



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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Deborah K. Nichols  
District of Columbia Auditor  
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**Letter Report: Audit of Advisory Neighborhood  
Commission 2B for Fiscal Years 2006 Through 2008,  
as of March 31, 2008**

**September 12, 2008**



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Commissioner Ramon Estrada  
Chairperson  
Advisory Neighborhood Commission 2B  
1417 T Street, NW #2  
Washington, D.C. 20009

**Letter Report:** Audit of Advisory Neighborhood Commission 2B for Fiscal Years  
2006 Through 2008, as of March 31, 2008

Dear Commissioner Estrada:

Pursuant to Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (ANC Act),<sup>1</sup> as amended, the District of Columbia Auditor (Auditor) conducted an audit of the financial accounts and operations of Advisory Neighborhood Commission (ANC or Commission) 2B.

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

The objectives of the audit were to determine whether:

1. ANC 2B's disbursements complied with the ANC Act, ANC Financial Management Guidelines<sup>2</sup> 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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<sup>1</sup>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.

<sup>2</sup>Office 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 (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 2B'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2008**

Table I presents a statement of ANC 2B's checking, savings, and petty cash account balances as of March 31, 2008.

**Table I  
ANC 2B's Checking, Savings, and Petty Cash Account Balances  
As of March 31, 2008**

Petty Cash Account	\$	0.00*
Checking Account		9,409.57
Savings Account		<u>19,643.65</u>
<b>Actual Cash Balance</b>	<b>\$</b>	<b>29,053.22</b>

\*ANC 2B did not maintain a petty cash fund during the audit period.  
Source: ANC 2B's quarterly reports and bank statements for the period October 1, 2006 through March 31, 2008.

**SUMMARY OF ANC 2B'S DISBURSEMENTS DURING FISCAL YEARS 2006 THROUGH 2008, AS OF MARCH 31, 2008**

During the audit period, ANC 2B disbursed \$66,137.37. Table II summarizes, by category, ANC 2B's disbursements made during the audit period, including bank service charges.

**Table II**  
**Summary of ANC 2B'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	\$ 9,607.38	\$ 9,234.48	\$ 1,878.16	\$ 20,720.02
Workers Compensation	124.10	0.00	939.08	1,063.18
Insurance (Casualty/Property)	810.87	1,013.00	0.00	1,823.87
Federal Wage Taxes Paid	959.47	2,034.76	3,787.04	6,781.27
Local Income Taxes Paid	0.00	159.44	0.00	159.44
Unemployment Insurance Contributions	32.63	179.28	65.26	277.17
Tax Penalties Paid	133.09	39.00	0.00	172.09
Local Transportation	0.00	0.00	10.00	10.00
Office Rent	1,200.00	0.00	0.00	1,200.00
Telephone Service	248.27	118.57	0.00	366.84
Postage and Delivery	0.00	41.00	0.00	41.00
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	765.00	0.00	0.00	765.00
Purchase of Service	1,164.52	3,108.15	528.01	4,800.68
Office Supplies & Expenses	822.84	859.99	962.43	2,645.26
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	602.83	0.00	0.00	602.83
Grants	0.00	0.00	0.00	0.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	77.31	9.00	0.00	86.31
Other	22,253.03	25.00	2,344.38	24,622.41
<b>Total Disbursements</b>	<b>\$ 38,801.34</b>	<b>\$ 16,821.67</b>	<b>\$ 10,514.36</b>	<b>\$ 66,137.37</b>

Source: ANC 2B's quarterly financial reports, check book, canceled checks, and bank statements.

## FINDINGS

### **ANC 2B FULLY 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.

Overall, the Auditor found that ANC 2B maintained adequate documentation to support \$66,097.38, or 99.94%, of the \$66,137.37 in disbursements made during the audit period. The Auditor's examination of relevant documentation indicated that ANC 2B officers established adequate procedures to ensure that appropriate required financial documentation was obtained and maintained in the ANC's files to support disbursements.

### **ANC 2B'S TREASURER FILED 8 OF THE 10 QUARTERLY REPORTS REQUIRED DURING THE AUDIT PERIOD BEFORE THE DUE DATE**

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 2B's Treasurer filed eight of the 10 reports required during the audit period before the due date. The remaining two reports were filed within 2 weeks after the due date. Therefore, the Auditor found that ANC 2B substantially complied with D.C. Code, Section 1-309.13 (j) (1)

**ANC 2B 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 2B's quarterly financial reports and other relevant documentation revealed that ANC 2B held a total of 32 public meetings during the 30-month audit period. Therefore, ANC 2B fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

**ANC 2B MAINTAINED MINUTES FOR ALL 32 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD**

ANC 2B maintained minutes for all 32 public meetings held during the audit period. A review of ANC 2B'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 2B 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 2B's records revealed that annual fiscal year spending plan budgets were developed during the audit period. Therefore, ANC 2B fully complied with D.C. Code Section 1-309.10 (n).

## **ANC 2B 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 2B participated in the ANC Security Fund in calendar years 2006, 2007, and 2008. Therefore, ANC 2B fully complied with D.C. Code, Section 1-309.13 (c).

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

The Auditor found that ANC 2B's internal controls were adequate as evidenced by, but not limited to, the following:

- ▶ All expenditures were first approved by a majority of Commissioners in a public meeting and recorded in the minutes;
- ▶ 99.94% of disbursements were supported by adequate documentation;
- ▶ Bank account reconciliations were regularly performed;
- ▶ The phrase "District of Columbia Government" was included in the Commission's account name and on the face of its checks; and
- ▶ ANC 2B participated in the ANC Security Fund.

## **CONCLUSION**

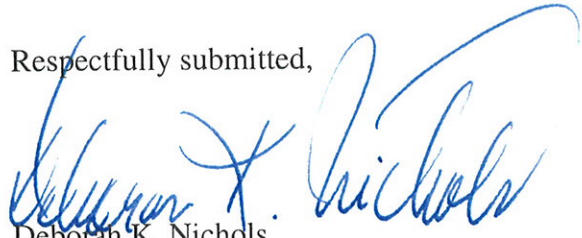
The Auditor's examination of ANC 2B's books and records revealed that ANC 2B substantially complied with all relevant provisions of the Advisory Neighborhood Commissions Act

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 2B maintained the required documentation to justify and support 99.94% of expenditures. ANC 2B complied fully with the public meeting requirement of the ANC Act and minutes of meetings were prepared and maintained in the ANC's files. ANC 2B has an exemplary quarterly financial report submission record in that the majority of reports due were filed early.

Overall, the Auditor found that ANC 2B maintained an organized record keeping system and adequate internal controls were in place to produce reliable financial information and substantially ensure that its assets were properly safeguarded.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor