



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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024:07:LB:KM:GK

**Letter Report: Audit of Advisory Neighborhood Commission  
6A for Fiscal Years 2005 Through 2007,  
as of March 31, 2007**

**September 21, 2007**



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Commissioner Joseph Fengler  
Chairperson  
Advisory Neighborhood Commission 6A  
815 F Street, NE  
Washington, D.C. 20002

**Letter Report:** Audit of Advisory Neighborhood Commission 6A for Fiscal Years  
2005 Through 2007, as of March 31, 2007

Dear Commissioner Fengler:

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) 6A.

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

The objectives of the audit were to determine whether:

1. ANC 6A'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 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 6A'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2007**

Table I presents a statement of ANC 6A's checking, savings, and petty cash account balances as of March 31, 2007.

**Table I**  
**ANC 6A's Checking, Savings, and Petty Cash Account Balances**  
**As of March 31, 2007**

Petty Cash Account	\$ 0.00*
Checking Account	23,189.71
Savings Account	<u>4,168.41</u>
<b>Actual Cash Balance</b>	<b>\$ 27,358.12</b>

\*ANC 6A did not maintain a petty cash fund during the audit period.

Source: ANC 6A's quarterly reports and bank statements for the period October 1, 2004 through March 31, 2007.

**SUMMARY OF ANC 6A'S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2007, AS OF MARCH 31, 2007**

During the audit period, ANC 6A disbursed \$52,562.17. Table II summarizes, by category, ANC 6A's disbursements made during the audit period, including bank service charges.

**Table II**  
**Summary of ANC 6A'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	0.00	10.00	0.00	10.00
Office Rent	0.00	0.00	0.00	0.00
Telephone Service	0.00	0.00	0.00	0.00
Postage and Delivery	200.00	232.80	246.67	679.47
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	5,636.89	1,428.86	1,215.70	8,281.45
Purchase of Service <sup>3</sup>	18,523.20	7,917.24	4,230.50	30,670.94
Office Supplies & Expenses	61.61	0.00	0.00	61.61
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	0.00	0.00
Grants	7,897.77	2,461.94	2,310.99	12,670.70
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	39.00	74.00	0.00	113.00
Other	25.00	25.00	25.00	75.00
<b>Total Disbursements</b>	<b>\$ 32,383.47</b>	<b>\$ 12,149.84</b>	<b>\$ 8,028.86</b>	<b>\$ 52,562.17</b>

Source: ANC 6A's quarterly financial reports, check book, canceled checks, and bank statements.

<sup>3</sup> This category contains disbursements for advertising (\$14,888.40); legal services before the ABC Board (\$12,546.65); and recording/transcription of meeting minutes (\$3,235.89).

## **FINDINGS**

### **ANC 6A 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 6A maintained adequate documentation to support \$44,566.19, or 84.8%, of the \$52,562.17 in disbursements made during the audit period. However, disbursements totaling \$7,995.98, or 15.2 %, of total disbursements were not supported by adequate documentation. Therefore, ANC 6A 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.<sup>4</sup>

### **RECOMMENDATION**

ANC 6A officers ensure that adequate documentation is maintained to support all disbursements.

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<sup>4</sup> Nine grants totaling \$7,895.98 were not supported by the "statement of use" as required by D.C. Code 1-309.13 (m) and one disbursement for \$100 was not supported by a receipt as required by D.C. Code, Section 1-309.13 (j)

**FOUR OF THE TEN QUARTERLY FINANCIAL REPORTS DUE DURING THE AUDIT PERIOD WERE FILED MORE THAN 20 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 6A filed four of the 10 quarterly financial reports required during the audit period over 20 days late. Therefore, the Auditor found that ANC 6A did not fully comply with D.C. Code, Section 1-309.13 (j) (1).

**Table III**  
**Advisory Neighborhood Commission 6A**  
**Quarterly Financial Report Submission Record:**  
**Fiscal Years 2005 Through 2007, As of March 31, 2007**

<b>Year &amp; Quarter</b>	<b>Reported Months</b>	<b>Due Date</b>	<b>Date Received</b>	<b>Report Filed</b>
2005 - 2nd	01/01/05 through 03/31/05	05/30/05	06/22/05	23 Days Late
2005 - 3rd	04/01/05 through 06/30/05	08/29/05	09/20/05	22 Days Late
2005 - 4th	07/01/05 through 09/30/05	11/29/05	01/06/06	38 Days Late
2006 - 3rd	04/01/06 through 06/30/06	08/29/06	10/11/06	43 Days Late

Source: ANC 6A quarterly financial reports.

**RECOMMENDATION**

ANC 6A's Treasurer prepare and file all future quarterly financial reports in a more timely manner.

**ANC 6A 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 6A's quarterly financial reports and other relevant documentation revealed that ANC 6A held a total of 28 public meetings during the 30-month audit period. Therefore, ANC 6A fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

**ANC 6A MAINTAINED MINUTES FOR ALL 28 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD**

ANC 6A maintained minutes for all 28 public meetings held during the audit period. A review of ANC 6A'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 6A 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 6A's records revealed that annual fiscal year spending plan budgets were developed during the audit period. Therefore, ANC 6A fully complied with D.C. Code Section 1-309.10 (n).

## ANC 6A 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 6A awarded 15 grants totaling \$12,670.70 during the audit period. The Auditor found that 14 grant recipients submitted receipts to support grant funds expended. Although the receipts were consistent with the purpose of the grants, 9 grantees did not submit a “statement of use” as required by D.C. Code, Section 1-309.13 (m).

**Table IV**  
**Advisory Neighborhood Commission 6A**  
**Grants Issued During Fiscal Years 2005 through 2007,**  
**As of March 31, 2007**

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	<u>Friends of Lovejoy Park</u> Support cost of prep-work for construction to be made to Lovejoy Park by the Department of Parks and Recreation.	\$2,500.00	04/18/04	No/Yes
Yes	<u>Gibbs PTA</u> Purchase a safety stunt mat and 20 sets of pom-poms for 40 members of the school's cheerleading squad.	529.97	11/11/04	No/Yes <sup>5</sup>
Yes	<u>PTSA at Maury Elementary School</u> Funding for exercise equipment, fit/food related reading materials and cooking utensils and equipment to be used by the school's Work-in-Wellness program operated at the end of the school day.	634.00	12/09/04	No/No
Yes	<u>Miner Elementary PTSA</u> Purchase a self-supporting, portable bulletin board that can be used for both indoor and outdoor displays.	763.64	12/09/04	No/Yes
Yes	<u>Gibbs Elementary PTA</u> Purchase 20 sets of pom-poms to be used by the 40 members of the school's cheerleading squad.	174.00	05/15/05 11/11/04	No/Yes
Yes	<u>KidPower-DC, Inc.</u> Purchase program supplies, digital video tapes, and books for use in the full-service summer camp serving at-risk youth in the District.	500.00	06/09/05	Yes/Yes
Yes	<u>Spingarn HS PTSA</u> Purchase 40 pom-poms for cheerleaders.	502.00	07/14/05	No/Yes <sup>6</sup>

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<sup>5</sup> ANC 6A disbursed \$539.35 to grantee's vendor, GOPHER Sport.

<sup>6</sup> ANC 6A disbursed check to grantee's vendor, DEHEN.

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use/ Receipts Submitted
Yes	<u>Maury Elementary PTSA</u> Purchase equipment needed to support the plant and animal life that will be resident in the classroom.	995.80	09/08/05	No/Yes
Yes	<u>Ludlow Taylor Elementary PTSA</u> To replace the seating of 8 garden benches with lumber in the school courtyard garden.	1,298.36	09/08/05	No/Yes
Yes	<u>Friends of North East Library</u> Support a teen puppetry group to be run by library staff and teens for toddler to grade school audiences.	550.00	12/08/05	Yes/Yes
Yes	<u>Maury Elementary PTSA</u> Complete the computer installation in the Internet Research Center (3-6 grades).	400.00	12/08/05	Yes/Yes
Yes	<u>Summertime and Reading Together (START)</u> Purchase of books for the use by the Lincoln Park book club.	498.21	09/08/05	No/Yes <sup>7</sup>
Yes	<u>Eastern High School PTSA</u> Purchase track curtain system for mock hospital suite and professional medical reference texts for use of the Health and Medical Sciences Academy at Eastern.	1,511.94	12/08/05	Yes/Yes <sup>8</sup>
Yes	<u>Maury Elementary PTSA</u> Purchase a prefabricated website template to customize into the official Maury Elementary website.	50.00	11/09/07	Yes/Yes
Yes	<u>Eastern High School PTSA</u> Purchase anatomy models and supportive equipment for students enrolled in the Health and Medical Sciences Academy at Eastern.	1,762.78	01/11/07	Yes/Yes <sup>9</sup>
	<b>Total</b>	<b>\$12,670.70</b>		

Source: ANC 6A quarterly financial reports, checkbook, canceled checks, and bank statements.

<sup>7</sup> ANC 6A disbursed check to grantee's vendor, Politics and Prose bookstore.

<sup>8</sup> ANC 6A disbursed checks to the grantee's vendors: \$124 to Dept of Family Medicine Ohio State and \$1,387.94 to Pocket Nurses Enterprises, Inc.

<sup>9</sup> ANC 6A disbursed check to grantee's vendor, Pocket Nurses Enterprises, Inc.

## **RECOMMENDATIONS**

1. ANC 6A officers ensure that each grant file contains a grantee's statement of how grant funds were used along with receipts which support the expenditure of the funds.
2. ANC 6A's Chairperson and Treasurer request that grantees listed in Table IV who have not submitted a statement of use do so within 30 days of the date of this report.
3. ANC 6A'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 funds.

## **ANC 6A 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 6A participated in the ANC Security Fund in calendar years 2005, 2006, and 2007. Therefore, ANC 6A 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 6A'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;

- ▶ 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 6A participated in the ANC Security Fund.

## CONCLUSION

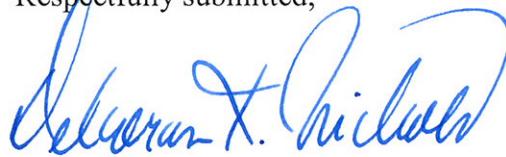
The Auditor’s examination of ANC 6A’s books and records revealed that ANC 6A substantially complied with all relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General.

During fiscal years 2005 through 2007, as of March 31, 2007, ANC 6A disbursed \$52,562.17. The Auditor found, however, that ANC 6A’s Treasurer maintained adequate documentation to justify and support only \$44,566.19, or 84.8%, of total disbursements made during the audit period. Additionally, of the 10 quarterly financial reports due to the Auditor’s Office during the audit period, four were filed more than 20 days after the required due date. Further, the Auditor found that while 13 grantees submitted receipts, 9 grantees failed to submit a statement as to the use of grant funds.

Overall, the Auditor found that ANC 6A maintained a well-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.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 6A 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 6A’s next schedule quarterly allotment until a response is filed.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor