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Letter Report: Audit of Advisory Neighborhood Commission 5A for Fiscal Years 2008 Through 2011, as of March 31, 2011

September 30, 2011

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Commissioner Herman Preston
Chairperson
Advisory Neighborhood Commission 5A
4613 12th Street, NE
Washington, D.C. 20017

Letter Report: Audit of Advisory Neighborhood Commission 5A for Fiscal Years 2008 Through 2011, as of March 31, 2011

Dear Commissioner Preston:

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) 5A.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 5A's disbursements complied with the ANC Act, ANC Financial Management Guidelines [2] 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.

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[1] *See* 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.

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

The audit covered fiscal years 2008 through 2011, as of March 31, 2011 (October 1, 2007 through March 31, 2011). 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.

SUMMARY OF ANC 5A'S DISBURSEMENTS DURING FISCAL YEARS 2008 THROUGH 2011, AS OF MARCH 31, 2011

During the audit period, ANC 5A disbursed $71,730.24. Table I summarizes, by category, ANC 5A's disbursements made during the audit period, including bank service charges.

Table I
Summary of ANC 5A's Disbursements
During Fiscal Years 2008 Through 2011,
as of March 31, 2011

DISBURSEMENTS	FY 2008	FY 2009	FY 2010	FY 2011 as of March 31, 2011	Grand Total
Net Salaries & Wages	$0.00	$0.00	$0.00	$0.00	$0.00
Workers Compensation	$0.00	$0.00	$0.00	$0.00	$0.00
Health Insurance	$0.00	$0.00	$0.00	$0.00	$0.00
Total Federal Wage Taxes Paid	$0.00	$0.00	$0.00	$0.00	$0.00
Local Income Taxes Paid	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment Insurance taxes	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Penalties Paid	$0.00	$422.00	$0.00	$0.00	$422.00
Local Transportation	$0.00	$0.00	$0.00	$0.00	$0.00
Office Rent	$0.00	$0.00	$0.00	$0.00	$0.00
Telephone Service	$1,484.83	$1,719.13	$1,407.88	$1,880.51	$6,492.35
Postage and Delivery	$0.00	$48.24	$17.60	$0.00	$65.84
Utilities	$6,035.14	$3,433.24	$5,222.43	$3,367.85	$18,058.66
Printing and Duplication	$0.00	$68.90	$0.00	$0.00	$68.90
Flyer Distribution	$50.00	$0.00	$0.00	$0.00	$50.00
Purchase of Service	$985.63	$536.24	$150.00	$408.57	$2,080.44
Office Supplies & Expenses	$333.95	$1,304.26	$3,448.95	$744.46	$5,831.62
Office Equipment - Rental	$5,637.08	$5,399.83	$6,343.61	$3,809.56	$21,190.08
Office Equipment - Purchase	$0.00	$0.00	$0.00	$0.00	$0.00
Grants	$0.00	$0.00	$1,000.00	$0.00	$1,000.00
Training	$0.00	$0.00	$0.00	$0.00	$0.00
Petty Cash Reimbursement	$0.00	$0.00	$0.00	$0.00	$0.00
Transfer to Savings Account	$0.00	$0.00	$0.00	$0.00	$0.00
Bank Service Charges	$36.00	$37.00	$151.25	$78.00	$302.25
Other	$25.00	$4,986.25	$8,721.07	$2,076.28	$15,808.60
Total Disbursements	$14,587.63	$17,955.09	$26,462.79	$12,365.23	$71,370.74

FINDINGS

ANC 5A COMPLIED 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 5A's Treasurer maintained adequate documentation to support $70.370.24, or 99%, of disbursements made during the audit period. The Auditor's examination of relevant documentation indicated that ANC 5A officers established adequate procedures to ensure that appropriate required financial documentation was obtained and maintained in the ANC's files to support disbursements.

ANC 5A GRANT DISBURSEMENTS DIDNOT FULLY 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 II, ANC 5A awarded five grants for $1,000 during the audit period. The grants however were not always supported by the required grant application, statement of use or receipts.[3]

Table II
Advisory Neighborhood Commission 5A
Grants Issued During Fiscal Years 2008 through 2011,
As of March 31, 2011

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
Yes	Woodridge Warrior Youth Organization To assist with paying for recertifying Football Helmets for safety purposes.	$ 500	7/28/10	No/No
Yes	Brookland Neighborhood Civic Association To assist with material and labor cost for installing a community kiosk to be located at 12th and Newton Streets, NE in Brookland.	$ 500	7/28/10	Yes/No
	Total	**$ 1,000**		

Source: ANC 5A quarterly financial reports, checkbook, canceled checks, and bank statements.

RECOMMENDATION

ANC 5A officers should ensure that adequate procedures are in place to ensure that required documentation is submitted and retained for all grants issued.

[3] The Auditor recommended a deduction $1,000.00 from ANC 5A's related quarterly allotment, during the quarterly review process, as a result of these insufficiently grant disbursements.

ANC 5A FILED ALL REQUIRED QUARTERLY FINANCIAL REPORTS DUE DURING THE AUDIT PERIOD IN A TIMELY MANNER

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.

ANC 5A filed 13 of the required 14 quarterly financial reports on before, or within 15 days of the due date. One report, however, was received 25 days after the due date.

ANC 5A 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 5A's quarterly financial reports and other relevant documentation revealed that ANC 5A held a total of 35 public meetings during the 42-month audit period. Therefore, ANC 5A fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 5A DID NOT MAINTAIN MINUTES FOR ALL PUBLIC MEETINGS HELD

ANC 5A did not maintain minutes for 4 of the 35 public meetings held during the audit period. Maintaining minutes of public meetings ensures that a record is maintained to document, in addition to the certification of officers, the votes on all expenditures and reimbursements brought before the Commission for approval. The minutes also document important issues presented by 5A constituents, to the Commission, and any presentation and approval of expenditures, grant requests, treasurer's reports, and quarterly financial reports.

RECOMMENDATION

ANC 5A's officers maintain minutes for all public meetings to document votes on all expenditures and reimbursements brought before the Commission for approval as well as the presentation and approval of expenditures, grant requests, treasurer's reports, and quarterly financial reports.

ANC 5A ESTABLISHED ANNUAL FISCAL YEAR SPENDING PLAN BUDGETS

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 5A's records revealed that annual fiscal year spending plan budgets were developed and approved within 60 days of notification of the amount of the commission's annual allotment.

ANC 5A PARTICIPATED IN THE ANC SECURITY FUND

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

> 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 5A participated in the ANC Security Fund in calendar years 2008, 2009, 2010, and 2011.

INTERNAL CONTROLS WERE ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ASSETS WERE PROPERLY SAFEGUARDED

The Auditor found that ANC 5A's internal controls were adequate as evidenced by, but not limited to, 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;
- 99% disbursements were supported by adequate documentation; and
- ANC 5A participated in the ANC Security Fund.

CONCLUSION

The Auditor's examination of ANC 5A's financial accounts, books, and records revealed that ANC 5A did not consistently 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 2007 through 2009, as of March 31, 2009, ANC 5A maintained the required documentation to justify and support 99% of disbursements. Additionally, ANC 5A complied fully with the public meeting requirement of the ANC Act and minutes of meetings were prepared and maintained in the ANC's files for the majority of the public meetings held by the commission.

Overall, the Auditor found that ANC 5A maintained an organized record keeping system and adequate internal controls were in place to produce reliable financial information and substantially ensure that the assets of ANC 5A were properly safeguarded.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 5A must respond in writing to each of the deficiencies detailed herein within 90 days.

- ANC 5A Grant Disbursements Did not Fully Comply With The ANC Act
- ANC 5A Did Not Maintain Minutes For All Public Meetings Held.

Failure to do so will result in the forfeiture of ANC 5A's next scheduled quarterly allotment until a response is filed.

Sincerely,

Yolanda Branche
Acting District of Columbia Auditor