



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 1C for Fiscal Years 2005 Through 2008,
as of March 31, 2008**

September 30, 2008

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Commissioner Bryan Weaver
Chairperson
Advisory Neighborhood Commission 1C
1812 Calvert Street, NW #D
Washington, D.C. 20009

Letter Report: Audit of Advisory Neighborhood Commission 1C for Fiscal Years 2005 Through 2008, as of March 31, 2008

Dear Commissioner Weaver:

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) 1C.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 1C'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 2008 as of March 31, 2008 (October 1, 2004 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 1C'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2008

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

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

Petty Cash Account	\$	0.00*
Checking Account		54,343.41
Savings Account _____		<u>0.00*</u>
Actual Cash Balance	\$	54,343.41

* ANC 1C did not maintain a petty cash fund or savings account during the audit period.
Source: ANC 1C's quarterly reports and bank statements for the period October 1, 2004 through March 31, 2008.

SUMMARY OF ANC 1C'S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2008, AS OF MARCH 31, 2008

During the audit period, ANC 1C disbursed \$87,437.29. Table II summarizes, by category, ANC 1C's disbursements made during the audit period, including bank service charges.

Table II
Summary of ANC 1C's Disbursements
During Fiscal Years 2005 Through 2008,
as of March 31, 2008

Disbursement Category	Fiscal Year 2005	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	\$ 0.00
Workers Compensation	0.00	0.00	0.00	0.00	0.00
Federal Wage Taxes	0.00	0.00	0.00	0.00	0.00
Local Income Taxes	0.00	0.00	0.00	0.00	0.00
Tax Penalties Paid	0.00	0.00	0.00	0.00	0.00
Local Transportation	30.00	0.00	0.00	0.00	30.00
Office Rent	0.00	0.00	0.00	0.00	0.00
Telephone Service	447.37	445.20	441.26	197.74	1,531.57
Postage and Delivery	37.00	210.00	0.00	0.00	247.00
Utilities	0.00	0.00	0.00	0.00	0.00
Printing & Duplicating	114.42	62.51	0.00	97.83	274.76
Purchase of Service	0.00	0.00	7,808.60	16,170.05	23,978.65
Office Supplies &	0.00	0.00	0.00	0.00	0.00
Office Equipment - Rental	0.00	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	0.00	0.00	0.00
Grants	11,200.00	11,112.78	9,300.00	9,400.00	41,012.78
Training	0.00	264.00	0.00	0.00	264.00
Petty Cash	0.00	0.00	0.00	0.00	0.00
Bank Service Charges	53.00	33.00	30.00	127.73	243.73
Other ³	2,798.93	4,544.85	8,073.57	4,437.45	19,854.80
Total Disbursements	\$ 14,680.72	\$ 16,672.34	\$ 25,653.43	\$ 30,430.80	\$87,437.29

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

³ Other disbursements includes fees for meeting space, storage, advertising, participation in ANC Security Fund, and cost of ABC Hearing video.

FINDINGS

ANC 1C SUBSTANTIALLY COMPLIED WITH D.C. CODE, SECTION 1-309.13 (j) (1) BY MAINTAINING ADEQUATE DOCUMENTATION TO SUPPORT A MAJORITY OF 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 1C maintained adequate documentation to support \$68,642.29, or 78.5%, of the \$87,437.29 in disbursements made during the audit period. However, disbursements totaling \$18,795.00, or 21.5 %, of total disbursements were not supported by adequate documentation. The unsupported disbursements were comprised entirely of grants. Of the 38 grants issued during the audit period, 16 grants were not supported by both the statement of use and receipts as required by D.C. Code, Section 1-309.13 (m). Therefore, ANC 1C substantially complied with D.C. Code, Section 1-309.13 (j) (1), however, the ANC's Treasurer and Chairperson must make significant improvements in this area.

RECOMMENDATION

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

ANC 1C'S TREASURER FILED 7 OF THE 14 QUARTERLY REPORTS REQUIRED DURING THE AUDIT PERIOD MORE THAN 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 1C filed seven of the 14 quarterly financial reports required during the audit period over 30 days late. Of the remaining 7 reports, 3 were filed early and 4 were filed on time or less than 30 days after the due date. Therefore, the Auditor found that ANC 1C did not substantially comply with D.C. Code, Section 1-309.13 (j) (1).

**Table III
Advisory Neighborhood Commission 1C
Quarterly Financial Report Submission Record:
Fiscal Years 2005 Through 2008, As of March 31, 2008**

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2005 - 2nd	01/01/05 through 03/31/05	05/30/05	07/26/05	57 Days Late
2005 - 4th	04/01/05 through 06/30/05	11/29/05	02/08/06	71 Days Late
2006 - 2nd	01/01/06 through 03/31/06	05/30/06	08/09/06	71 Days Late
2006 - 4th	07/01/06 through 09/30/06	11/29/06	03/09/07	100 Days Late
2007 - 3rd	04/01/07 through 06/30/07	08/29/07	04/04/08	219 Days Late
2007 - 4th	07/01/07 through 09/30/07	11/29/07	04/04/08	127 Days Late
2008 - 1st	10/01/07 through 12/31/07	02/29/08	04/04/08	35 Days Late

Source: ANC 1C quarterly financial reports.

RECOMMENDATION

ANC 1C's Treasurer prepare and file all future quarterly financial reports on time.

ANC 1C 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 1C's quarterly financial reports and other relevant documentation revealed that ANC 1C held a total of 49 public meetings during the 42-month audit period. Therefore, ANC 1C fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 1C MAINTAINED MINUTES FOR ALL 49 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

_____ ANC 1C maintained minutes for all 49 public meetings held during the audit period. A review of ANC 1C'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 1C ESTABLISHED ANNUAL FISCAL YEAR SPENDING PLAN BUDGETS FOR ALL FISCAL YEARS 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 1C's records revealed that annual fiscal year spending plan budgets were developed during the audit period. Therefore, ANC 1C fully complied with D.C. Code Section 1-309.10 (n).

ANC 1C GRANT DISBURSEMENTS DID NOT COMPLY FULLY 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 1C awarded 38 grants totaling \$41,012.78 during the audit period. Only 22 of the grants totaling \$22,217.78 were supported by both the statement of use and receipts as required by D.C. Code § 1-309.13 (m). Therefore, 16 grants totaling \$18,795 were not fully supported by both the statement of use and receipts.

Table IV
Advisory Neighborhood Commission 1C
Grants Issued During Fiscal Years 2005 through 2008,
As of March 31, 2008

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	Sitar Center: To provide materials to ensure quality arts education to 300 at-risk youth in the area.	\$ 1,000.00	09/08/04	No/No
Yes	Friends of Kalorama Park: To fund needed supplies for the academic aspect of the youth program for the Historic Black College Tour.	1,000.00	10/07/04	No/No
Yes	Sarah's Circle: To purchase four security cameras to monitor activity in the main lobby and the wellness center lobby.	1,000.00	12/01/04	No/No
Yes	Community of Hope: To improve the laboratory facilities of Community of Hope's health clinic at the Marie Reed.	600.00	02/02/05	No/No
Yes	City Arts: For installation of lighting for the newly-created multi-cultural mural at 18 th Street and Florida Avenue, NW.	1,000.00	02/02/05	No/No
Yes	CHIME: To support CHIME's Music Around the World series offered to all DC public schools on a first-come-first-serve basis.	1,000.00	03/02/05	Yes/Yes
Yes	Sol Y Soul: To restore a mural located at 1817 Adams Mill Road.	1,000.00	05/04/05	No/Yes
Yes	Urban Rangers: To purchase cameras and audio tapes to document interviews and photo sessions.	1,000.00	06/01/05	Yes/Yes

Yes	Capital City Public Charter School: To create an ABC picture book on the topic of homelessness.	600.00	06/01/05	No/No
Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	MPD Reserve Corps Mountain Bike Patrol Fund: To purchase a police mountain bike and equipment for use in mountain bike patrols in ANC 1C neighborhoods.	1,000.00	06/01/05	No/No
Yes	Adams Morgan Main Street: For urban reforestation of the Adams Morgan business area.	1,000.00	06/01/05	No/No
Yes	Mary's Center: To support educational and creative resources, such as workbooks, flash cards, science experiments, chess sets, and various other recreational activities.	1,000.00	07/06/05	No/No
Yes	The Patricia Sitar Center for the Arts: To purchase 3/4 size cello and 1/2 size violin for local area youth in the ANC 1C boundary	1,000.00	08/03/05	No/No
Yes	Kalorama Citizen Association: To pay the consultant, EHT Traceries, Inc., for three presentations to be given at public meetings in Adams Morgan on the public benefit and value of historic districts	600.00	11/02/05	Yes/Yes
No	Help DC Help DC: ⁴ To purchase a bird bath for the beautification of Champorama Park.	117.78	Unknown	Yes/Yes
Yes	International Migrants Development Fund: To produce the program's teaching materials, handouts and reference materials for students.	1,000.00	12/07/05	Yes/Yes
Yes	Jubilee Housing: To help finance Jubilee Housing development of a Technology Center and Wellness Center.	1,000.00	12/07/05	Yes/Yes
Yes	Friends of Walter Pierce Park: To purchase new safety chips for the children play area at Walter Pierce Park.	1,395.00	03/01/06	No/Yes

⁴ The purpose of the grant is based on the statement of use because a copy of the grant application was not provided with the quarterly report. Further, 12/07/05 was given as the approval date of the grant; however, approval of the grant was not recorded in the minutes for the 12/07/05 meeting.

Yes	Jubilee Jobs: To purchase a replacement copier for the Jubilee Jobs office.	1,000.00	04/05/06	Yes/Yes
Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	Sitar Center: To provide materials for the Sitar Center summer musical production.	1,000.00	07/05/06	Yes/Yes
Yes	Hoops Sagrado: To fund the neighborhood basketball tournament in Kalorama Park.	1,000.00	07/05/06	Yes/Yes
Yes	Hoops Sagrado: To support the purchase of uniforms for D.C. youth basketball team who will be traveling to Guatemala.	1,000.00	07/05/06	Yes/Yes
Yes	Fund for Kalorama Park: To purchase recreational equipment.	1,000.00	08/02/06	Yes/Yes
Yes	Kalorama Citizens Association: To provide materials and other support to the Howard University team conducting a non-invasive archeological survey of the Colored Union Benevolent Association Cemetery.	1,000.00	10/04/06	Yes/Yes
Yes	Emmaus Services for Aging: To rent a bus to transport 300 seniors to the organization's annual Holiday Party and to purchase gift cards for approximately 200 homebound seniors.	1,000.00	11/01/06	Yes/Yes
Yes	Emmaus Services for Aging: To purchase non-food supplies, baskets and gifts for Thanksgiving holiday gift baskets for approximately 300 non-homebound seniors.	1,000.00	11/01/06	Yes/Yes
Yes	We Are Family: To purchase Christmas gifts for isolated, low-income, and/or homebound seniors in the Adams Morgan, Columbia Heights, Shaw, and North Capitol neighborhoods.	2,000.00	11/01/06	No/Yes
Yes	CHIME: To support an Integrated Music Program at Adams Elementary School during the 2005-2006 school year.	1,000.00	12/07/06	Yes/Yes

Yes	Sara's Circle: To support an ongoing digital photography class for Adams Morgan seniors.	1,000.00	02/05/07	Yes/Yes
Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	Sibayne Mentor Program: To fund transportation to the Petersburg National Battlefield.	800.00	04/04/07	Yes/Yes
Yes	Reed Cooke Association: To transport music student to a music competition held at Kings Dominion. ⁵	1,500.00	05/02/07	Yes/Yes
Yes	Helping Individual Prostitutes Survive (H.I.P.S.): To purchase and install a refrigerator that will support H.I.P.S. counseling and crisis intervention services.	1,000.00	06/06/07	Yes/Yes
Yes	Good Shepherd Ministries: To fund the Good Shepherd Teen Learning Center's modernizing and community outreach strategy in purchasing a play station 3, 4 globes, stereo, and a universal gaming table.	1,000.00	06/06/07	No/No
Yes	Emmaus Services for Aging To fund holiday activities for seniors, all of which will involve volunteers and donors from the Adams Morgan area.	200.00	12/05/07	No/No
Yes	Kalorama Citizen's Association: To provide stipends to Howard University students and mileage reimbursement to the Professor conducting a non-invasive archeological survey of the Colored Union Benevolent Association Cemetery.	2,000.00	12/05/07	Yes/Yes
Yes	Reed Cooke Neighborhood Association: To help launch a mentor/student program called bikes for brains where students will be awarded with bicycles for academic improvement.	200.00	12/05/07	Yes/Yes
Yes	We Are Family: To buy personal care items for community seniors that will be delivered as Christmas gifts.	1,000.00	12/05/07	Yes/Yes

⁵ During the quarterly review process, the Auditor recommended that \$1,500 be withheld from the Commission's 1st quarter FY 2008 allotment because the grant funds were used for transportation outside of the Washington metropolitan area in violation of D.C. Code, Section 1-309.13 (1) (2).

Yes	Fondo Internacional: To purchase immediate necessities for victims of the Mount Pleasant fire who lost everything, including metro passes and clothing.	5,000.00	03/18/08	No/No
	Total	\$41,012.78		

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

RECOMMENDATIONS

1. ANC 1C's Chairperson and Treasurer ensure that each grantee files with the ANC a statement of how the grant funds were used along with receipts which support the expenditure of the grant funds.
2. ANC 1C'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 1C'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 the 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 use and expenditure documentation.
- _____ 4. If a grantee fails to provide receipts supporting the expenditure of the 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 1C 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 1C participated in the ANC Security Fund in calendar years 2005, 2006, 2007, and 2008. Therefore, ANC 1C fully complied with D.C. Code, Section 1-309.13 (c).

ANC 1C'S TREASURER ISSUED ONE CHECK FOR \$272 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." Check number 3313, dated July 11, 2007, for \$272, made payable to Extra Space Storage, was issued with only one signature which violated the ANC law.⁶

RECOMMENDATION

ANC 1C officers comply with D.C. Code, Section 1-309.13 (f) by ensuring that all ANC checks contain two authorized signatures.

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

The Auditor found that ANC 1C'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;
- ▶ With the exception of grants, all disbursements were supported by adequate documentation;

⁶ \$272 was withheld from the Commission's 2nd quarter FY 2008 allotment.

CONCLUSION


The Auditor's examination of ANC 1C's financial accounts, books, and records revealed that ANC 1C 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 2005 through 2008, as of March 31, 2008, ANC 1C disbursed \$87,437.29. The Auditor found, however, that ANC 1C's Treasurer maintained adequate documentation to justify and support only \$68,642.29, or 78.5%, of total disbursements made during the audit period. The Auditor also found that of the 38 grants awarded during the audit period, only 22 grants were supported by both the statement of use and receipts. Additionally, 7 of the 14 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, one check was issued which contained only one signature.

Overall, the Auditor found that ANC 1C maintained an 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 1C 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 1C's next schedule quarterly allotment until a response is filed.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor