



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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**Letter Report: Audit of Advisory Neighborhood Commission
4A for Fiscal Years 2005 Through 2007,
as of March 31, 2007**

July 18, 2007



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Commissioner Stephen A. Whatley
Chairperson
Advisory Neighborhood Commission 4A
1315 Fern Street, NW
Washington, D.C. 20012

Letter Report: Audit of Advisory Neighborhood Commission 4A for Fiscal Years 2005 Through 2007, as of March 31, 2007

Dear Commissioner Whatley:

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) 4A.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 4A'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 2005 through 2007 (October 1, 2004 through March 31, 2007). 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 4A’S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES AS OF MARCH 31, 2007

Table I presents a statement of ANC 4A’s checking, savings, and petty cash account balances as of March 31, 2007.

**Table I
ANC 4A’s Checking, Savings, and Petty Cash Account Balances
As of March 31, 2007**

Petty Cash Account	\$	0.00*
Checking Account		81,646.07
Savings Account		<u>0.00*</u>
Actual Cash Balance		\$ 81,646.07

*ANC 4A did not maintain a petty cash fund or savings account during the audit period.
Source: ANC 4A’s quarterly reports and bank statements for the period October 1, 2004 through March 31, 2007.

SUMMARY OF ANC 4A’S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2007 AS OF MARCH 31, 2007

During the audit period, ANC 4A disbursed \$30,524.99. Table II summarizes, by category, ANC 4A’s disbursements, including bank service charges.

Table II
Summary of ANC 4A's Disbursements
During Fiscal Years 2005 Through 2007,
as of March 31, 2007

Disbursement Category	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007 as of March 31, 2007	Grand Total
Net Salaries & Wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Workers Compensation	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	72.80	0.00	35.10	107.90
Office Rent	7,173.84	6,856.88	4,356.25	18,386.97
Telephone Service	276.88	293.68	174.60	745.16
Postage and Delivery	1,224.00	224.00	0.00	1,448.00
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	1,169.84	1,845.98	11.95	3,027.77
Purchase of Service	0.00	0.00	0.00	0.00
Office Supplies & Expenses	32.08	0.00	0.00	32.08
Office Equipment - Rental	474.00	365.90	0.00	839.90
Office Equipment - Purchase	0.00	197.02	0.00	197.02
Grants	0.00	0.00	0.00	0.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	0.00	0.00	0.00	0.00
Other ³	5,491.97	25.00	223.22	5,740.19
Total Disbursements	\$ 15,915.41	\$ 9,808.46	\$ 4,801.12	\$ 30,524.99

Source: ANC 4A's quarterly financial reports, check book, canceled checks, and bank statements.

³ "Other" disbursements for fiscal year 2005 include: \$5,142 for attorney fees; \$312 for computer related software and services; \$12.97 for rent-related charges; and \$25 for ANC Security Fund participation fee.

FINDINGS

ANC 4A 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 4A maintained adequate documentation to support \$30,508.99, or 99.9%, of the \$30,524.99 in disbursements made during the audit period

ANC 4A FILED FOUR 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. [Auditor's Emphasis]

As presented in Table III, ANC 4A filed four of the 10 reports required during the audit period over 30 days late. Therefore, the Auditor found that ANC 4A failed to substantially comply with D.C. Code, Section 1-309.13 (j) (1).

Table III
Advisory Neighborhood Commission 4A
Quarterly Financial Report Submission Record:
Fiscal Years 2005 Through 2007, As of March 31,2007

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2005 - 2nd	01/01/05 through 03/31/05	05/30/05	08/15/05	77 Days Late
2005 - 4th	07/01/05 through 09/30/05	11/29/05	02/09/06	72 Days Late
2006 - 1st	10/01/05 through 12/31/05	03/01/06	04/28/06	58 Days Late
2006 - 3rd	04/01/06 through 06/30/06	08/29/06	10/04/06	36 Days Late

Source: ANC 4A quarterly financial reports.

RECOMMENDATION

ANC 4A's Treasurer prepare and file all future quarterly financial reports in a more timely manner.

ANC 4A 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 4A's quarterly financial reports and other relevant documentation revealed that ANC 4A held a total of 26 public meetings during the 30-month audit period. Therefore, ANC 4A complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 4A MAINTAINED MINUTES FOR ALL 26 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

ANC 4A maintained minutes for all 26 public meetings held during the audit period. A review of ANC 4A'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 4A DID NOT ESTABLISH 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 4A's records revealed that annual fiscal year spending plan budgets were not established for fiscal years 2005, 2006, or 2007.

RECOMMENDATIONS

1. ANC 4A develop, present, and adopt an annual fiscal year spending plan budget for fiscal year 2008 within 60 days of notification of the amount of the Commission's annual allotment.
2. ANC 4A's Chairperson and Treasurer develop and implement a mechanism to ensure that an annual fiscal year spending plan budget is prepared and approved by the Commissioners for each forthcoming fiscal year at the appropriate time.

ANC 4A 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 4A participated in the ANC Security Fund in calendar years 2005, 2006, and 2007. Therefore, ANC 4A 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 4A'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;
- ▶ All disbursements were supported by adequate documentation;
- ▶ The phrase "District of Columbia Government" was included in the Commission's account name and on the face of its checks; and
- ▶ ANC 4A participated in the ANC Security Fund.

CONCLUSION

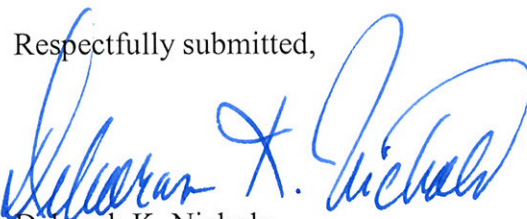
As a result of the examination of ANC 4A's books and records, the Auditor determined that, although improvements can be made in some areas of its financial operations, ANC 4A substantially complied with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, the Financial 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 2005, 2006, and 2007, through March 31, 2007, ANC 4A maintained the required documentation to justify and support 99% of expenditures. ANC 4A complied fully with the public meeting requirement of the ANC Act and minutes of meetings were prepared and maintained in the ANC's files. The Auditor found, however, that of the 10 quarterly financial reports due to the Auditor's Office during the audit period, four were filed more than 30 days after the due date.

The Auditor further found that ANC 4A did not establish annual fiscal year spending plan budgets for fiscal year 2005, 2006, or 2007. The Auditor recommends that the Commission develop an annual spending plan budget for the upcoming year and put a process in place to ensure that this requirement is timely met each fiscal year.

Overall, the Auditor found that ANC 4A maintained an excellent record keeping system and adequate internal controls were in place to produce reliable financial information and substantially ensure that its assets were properly safeguarded.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 4A 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 4A's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,

Deborah K. Nichols
District of Columbia Auditor