 1B substantially complied with D.C. Code, Section 1-309.13 (j) (1), but requires significant improvement in filing its quarterly financial reports on time.

Table III
Advisory Neighborhood Commission 1B
Quarterly Financial Report Submission Record:
Fiscal Years 2006 Through 2008, As of March 31,2008

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2006 - 1st	10/01/05 through 12/31/05	03/01/06	04/11/06	41 Days Late
2007 - 1st	10/01/06 through 12/31/06	03/01/07	05/11/06	71 Days Late
2008 - 1 th	10/01/07 through 12/31/07	02/29/08	04/07/08	38 Days Late

Source: ANC 1B quarterly financial reports.

RECOMMENDATION

ANC 1B's Treasurer prepare and file all future quarterly financial reports in a more timely manner.

ANC 1B HELD THE REQUIRED NUMBER OF PUBLIC MEETINGS DURING THE AUDIT PERIOD

D.C. Code, Section 1-309.11 (b) (1) states, in relevant part, that each Commission shall meet in a public session at regular intervals at least 9 times per year. The Auditor's review of ANC 1B's quarterly financial reports and other relevant documentation revealed that ANC 1B held a total of 30 public meetings during the 30-month audit period. Therefore, ANC 1B fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 1B MAINTAINED MINUTES FOR ALL 30 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

ANC 1B maintained minutes for all 30 public meetings held during the audit period. A review of ANC 1B's minutes indicated that the Commission took official action only at public meetings where a quorum was present and recorded the votes on all expenditures and reimbursements brought before the Commission for approval. The minutes documented the presentation and approval of expenditures, grant requests, treasurer's reports, and quarterly financial reports.

ANC 1B ESTABLISHED ANNUAL FISCAL YEAR SPENDING PLAN BUDGETS DURING THE AUDIT PERIOD

D.C. Code Section 1-309.10 (n) states that:

Each Commission shall develop an annual fiscal year spending plan budget for the upcoming fiscal year within 60 days of notification of the amount of the Commission's annual allotment. Prior to adoption of the budget at a public meeting, the Commission shall present the budget at a public meeting of the Commission to elicit comments from the residents of the Commission area.

The Auditor's review of ANC 1B's records revealed that annual fiscal year spending plan budgets were developed during the audit period. Therefore, ANC 1B fully complied with D.C. Code Section 1-309.10 (n).

ANC 1B GRANT DISBURSEMENTS DID NOT SUBSTANTIALLY COMPLY WITH THE ANC ACT

Section 1-309.13 (m) of the D. C. Code states that:

A grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting.... A Commission may approve grants only to organizations that are public in nature An applicant for a grant must submit an application in writing to the Commission Within 60 days following the issuance of a grant, the grant recipient shall forward to the Commission a statement as to the use of the funds . . . complete with receipts which support the expenditures.

As presented in Table IV, ANC 1B awarded 28 grants totaling \$44,940 during the audit period. Only 9 of the 28 grants totaling \$13,000 were supported by both the statement of use and receipts as required by D.C. Code § 1-309.13 (m). Therefore, 19 grants totaling \$31,940 were not fully supported by both the statement of use and receipts.

**Table IV
Advisory Neighborhood Commission 1B
Grants Issued During Fiscal Years 2006 through 2008,
As of March 31, 2008**

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
Yes	Metropolitan Music Ministry: To help defray the costs of a 2-month long concert series which is free and open to the public.	\$ 1,500.00	12/01/05	Yes/Yes
Yes	African American Holiday Association: To support entrepreneur youth training at the One Common Unity/Neighborhood Development Center #1 and at the MarketPlace Festival.	1,000.00	12/01/05	Yes/Yes ⁴
Yes	Faircliff Plaza Tenants Association: To acquire school materials for low-income children that live in ANC 1B's area.	500.00	12/01/05	No/No

⁴ For supporting documentation, the grantee submitted a letter with a list of the names, ages, and addresses of the individuals who received the grant funds. In the future, better documentation would be (1) receipts signed by the individuals if payments were made by cash or (2) copies of grantee's checks if payments were made by check.

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
No	MLK Celebration Committee: To subsidize production related expenses necessary to ensure the successful presentation of the Annual Celebration Performance at Lincoln Theatre which will be free to the general public.	2,000.00	01/05/06	No/Yes
Yes	ROOT, Inc. (Reaching Out to Others Together): To defray the costs associated with holding two forums for District middle, junior, and high school students to discuss the effects of gun violence on family and community.	2,000.00	01/05/06	No/No
Yes	Positive Productions: To continue with upgrades of the sound system and for honoraria for featured performers for "Arts Under the Stars" project.	3,500.00	01/05/06	Yes/Partial ⁵
No	Metro Teen Aids: To support the printing of brochures dealing with HIV awareness to be distributed at an event for college students.	1,000.00	03/02/06	No/No
Yes	Garfield Terrace Family Council: To purchase computers and educational software to restore and improve the council's computer education program.	2,000.00	03/02/06	Yes/Yes
Yes	Children's Studio School: To create an organic container garden of seasonal vegetables and perennial annual flowers on the courtyard on the west side of the charter school grounds.	1,000.00	03/02/06	Yes/Yes
Yes	Mid City Business Association: For staffing and material required to establish ongoing communications between residents, businesses, developers and the government that proactively address quality of life issues.	3,000.00	03/02/06	No/No
Yes	D.C. Caribbean Festival: To subsidize the clean-up of Banneker Park and surroundings following the 14 th Annual D.C. Caribbean Carnival.	2,000.00	03/02/06	No/Yes

⁵ Grantee receipts submitted to the Commission totaled \$3,050, leaving an unsupported amount of \$450. The grantee informed the Commission in its July 26, 2006 letter how the remaining \$450 would be used; however, copies of receipts accounting for the \$450 were never submitted to the Auditor's Office.

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
Yes	Mothers Dear's Community Center: To sponsor 1 child in Mother Dear's Community Center Summer Camp Program,	600.00	06/12/06	Yes/Partial ⁶
No	Emergence Collective Arts: To conduct two financial literacy workshops.	840.00	09/06/06	No/Yes
Yes	African American Holiday Association: To offer incentive stipends to disadvantaged youth who will participate in the Youth Entrepreneurship Program during the annual MarketPlace Festival.	1,000.00	12/07/06	Yes/Yes
Yes	Metropolitan Music Ministry Concert Series: To defray the costs associated with the production of an advertising book for the concert series and the staging for the program.	1,500.00	12/07/06	Yes/Yes
Yes	Washington Parks and People: To develop and host a forum to report on the state of Meridian Hill/Malcolm X Park.	2,000.00	02/01/07	No/No ⁷
Yes	YMCA and Campbell Heights: To fund a senior citizen exercise pilot program.	2,000.00	02/01/07	No/No
Yes	LeDroit Citizens Association: To purchase and maintain a private crime camera at 4 th and T Streets, NW.	2,000.00	05/03/07	No/No
Yes	Children's Studio School: To purchase benches, soil mix, and a garden hose for the charter school's container flower and vegetable garden.	1,000.00	05/03/07	No/No
Yes	Mid-Town Academy: To help community youth obtain uniforms and materials they need for training in the gym	1,000.00	05/03/07	No/No

⁶ Grantee receipts submitted to the Commission totaled \$314.05, leaving an unsupported balance of \$285.95. This amount was withheld from the Commission's 2nd quarter FY 2007 allotment.

⁷ ANC 1B's Treasurer informed the Auditor in a letter dated July 14, 2008 that the grantee returned the grant funds. Therefore, a statement of use and receipts are no longer required.

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
Yes	LeDroit Park Museum: To cover the costs that will be incurred in the development of a LeDroit Park video graphed oral history.	1,000.00	05/03/07	Yes/Yes
Yes	D.C. Caribbean Festival: To subsidize the cleaning up of Banneker Park and surroundings after the 15 th Annual D.C. Caribbean Carnival.	2,000.00	06/07/07	Yes/Yes
Yes	Edna Frazier-Cromwell Scholarship Fund, Inc.: To provide scholarships and academic awards to high school and middle students who attend schools in the Ward 1 community.	2,000.00	08/02/07	Yes/No
Yes	Metropolitan Baptist Church: To help defray the costs of a 2-month long concert series which is free and open to the public.	2,000.00	12/06/07	No/No ⁸
Yes	Mentoring Works 2, Inc.: To defray the cost of providing academic enrichment, exposure to non-traditional careers and recreational and cultural activities to twelve high-risk youth in Ward 1B.	1,500.00	12/06/07	Yes/Partial ⁹
Yes	African American Holiday Association: To offer on-the-job training incentive stipends for 20 disadvantaged youth who live in the ANC 1B area.	1,000.00	12/06/07	No/Partial ¹⁰
Yes	DCMP 3 rd District Citizen's Advisory Council: To offset the cost of the brochures, gift certificates, and awards to be given at the Advisory Council's appreciation banquet.	2,000.00	12/06/07	Yes/Yes
Yes	Root, Inc.: To defray the cost of hosting the Community in Action/Shaw Logan Circle Pilot Project Youth Summit.	2,000.00	12/06/07	No/No
Total		\$44,940.00		

Source: ANC 1B quarterly financial reports, checkbook, canceled checks, and bank statements.

⁸ Grantee lost the original check issued for this grant. A replacement check was issued May 5, 2008; therefore, a statement of how the funds were used, along with receipts, should be submitted with the Commission's 4th quarter FY 2008 financial report due November 29, 2008.

⁹ Grantee receipts submitted to the Commission totaled \$1479.67, leaving an unsupported amount of \$20.33.

¹⁰ Grantee receipts submitted to the Commission totaled \$814, leaving an unsupported amount of \$186.

RECOMMENDATIONS

1. ANC 1B officers ensure that each grantee files with the ANC a statement of how grant funds were used along with receipts which support the expenditure of the funds.
2. ANC 1B's Chairperson and Treasurer request that grantees listed in Table IV who have not submitted a statement of use and/or receipts do so within 30 days of the date of this report or return the grant funds for which full supporting documentation cannot be provided.
3. ANC 1B's Chairperson and Treasurer ensure that grantees are informed of the necessity of providing statements of how grant funds were used, complete with receipts which support the expenditure of grant funds. Further, the ANC should inform the grantee that future grant requests may be denied as a result of the grantee's failure to provide the required grant documentation.
4. If a grantee fails to provide receipts supporting the expenditure of grant funds, the Auditor will recommend that the Associate Chief Financial Officer for the Office of Finance and Resource Management deduct the amount of any unsupported grant expenditures from the ANC's future allotments.

ANC 1B PARTICIPATED IN THE ANC SECURITY FUND

D.C. Code, Section 1-309.13 (c) states, in relevant part, the following:

The treasurer and Chairperson shall file with the Auditor and maintain in force during their occupancy of their respective offices, a cash or surety bond in an amount and on a form satisfactory to the Auditor. Participation by a Commission in the Advisory Neighborhood Commission Security Fund . . . shall satisfy the requirement of a cash or surety bond. . . . No expenditure shall be made by a Commission . . . at any time when a current and accurate statement and a bond or its equivalent are not on file with the Auditor.

ANC 1B participated in the ANC Security Fund in calendar years 2006, 2007, and 2008. Therefore, ANC 1B fully complied with D.C. Code, Section 1-309.13 (c).

ANC 1B'S TREASURER ISSUED THREE CHECKS TOTALING \$3,285 WITH ONLY ONE SIGNATURE

D.C. Code, Section 1-309.13 (f) states, in relevant part, that: "Any expenditure made by check shall be signed by at least 2 officers of the Commission, one of whom shall be the treasurer or Chairperson." As presented in Table V, three checks totaling \$3,285 were issued with only one signature which violated the ANC law.

Table V
Advisory Neighborhood Commission 1B
Checks Issued Which Contained Only One Signature
Fiscal Years 2006 Through 2008, As of March 31, 2008

Check Number	Date	Amount	Payee/Purpose	Check Signer
1627	May 18, 2007	\$1,000.00	Children's Studio (Grant)	Meghan Conklin, Treasurer
1628	May 16, 2007	2,000.00	Mike Leshner (Consultant Fee)	Meghan Conklin, Treasurer
1636	June 1, 2007	285.00	Andrews Reproduction Center (Business Cards)	Meghan Conklin, Treasurer
		\$3,285.00		

Source: ANC 1B quarterly financial reports and canceled checks.

RECOMMENDATIONS

1. ANC 1B officers comply with D.C. Code, Section 1-309.13 (f) by ensuring that all ANC checks contain two authorized signatures.
2. The Associate Chief Financial Office for the Office of Finance and Resource Management deduct \$3,285 from ANC 1B's next quarterly allotment.

THE PAYEE AND SIGNATORY WERE THE SAME ON FIVE CHECKS DISBURSED DURING THE AUDIT PERIOD

Guideline 21 of the Advisory Neighborhood Commission Financial Management Guidelines issued by the Office of the District of Columbia Auditor recommends that:

ANC officers who receive ANC funds by check should refrain from signing checks made payable to them. Instead, ANC Officers who are authorized to sign checks but are not involved in the transaction should sign such checks.

Check numbers 1640, 1642, 1645, 1646, and 1648 were made payable to the Commission's Secretary who is also an authorized signer on the checking account. While the reimbursements for secretarial expenses were proper, the second signature on the check should have been that of another authorized signer instead of the Secretary's.

RECOMMENDATION

ANC 1B's Treasurer should ensure that a reimbursement check made payable to a Commissioner who is also an authorized check signer on the Commission's bank account is not signed by that Commissioner.

INTERNAL CONTROLS WERE NOT ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ASSETS WERE PROPERLY SAFEGUARDED

In part, ANC 1B's internal controls were found to be inadequate because of lack of documentation to support grants totaling \$31,940, or 71.1% , of the \$44,940 disbursed for grants during the audit period. Overall, the Auditor found that ANC 1B's internal controls were adequate in other areas as evidenced by the following:

- ▶ Annual spending plan budgets were presented and properly adopted at public meetings.
- ▶ All expenditures were first approved by a majority of Commissioners in a public meeting and recorded in the minutes;

- ▶ With the exception of grants and one disbursement for office supplies, all other disbursements were supported by adequate documentation;
- ▶ ANC 1B participated in the ANC Security Fund.

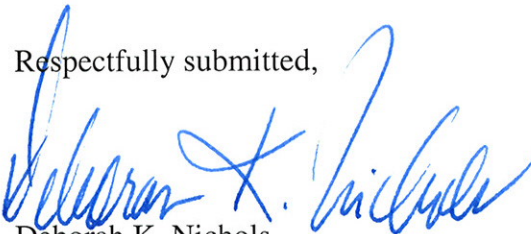
CONCLUSION

The Auditor's examination of ANC 1B's books and records revealed that ANC 1B did not fully comply with all relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General.

During fiscal years 2006, 2007, and 2008, through March 31, 2008, ANC 1B disbursed \$60,332.57. The Auditor found, however, that ANC 1B's Treasurer maintained adequate documentation to justify and support only \$28,387.58, or 47.1%, of total disbursements made during the audit period. The Auditor also found that of the 28 grants awarded during the audit period, only 9 grants were supported by both the statement of use and receipts. Additionally, 3 of the 10 quarterly financial reports due to the Auditor's Office during the audit period were filed more than 30 days after the required due date. Further, three checks were issued which contained only one signature and five checks were made payable to and signed by the same Commissioner.

Overall, the Auditor found that ANC 1B maintained a well-organized record keeping system and, with the exception of grants, adequate internal controls were in place in other areas to produce reliable financial information and ensure that its assets were properly safeguarded.

Pursuant to D.C. Code, Section 1-309 13 (d) (3), ANC 1B must respond in writing to each of the violations detailed herein within 90 days. Failure to do so will result in the forfeiture of ANC 1B's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,

Deborah K. Nichols
District of Columbia Auditor