



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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Deborah K. Nichols
District of Columbia Auditor
026:07:LB:KM:GK

**Letter Report: Audit of Advisory Neighborhood 5C
for Fiscal Years 2005 Through 2007, as of
March 31, 2007**

September 28, 2007



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Commissioner Anita Bonds
Chairperson
Advisory Neighborhood Commission 5C
202 Bates Street, NW
Washington, D.C. 20001

Letter Report: Audit of Advisory Neighborhood Commission 5C for Fiscal Years
2005 Through 2007, as of March 31, 2007

Dear Commissioner Bonds:

Pursuant to Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (ANC Act),¹ as amended, D.C. Code § 1-309.13 (d) (1), the District of Columbia Auditor (Auditor) conducted an audit of the financial accounts and operations of Advisory Neighborhood Commission (ANC or Commission) 5C.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 5C'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

¹See Section 16 (d) (1) of the Advisory Neighborhood Commissions Act of 1975, effective October 10, 1975, D.C. Law 1-21, as amended by the Comprehensive Advisory Neighborhood Commissions Reform Amendment Act of 2000, effective June 27, 2000, (D.C. Law 13-135, D.C. Code § 1-309.13 (d) (1) (2006 Repl.)) (collectively the "ANC Act"). See D.C. Code § 1-309.13 (d) (1) which states that the Auditor shall audit the financial accounts of selected Commissions and maintain a database of financial information of each Commission for historical and expenditure trend analysis.

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

2. internal controls were adequate to produce reliable financial information and ensure that the ANC's assets were properly safeguarded.

The audit covered fiscal years 2005 through 2007, as of March 31, 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 5C'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2007

Table I presents a statement of ANC 5C's checking, savings, and petty cash account balances as of March 31, 2007.

Table I
ANC 5C's Checking, Savings, and Petty Cash Account Balances
As of March 31, 2007

Petty Cash Account	\$ 200.00
Checking Account	78,372.57
Savings Account	<u>85,358.26</u>
Actual Cash Balance	\$ 163,930.83

Source: ANC 5C's quarterly reports and bank statements for the period October 1, 2004 through March 31, 2007.

SUMMARY OF ANC 5C'S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2007, AS OF MARCH 31, 2007

During the audit period, ANC 5C disbursed \$61,969.42. Table II summarizes, by category, ANC 5C's disbursements made during the audit period, including bank service charges.

Table II
Summary of ANC 5C'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	0.00	0.00	0.00
Office Rent	170.58	0.00	0.00	170.58
Telephone Service	912.99	671.49	0.00	1,584.48
Postage and Delivery	111.02	7.80	706.60	825.42
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	0.00	1,087.00	309.79	1,396.79
Flyer Distribution	115.00	30.00	0.00	145.00
Purchase of Service	0.00	1,226.00	518.00	1,744.00
Office Supplies & Expenses	0.00	197.56	334.03	531.59
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	304.99	304.99
Grants	6,150.00	8,765.86	35,444.10	50,359.96
Petty Cash Reimbursement	0.00	879.95	139.30	1,019.25
Bank Service Charges	12.00	0.00	0.00	12.00
Other ³	2,335.36	901.00	639.00	3,875.36
Total Disbursements	\$ 9,806.95	\$ 13,766.66	\$ 38,395.81	\$ 61,969.42

Source: ANC 5C's quarterly financial reports, check book, canceled checks, and bank statements.

³ "Other" disbursements include: \$3,513 for storage fees; \$156 for website service; \$131.36 for meeting space rentals; and \$75 for ANC Security Fund participation fees.

FINDINGS

ANC 5C DID NOT COMPLY WITH D.C. CODE, SECTION 1-309.13 (j) (1) BY FAILING TO MAINTAIN 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 5C maintained adequate documentation to support only \$28,555.15, or 46.1%, of the \$61,969.42 in disbursements made during the audit period. The Auditor's examination indicated that ANC 5C officers did not establish adequate procedures or practices to ensure that all appropriate required financial documentation was obtained and maintained in the ANC's files. As a consequence, disbursements totaling \$33,414.27, or 53.9%, were not adequately supported by required documentation.

RECOMMENDATION

ANC 5C officers ensure that adequate documentation is maintained to support all disbursements.

FIVE OF THE 10 QUARTERLY FINANCIAL REPORTS DUE DURING THE AUDIT PERIOD WERE FILED 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 5C filed five of the 10 reports required during the audit period over 30 days late. Therefore, the Auditor found that ANC 5C failed to comply with D.C. Code, Section 1-309.13 (j) (1).

Table III
Advisory Neighborhood Commission 5C
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	07/14/05	45 Days Late
2005 - 3rd	04/01/05 through 06/30/05	08/29/05	10/25/05	57 Days Late
2006 - 2nd	01/01/06 through 03/31/06	05/30/06	06/30/06	31 Days Late
2006 - 3rd	04/01/06 through 06/30/06	08/29/06	10/10/06	42 Days Late
2007 - 1st	10/01/06 through 12/31/06	03/01/07	06/05/07	96 Days Late

Source: ANC 5C quarterly financial reports.

RECOMMENDATION

ANC 5C’s Treasurer prepare and file all future quarterly financial reports in a more timely manner.

ANC 5C 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 5C’s quarterly financial reports and other relevant documentation revealed that ANC 5C held a total of 27 public meetings during the 30-month audit period. Therefore, ANC 5C complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 5C MAINTAINED MINUTES FOR ALL 27 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

ANC 5C maintained minutes for all 27 public meetings held during the audit period. A review of ANC 5C'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 5C DID NOT ESTABLISH AN ANNUAL FISCAL YEAR SPENDING PLAN BUDGET FOR FISCAL YEAR 2007

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 5C's quarterly reports revealed that as of March 31, 2007, ANC 5C had not established an annual fiscal year spending plan budget for fiscal year 2007.⁴

RECOMMENDATIONS

1. ANC 5C 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 5C develop and implement a mechanism to ensure that an annual fiscal year spending plan budget is prepared for each forthcoming fiscal year at the appropriate time, and maintained in their files.

⁴ Although approval of the annual fiscal year spending plan budgets for fiscal years 2005 and 2006 were recorded in ANC 5C's minutes for meetings held February 15, 2005 and February 21, 2006, the Auditor was not provided copies of these plans and none were found in ANC 5C's records.

ANC 5C GRANT DISBURSEMENTS DID NOT 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.

The Auditor found that ANC 5C disbursed 13 grants totaling \$50,359.96 during the audit period. However, only \$11,239.68, or 22.3%, of total grants disbursed were supported by grantee receipts. The Auditor also found that seven grantees failed to provide receipts and five grantees did not submit a “ statement of use” to fully support the grant expenditures as required by D.C. Code § 1-309.13 (m).

Furthermore, the Auditor found that ANC 5C did not have on file a written grant application and meeting minutes to support each grant awarded. The grants which were not supported by a written application were awarded to Adam Street Garden Committee and R Street Restoration Committee.⁵ The grants for which meeting minutes were not available to substantiate approval of total funds disbursed to the grantees’ vendors were awarded to T Street Restoration Project and R Street Restoration Committee.⁶

Grant funds disbursed to R Street Restoration Committee during fiscal year 2006 appeared to be based on a single grant application for \$800.⁷ However, funds disbursed against the \$800 application totaled \$2,955.86, which exceeded the requested amount by \$2,195.86. ANC 5C did not have documentation on file to substantiate that additional funds were requested in writing by the grantee and approved by the Commission at a public meeting.

⁵ Meeting minutes indicated approval of \$300 for Adams Street Garden Committee on October 29, 2005 and \$3,000 for R Street Restoration Committee on November 21, 2006.

⁶ ANC 5C indicated in its 2nd quarter FY 2006 check listing that the grant to T Street Restoration Project was approved on 3/21/06; however, the approval was not reflected in the minutes for the meeting held on 3/21/06.

⁷ ANC 5C’s minutes for the meeting held November 15, 2005, indicated that a grant for R Street Restoration Project was approved, but the amount approved was not reflected in the minutes. The only grant application on file for the grantee during this period contained a request for \$800.

Table IV presents the Auditor's analysis of grants issued by ANC 5C during the audit period.

Table IV
Advisory Neighborhood Commission 5C
Grants Issued During Fiscal Years 2005 through 2007,
As of March 31, 2007

Grant Application	Grantee and Grant Purpose	Amount Requested	Amount Disbursed	Grant Approved	Statement of Use/ Receipts Submitted
Yes	Young Men of Distinction: To provide remedial training and guidance to male youth in Ward 5.	\$2,000.00	\$2,000.00	10/05/04	Yes/No
Yes	Bloomington Civic Association: To participate in the D.C. Greenworks Tree Boxes and Street Trees Improvements Workshops.	\$1,200.00	\$950.00	12/07/04	Yes/No
Yes	North Capital Main Street: Neighborhood beautification.	\$4,500.00	\$4,500.00	10/05/04	Yes/Yes
Yes	Stronghold Concerned Citizens Group: To participate in the D.C. Greenworks Tree Boxes and Street Trees Improvements Workshops.	\$2,400.00	\$150.00	10/29/05	Yes/No
No	Adams Street Garden Committee: Neighborhood beautification.	\$300.00	\$360.00	10/29/05	No/No
Yes	R Street Restoration Committee: Neighborhood beautification.	\$800.00	\$2,955.86 ⁸	11/15/05	Yes/Yes
No	R Street Restoration Committee: Neighborhood beautification.	0.00	\$2,999.30 ⁹	11/21/06	No/Yes
Yes	T Street Restoration Project: Neighborhood beautification.	\$2,000.00	\$2,000.00	Unknown	Yes/Yes

⁸ ANC 5C disbursed three checks totaling \$2,955.86 to the grantee's vendors as follows: check# 1442 for \$155.86 to Behnke Nurseries and check# 1443 for \$2,800.00 to Holland Bulbs.

⁹ ANC 5C disbursed check# 1485 for \$2,999.30 to the grantee's vendor (Color Blends).

Grant Application	Grantee and Grant Purpose	Amount Requested	Amount Disbursed	Grant Approved	Statement of Use/ Receipts Submitted
Yes	Rebel Youth Shine: To hold two workshops on artistic development, character building, and entrepreneurship.	\$2,000.00	\$2,000.00	4/18/06	Yes/Yes
Yes	Crispus Attucks Development Corporation: To complete the "Memory Garden" within Crispus Attucks Park.	\$5,000.00	\$5,000.00	5/16/06	No/No
Yes	SMD 5C02 Neighborhood beautification.	\$3,000.00	\$2,989.80	11/21/05	No/Yes
Yes	Bloomington Civic Association: To support a series of quarterly Leadership Summits, and professional mediation of community conflicts and disputes.	\$12,455.00	\$12,455.00	12/18/06	No/No
Yes	Neighbors Seaton Place: To build an underground railroad memorial, install commemorative plaque describing the historical significance of the underground railroad and Harriet Tubman involvement.	\$12,000.00	\$12,000.00	12/18/06	Yes/No
	Total	\$47,655.00	\$50,359.96		

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

RECOMMENDATIONS

1. ANC 5C's Treasurer provide a copy of the R Street Restoration Committee's grant request for \$3,000 which was approved by the Commission on November 21, 2006 (fiscal year 2007). In the absence of a grant application, the Auditor will disallow the grant disbursement and recommend that \$2,999.30 be withheld from the ANC's future quarterly allotments.
2. ANC 5C's Treasurer provide evidence that fiscal year 2006 grant disbursements totaling \$2,155.86 to R Street Restoration Committee were supported by written requests and approved by the Commission at a public meeting.
3. ANC 5C's Chairperson request the grantees listed in Table IV who have not submitted the required statement of use and receipts to do so within 30 days of the date of this report. Further, ANC 5C's Chairperson should advise the grantees that failure to provide receipts will result in the denial of future grants to their organizations until the statement of use and receipts are provided to support the expenditure of the grant funds.
4. If the above documentation is not provided to the Auditor within 30 days of the date of this report, the Auditor will recommend that the Associate Chief Financial Officer for the Office of Finance and Resource Management deduct all unsupported grant disbursements from ANC 5C's future quarterly allotments.
5. ANC 5C officers ensure that each grant file contains grantee's statement of how grant funds were used along with receipts to support the expenditure of funds.
6. ANC 5C officers ensure that grantees are aware of the necessity of providing statements of how grant funds were used, complete with receipts which support the expenditure of the funds.

SOME ANC 5C COMMISSIONERS IMPROPERLY REQUESTED AND VOTED ON GRANTS FOR ORGANIZATIONS IN WHICH THEY WERE OFFICERS OR FOUNDERS

Of the 13 grants awarded by ANC 5C, the Auditor found that two of the grants were requested by ANC 5C Commissioners who were officers or founders of the organization. A list of the grants and the amounts awarded are shown in Table V below.

**Table V
Grant Proposals Presented by Commissioners
Who Did Not Recuse Themselves From the Approval Process**

Date	Check No.	Commissioners	Grantee	Commissioner's Position in Grantee Organization at Time of Grant Request and Award	Total Grant Amount
02/07/05 12/02/05	1418 1444	Celia Diane Barnes 5C07	Bloomington Civic Association	President	\$950
12/28/06	1502	Cleopatra Jones 5C02	Neighbors Seaton Place	Original Founder	\$12,000
Total					\$12,950

Source: ANC 5C minutes, grant records, and accounting records.

The Office of the Attorney General has determined that Commissioners presenting a grant request to the ANC on behalf of an organization in which they hold an office or have an interest must recuse themselves from voting or debating on the matter in order to avoid any possible appearance of a conflict of interest.¹⁰ In reviewing ANC 5C's monthly meeting minutes, there was no indication that the above Commissioners recused themselves from debating or voting on the approval of the grants they requested for their organizations.

¹⁰See Office of the Corporation Counsel (now Office of the Attorney General) letter dated May 27, 1998, from Wayne Witoski, Deputy Corporation Counsel to Jeff Norman, ANC 3G Commissioner.

RECOMMENDATION

ANC 5C Commissioners presenting a grant request on behalf of organizations in which they are officers or have an interest must recuse themselves from debating the merits of the grant request and voting on the request in order to avoid any real or perceived conflict of interest.

ANC 5C'S CHAIRPERSON AND TREASURER FAILED TO FOLLOW PETTY CASH PROCEDURES

D.C. Code § 1-309.13 (h) states that:

Each Commission may establish a petty cash fund not to exceed \$200 at any one time in accordance with procedures established for imprest funds by the D.C. Controller. The fund shall be reimbursed by the treasurer upon presentation of appropriate supporting documents. The treasurer may disburse to another Commissioner or employee of the Commission an amount not in excess of \$200 for authorized Commission expenditure through a Commission-established petty cash fund. A record of disbursements from the petty cash fund shall be kept by the treasurer in a manner consistent with other accounts of the Commission.

Additionally, D.C. Code § 1-309.13 (f) states, in relevant part that: "No check may be made payable to cash." Checks issued to establish or replenish petty cash must be written to an officer or staff person of the Commission. The Auditor found that ANC 5C's Chairperson and Treasurer issued three checks totaling \$598.50 made payable to "cash" in violation of D.C. Code § 1-309.13 (f).

Further, ANC Financial Management Guidelines issued by the Office of the D.C. Auditor state that:

All payments out of the fund should be supported by signed petty cash vouchers and receipts from vendors. The vouchers should list the voucher number, date, payee, description of the purchase, amount, the signature of the payee and the signature of the ANC authorized representative.¹¹

¹¹ See guideline 21 of the Auditor's *Suggested Advisory Neighborhood Commission Financial Management Guidelines*.

Seven checks totaling \$1,019.25 were issued for petty cash reimbursements and supported by signed petty cash vouchers; however, \$293.95, or 28.8%, of total reimbursements were not supported by vendor receipts.

TABLE VI
Advisory Neighborhood Commission 5C
Petty Cash Disbursements
For the Period October 1, 2004 Through March 31, 2007

Check #	Date	Amount	Payee	Purpose of Expenditures	Supporting Documentation	Amount Without Supporting Documentation
1449	01/21/06	\$ 200.00	Cash	Petty Cash	Partial	\$ 137.08
1452	02/21/06	200.00	Cash	Petty Cash	Yes	0.00
1458	03/21/06	198.50	Cash	Petty Cash	Partial	72.00
1466	05/23/06	200.00	Celia D. Barnes	Petty Cash	Partial	46.42
1475	09/20/06	81.45	Celia D. Barnes	Petty Cash	Partial	38.45
1488	11/22/06	72.55	Cleopatra Jones	Petty Cash	Yes	0.00
1504	12/28/06	66.75	Cleopatra Jones	Petty Cash	Yes	0.00
Total		\$1,019.25				\$ 293.95

Source: ANC 5C Quarterly Financial Reports

RECOMMENDATIONS

1. ANC 5C's Treasurer ensure that no check is issued or made payable to "cash," "bearer" or "petty cash."
2. ANC 5C's Treasurer ensure compliance with D.C. Code § 1-309.13 (h) by requiring the submission of proper supporting documentation for petty cash disbursements. The Treasurer should also ensure that all receipts or other supporting documentation are maintained in the ANC's files for at least five years.

3. The Associate Chief Financial Officer for the Office of Finance and Resource Management deduct \$293.95 from ANC 5C's next quarterly allotment as a result of unsupported petty cash disbursements.

ANC 5C PURCHASED OFFICE SUPPLIES FOR \$62.92 THROUGH THE INDIRECT USE OF A CREDIT CARD

The Auditor found that ANC 5C reimbursed a Commissioner who used a credit card on December 30, 2005, to purchase office supplies for \$62.92 that were used for ANC-related business. Although the purchase was proper, the method of purchase was prohibited by D.C. Code, §§ 1-309.13 (f) and 1-309.13 (h), and legal opinions issued by the Office of the Attorney General.¹² Pursuant to the law cited above, ANCs may expend funds by check signed by two officers of the ANC, one of whom must be the Treasurer or Chairperson, and a petty cash fund. Therefore, the reimbursement to the Commissioner for using a personal credit card to purchase office supplies for the ANC was improper.¹³

RECOMMENDATION

The Associate Chief Financial Officer for the Office of Finance and Resource Management deduct \$62.92 from ANC 5C's next quarterly allotment.

ANC 5C 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

¹²See Office of the Attorney General letter dated June 14, 2007, from Robert J. Spagnoletti, Attorney General to Deborah K. Nichols, District of Columbia Auditor.

¹³ Temporary legislation allowing Commissioners to be reimbursed for using their credit cards for the purchase of ANC goods and services became effective December 19, 2006 and will remain in effect until October 19, 2007 unless extended or is made permanent by law. The temporary legislation is not retroactive. Therefore, the Auditor has disallowed all credit card reimbursements made prior to the effective date of the temporary legislation and recommended the deduction of the reimbursements from the ANCs' quarterly allotments.

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 5C participated in the ANC Security Fund in calendar years 2005, 2006, and 2007. Therefore, ANC 5C fully complied with D.C. Code, Section 1-309.13 (c).

INTERNAL CONTROLS WERE NOT ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ANC 5C'S ASSETS WERE PROPERLY SAFEGUARDED

In part, ANC 5C's internal controls were found to be inadequate because of the lack of documentation to support \$33,414.27 in expenditures; the absence of statements of use and receipts showing how grantees used grant funds; failure to follow petty cash procedures; and failure to develop and implement an annual spending plan budget for fiscal year 2007. Overall, the Auditor found that ANC 5C's internal controls were adequate in other areas as evidenced by the following:

- ▶ Expenditures were first approved by a majority of Commissioners in a public meeting and recorded in the minutes;
- ▶ Monthly bank account reconciliations were performed;
- ▶ Annual spending plan budgets for fiscal years 2005 and 2006 were presented and properly adopted at public meetings;
- ▶ The phrase "District of Columbia Government" was included in the Commission's account name and on the face of its checks; and
- ▶ ANC 5C participated in the ANC Security Fund.

CONCLUSION

The Auditor's examination of ANC 5C's books and accounts revealed that ANC 5C did not 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.

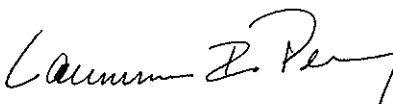
During fiscal years 2005 through 2007, as of March 31, 2007, ANC 5C disbursed \$61,969.42. The Auditor found, however, that ANC 5C maintained adequate documentation to justify and support only \$28,555.15, or 46.1%, in disbursements made during the audit period. Additionally, of the 10 quarterly financial reports due to the Auditor's Office during the audit period, five were filed more than 30 days late.

The Auditor found that seven grantees failed to submit receipts to fully support expenditures. The Auditor also found that ANC 5C's Chairperson and Treasurer failed to follow District imprest fund (petty cash) procedures and violated D.C. Code §§ 1-309.13 (f) and (h) which prohibits a Commission from making checks payable to cash and requires the submission of proper supporting documentation for petty cash disbursements. The Auditor recommends that the Associate Chief Financial Officer for the Office of Finance and Resource Management deduct \$293.95 from ANC 5C's future quarterly allotments as a result of unsupported petty cash disbursements.

ANC 5C must correct the noted deficiencies and strengthen its internal controls and compliance with the controls and the ANC Law to ensure that its assets are properly safeguarded and its financial transactions are fully supported and accounted for.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 5C 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 5C's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,


for: Deborah K. Nichols
District of Columbia Auditor