



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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**Letter Report: Audit of Advisory Neighborhood
Commission 4D for Fiscal Years 2008 Through
2011, as of March 31, 2011**

September 30, 2011



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Commissioner Bill Quirk
Chairperson
Advisory Neighborhood Commission 4D
614 Emerson Street, NW
Washington, D.C. 20011

Letter Report: Audit of Advisory Neighborhood Commission 4D
for Fiscal Years 2008 Through 2011, as of March 31, 2011

Dear Commissioner Quirk:

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) 4D.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 4D'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.

¹ 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.

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

The audit covered fiscal years 2008 through 2011, as of March 31, 2011 (October 1, 2007 through March 31, 2011). 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.

SUMMARY OF ANC 4D'S DISBURSEMENTS DURING FISCAL YEARS 2008 THROUGH 2011, AS OF MARCH 31, 2011

During the audit period, ANC 4D disbursed \$56,264.46. Table I summarizes, by category, ANC 4D's disbursements made during the audit period, including bank service charges.

Table I
Summary of ANC 4D's Disbursements
During Fiscal Years 2008 Through 2011,
as of March 31, 2011

Disbursements	FY 2008	FY 2009	FY 2010	FY 2011 as of March 31, 2011	Grand Total
Net Salaries & Wages	\$0.00	\$0.00	\$990.84	\$3,392.72	\$4,383.56
Workers Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Health Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Federal Wage Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Unemployment Insurance 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	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Office Rent	\$5,700.00	\$4,750.00	\$7,500.00	\$3,300.00	\$21,250.00
Telephone Service	\$616.40	\$398.80	\$1,763.59	\$834.60	\$3,613.39
Postage and Delivery	\$541.00	\$336.00	\$0.00	\$8.80	\$885.80
Utilities	\$0.00	\$0.00	\$0.00	\$94.80	\$94.80
Printing and Duplication	\$0.00	\$1,519.83	\$520.72	\$213.92	\$2,254.47
Flyer Distribution	\$0.00	\$0.00	\$540.00	\$0.00	\$540.00
Purchase of Service	\$0.00	\$0.00	\$1,525.00	\$140.00	\$1,665.00
Office Supplies & Expenses	\$146.75	\$120.79	\$5,087.18	\$63.82	\$5,418.54
Office Equipment - Rental	\$2,884.99	\$2,100.95	\$1,983.26	\$0.00	\$6,969.20
Office Equipment - Purchase	\$814.98	\$640.00	\$0.00	\$549.00	\$2,003.98
Grants	\$0.00	\$0.00	\$2,417.10	\$2,000.00	\$4,417.10
Training	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Petty Cash Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank Service Charges	\$19.72	\$98.55	\$60.06	\$0.00	\$178.33
Other	\$25.00	\$844.48	\$1,720.81	\$0.00	\$2,590.29
Total Disbursements	\$10,748.84	\$10,809.40	\$24,108.56	\$10,597.66	\$56,264.46

FINDINGS

ANC 4D DID NOT FULLY COMPLY WITH D.C. CODE, SECTION 1-309.13 (j) (1) BY MAINTAINING ADEQUATE DOCUMENTATION TO SUPPORT ALL 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 4D's Treasurer maintained documentation to support \$47,732.91, or 85%, of the \$56,264.36 in disbursements made during the audit period. However, disbursements totaling \$8,531.55, or 15%, of total disbursements were not supported by adequate documentation.³

RECOMMENDATION

ANC 4D officers should ensure that adequate documentation is maintained to support all disbursements.

ANC 4D 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.

³ The Auditor recommended the deduction of \$8,531.55 from ANC 4D's related quarterly allotment, during the quarterly review process, as a result of these unsupported expenditures.

As presented in Table II, ANC 4D awarded five grants for \$4,417.10 during the audit period. The grants, however were not always supported by the required grant application, statement of use or receipts.

Table II
Advisory Neighborhood Commission 4D
Grants Issued During Fiscal Years 2008 through 2011,
As of March 31, 2011

Check #	Grant Application	Grantee and Grant Purpose	Amount	Statement of Use and Receipts Submitted	Total of Receipts
1581	Yes	Friends of Sherman Circle. To fund the watering costs and lease for a fire hydrant hookup with meter to maintain newly planted trees at Sherman Circle.	\$ 604.50	Yes/Yes	\$604.50
1582	No	Behnkes. Community Flower/Planting Public Space	\$ 812.60	No/No	\$0.00
1584	No	KaShava Logan. To assist with the 2010 Block party for the 4700 Block of Ninth Street, NW.	\$ 1,000.00	Yes/No	\$0.00
1601	Yes	City Arts, DC To create a prominent public mural at 712 Kennedy Street, NW on the side wall of the nonprofit New Sewell Music Conservatory.	\$ 1,000.00	No/No	\$0.00
1605	No	Arts of Our Children	\$ 1,000.00	No/No	\$0.00
		Total	\$ 4,417.10		

RECOMMENDATION

ANC 4D officers should ensure that adequate procedures are in place to ensure that required documentation is submitted and retained for all grants issued.

NINE OF THE 14 QUARTERLY FINANCIAL REPORTS 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 4D filed 9 of the 14 quarterly financial reports required during the audit period more than 30 days late. Therefore, the Auditor found that ANC 4D did not fully comply with D.C. Code, Section 1-309.13 (j) (1).

Table III
Advisory Neighborhood Commission 4D
Quarterly Financial Report Submission Record:
Fiscal Years 2008 Through 2011, As of March 31, 2011

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2008 – 3rd	04/01/08 through 06/30/08	08/29/08	10/02/08	34 Days Late
2008 - 4th	07/01/08 through 09/30/08	11/29/08	12/22/08	23 Days Late
2009 – 2nd	01/01/09 through 03/31/09	05/30/09	09/24/09	117 Days Late
2009 – 3rd	04/01/09 through 06/30/09	08/29/09	10/07/09	39 Days Late
2010 - 1st	10/01/09 through 12/31/09	03/01/10	04/19/10	49 Days Late
2010 – 2nd	01/01/10 through 03/31/10	05/30/10	08/25/10	87 Days Late
2010 – 3rd	04/01/10 through 06/30/10	08/29/10	10/29/10	61 Days Late
2010 – 4th	07/01/10 through 09/30/10	11/29/10	07/14/11	227 Days Late
2011 – 1st	10/01/11 through 12/31/11	03/01/11	05/23/11	83 Days Late

Source: ANC 4D quarterly financial reports.

RECOMMENDATION

ANC 4D’s Treasurer should take steps to ensure that quarterly financial reports are submitted timely and in compliance with section 1-309.13(J)(1).

ANC 4D HELD THE REQUIRED NUMBER OF PUBLIC MEETINGS

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 4D’s quarterly financial reports and other relevant documentation revealed that ANC 4D held a total of 35 public

meetings during the 42-month audit period. Therefore, ANC 4D fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 4D DID NOT MAINTAIN MINUTES FOR ALL PUBLIC MEETINGS

ANC 4D did not maintain minutes for 14 of the 35 public meetings held during the audit period. Maintaining minutes of public meetings ensures that a record is maintained to document, in addition to the certification of officers, the votes on all expenditures and reimbursements brought before the Commission for approval. The minutes also document important issues presented by 4D constituents, to the Commission, and any presentation and approval of expenditures, grant requests, treasurer’s reports, and quarterly financial reports.

RECOMMENDATION

ANC 4D’s officers should maintain minutes for all public meetings to document the votes on all expenditures and reimbursements brought before the Commission for approval as well as the presentation and approval of expenditures, grant requests, treasurer’s reports, and quarterly financial reports.

ANC 4D ESTABLISHED ANNUAL FISCAL YEAR SPENDING PLAN BUDGETS

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 4D’s records revealed that annual fiscal year spending plan budgets were developed and approved within 60 days of notification of the amount of the Commission’s annual allotment.

ANC 4D 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 4D participated in the ANC Security Fund in calendar years 2008, 2009, 2010, and 2011.

INTERNAL CONTROLS WERE NOT FULLY ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ASSETS WERE PROPERLY SAFEGUARDED

The Auditor found that although ANC 4D established an annual spending plan budget and participated in the ANC security fund, ANC 4D's internal controls were not fully adequate as evidenced by, but not limited to, the following:

- Disbursements that were not properly supported;
- Inadequate documentation to support grant disbursements;
- Untimely filing of quarterly reports of financial activity; and
- Failure to maintain minutes of all public meetings.

CONCLUSION

The Auditor's examination of ANC 4D's financial accounts, books, and records revealed that ANC 4D did not consistently 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 2008 through 2009, as of March 31, 2009, ANC 4D maintained the required documentation to justify and support only 85% of disbursements and did not maintain documentation to support all grant disbursements during the audit period. Although ANC 4D complied fully with the public meeting requirement of the ANC Act, minutes of these meetings were not always prepared and submitted with quarterly financial reports. Lastly, 9 of the 14 quarterly financial reports due to the Auditor's Office during the audit period were filed more than 30 days late.

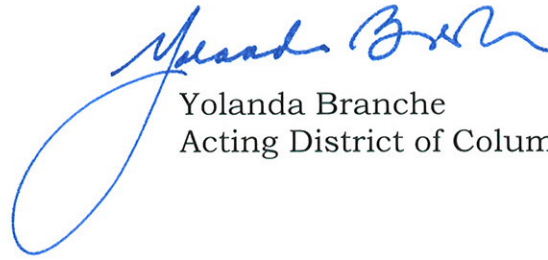
Overall, to improve internal controls the Auditor found that ANC 4D must take steps to ensure that: (1) adequate documentation is maintained to support disbursements, (2) grant documentation policies and procedures are improved, (3) quarterly reports are submitted in compliance with statutory mandates, and (4) minutes are prepared and properly maintained documenting each public meeting and submitted with quarterly financial reports.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 4D must respond in writing to each of the following deficiencies detailed herein within 90 days.

- ANC 4D Did Not Fully Comply With D.C. Code, Section 1-309.13 (J) (1) By Maintaining Adequate Documentation To Support All Disbursements.
- ANC 4D Grant Disbursements Did Not Fully Comply With The ANC Act.
- Nine Of The 14 Quarterly Financial Reports Were Filed More Than 30 Days Late.
- ANC 4D Did Not Maintain Minutes For All Public Meetings.
- Internal Controls Were Not Fully Adequate To Produce Reliable Financial Information And Ensure That Assets Were Properly Safeguarded.

Failure to do so will result in the forfeiture of ANC 4D's next scheduled quarterly allotment until a response is filed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Yolanda Branche". The signature is fluid and cursive, with a large loop at the end of the first name.

Yolanda Branche
Acting District of Columbia Auditor