



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

717 14TH STREET N.W., SUITE 900

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Deborah K. Nichols  
District of Columbia Auditor  
003:07:LB:KM:gk

**Letter Report: Audit of Advisory Neighborhood  
Commission 2A for Fiscal Years  
2004 Through 2006, as of March 31, 2006**

**February 16, 2007**



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Commissioner Vince Micone  
Chairperson  
Advisory Neighborhood Commission 2A  
1099 22<sup>nd</sup> Street, NW #1005  
Washington, D.C. 20037

### **Letter Report: Audit of Advisory Neighborhood Commission 2A for Fiscal Years 2004 Through 2006, as of March 31, 2006**

Dear Commissioner Micone:

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) 2A.

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

The objectives of the audit were to determine whether:

1. ANC 2A'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 the period October 1, 2003 through March 31, 2006. 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 2A'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2006**

Table I presents a statement of ANC 2A's checking, savings, and petty cash account balances as of March 31, 2006.

**Table I**  
**ANC 2A's Checking, Savings, and Petty Cash Account Balances**  
**As of March 31, 2006**

Petty Cash Account	\$	0.00*
Checking Account		15,613.30
Savings Account		<u>0.00*</u>
<b>Actual Cash Balance</b>	<b>\$</b>	<b>15,613.30</b>

\*ANC 2A did not maintain a petty cash fund or savings account during the audit period.  
Source: ANC 2A's quarterly reports and bank statements for the period October 1, 2003 through March 31, 2006.

**SUMMARY OF ANC 2A'S DISBURSEMENTS DURING FISCAL YEARS 2004 THROUGH 2006, AS OF MARCH 31, 2006**

During the audit period, ANC 2A disbursed \$33,666.38. Table II summarizes, by category, ANC 2A's disbursements made during the audit period, including bank service charges.

**Table II**  
**Summary of ANC 2A's Disbursements**  
**During Fiscal Years 2004 Through 2006,**  
**as of March 31, 2006**

Disbursement Category	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006 as of March 31, 2006	Grand Total
Net Salaries & Wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal Wages Taxes Paid	0.00	0.00	0.00	0.00
Local Income Taxes Paid	0.00	0.00	0.00	0.00
Taxes Penalties Paid	0.00	0.00	0.00	0.00
Local Transportation	75.00	132.53	0.00	207.53
Office Rent <sup>3</sup>	0.00	0.00	0.00	0.00
Telephone Service	145.62	59.70	664.44	869.76
Postage & Delivery	222.00	37.00	39.00	298.00
Utilities	0.00	42.96	0.00	42.96
Printing & Duplicating	0.00	0.00	0.00	0.00
Flyer Distribution	0.00	0.00	0.00	0.00
Purchase of Service <sup>4</sup>	10,316.38	10,407.50	7,245.80	27,969.68
Office Supplies & Expenses	744.29	697.83	248.92	1,691.04
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase <sup>5</sup>	0.00	2,211.90	285.51	2,497.41
Grants	0.00	0.00	0.00	0.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Transfer(s) to Savings	0.00	0.00	0.00	0.00
Bank Service Charges	0.00	0.00	15.00	15.00
Other	25.00	25.00	25.00	75.00
<b>Total Disbursements</b>	<b>\$ 11,528.29</b>	<b>\$ 13,614.42</b>	<b>\$ 8,523.67</b>	<b>\$ 33,666.38</b>

Source: ANC 2A's quarterly financial reports, check book, canceled checks, and bank statements.

<sup>3</sup> ANC 2A did not maintain office space during the audit period.

<sup>4</sup> The purchase of services included attorney fees relating to zoning issues and the ANC's use of an outside accounting service to prepare quarterly financial reports and transcribe minutes of public meetings.

<sup>5</sup> Office equipment purchases included a laptop computer for the ANC's use.

## FINDINGS

### **ANC 2A SUBSTANTIALLY 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 2A maintained adequate documentation to support \$33,666.38, or 100%, in disbursements made during the audit period. The Auditor's examination of relevant documentation indicated that ANC 2A officers established adequate procedures to ensure that appropriate required financial documentation was obtained and maintained in the ANC's files to support disbursements.

### **ANC 2A'S MINUTES DOCUMENTED THE APPROVAL OF EXPENDITURES BY A MAJORITY OF ANC 2A'S COMMISSIONERS**

D.C. Code Section 1-309.13 (f) states, in relevant part, that no expenditure of any amount shall be made without the specific authorization of the Commission.

During the audit period, the minutes of ANC 2A's public meetings consistently indicated the Commissioners' specific authorization of all expenditures made by the ANC's Chairperson and Treasurer.

**ANC 2A 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 public session at regular intervals at least 9 times per year. The Auditor's review of ANC 2A's quarterly financial reports and other relevant documentation revealed that ANC 2A held a total of 26 public meetings during the 30-month audit period. Therefore, ANC 2A fully complied with the public meeting requirement under D.C. Code, Section 1-309.11(b)(1).

**ANC 2A MAINTAINED MINUTES FOR ALL 26 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD**

ANC 2A maintained minutes for all 26 public meetings held during the audit period. A review of ANC 2A'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 2A'S TREASURER WAS LATE IN FILING SOME QUARTERLY REPORTS DUE DURING THE AUDIT PERIOD**

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 2A filed six of 10 required quarterly reports more than 60 days late. Therefore, the Auditor found that ANC 2A failed to comply with D.C. Code Section 1-309.13 (j) (1).

**Table III**  
**Advisory Neighborhood Commission 2A**  
**Quarterly Financial Report Submission Record:**  
**Fiscal Years 2004 Through 2006, As of March 31,2006**

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2004 - 1 <sup>st</sup>	10/01/03 through 12/31/03	03/01/04	05/03/04	63 Days Late
2005 - 2 <sup>nd</sup>	01/01/05 through 03/31/05	05/30/05	08/23/05	85 Days Late
2005 - 3 <sup>rd</sup>	04/01/05 through 06/30/05	08/29/05	01/03/06	127 Days Late
2005 - 4 <sup>th</sup>	07/01/05 through 09/30/05	11/29/05	03/20/06	111 Days Late
2006 - 1 <sup>st</sup>	10/01/05 through 12/31/05	03/01/06	08/28/06	180 Days Late
2006 - 2 <sup>nd</sup>	01/01/06 through 03/31/06	05/30/06	09/22/06	115 Days Late

Source: ANC 2A quarterly financial reports.

### **RECOMMENDATION**

ANC 2A's Treasurer prepare and file all future quarterly financial reports in a more timely manner.

### **ANC 2A DID NOT ESTABLISH AN ANNUAL FISCAL YEAR SPENDING PLAN BUDGET FOR FISCAL YEAR 2004**

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 2A's records revealed that an annual fiscal year spending plan budget was established for fiscal years 2005 and 2006. The Auditor found, however, that ANC 2A did not establish a spending plan budget for fiscal year 2004 . Therefore, ANC 2A did not fully comply with D.C. Code Section 1-309.10 (n) during the audit period.

## **RECOMMENDATION**

ANC 2A, particularly its officers, develop and implement a methodology that ensures the preparation and approval of an annual fiscal year spending plan budget at the appropriate time.

## **ANC 2A PARTICIPATED IN THE ANC SECURITY FUND DURING THE AUDIT PERIOD**

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 2A participated in the ANC Security Fund in calendar years 2004, 2005, and 2006. Therefore, ANC 2A 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 2A's internal controls were adequate as evidence 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 2A participated in the ANC Security Fund.



## CONCLUSION

As a result of the examination of ANC 2A's books and records, the Auditor determined that ANC 2A 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 2004, 2005, and 2006, through March 31, 2006, ANC 2A maintained the required documentation to justify and support all expenditures. ANC 2A complied fully with the public meeting requirement of the ANC Act and minutes of meetings held were prepared and maintained in the ANC's files. The Auditor found, however, that six of 10 required quarterly financial reports due to the Auditor's Office during the audit period were filed more than 60 days late. ANC 2A's Treasurer must substantially improve performance of this responsibility.

Overall, the Auditor found that ANC 2A maintained an 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 2A 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 2A's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,

*Lauren B. Perry, Deputy Auditor*  
for: Deborah K. Nichols  
District of Columbia Auditor