



ANC 1A Did Not Fully Comply with All Legal Requirements

November 20, 2014

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A Report by the Office of the District of Columbia Auditor
Lawrence Perry, Acting District of Columbia Auditor



November 20, 2014

Included herein is the District of Columbia Auditor's report entitled "Did Not Fully Comply with All Legal Requirements." This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 1A was in compliance with the requirements of the Act and whether they had established adequate internal controls to ensure proper stewardship of the public funds allocated to them.

We would like to thank ANC 1A's Commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 1A in the future.

Sincerely,

Lawrence Perry
Acting District of Columbia Auditor



November 20, 2014

ANC 1A Did Not Fully Comply with All Legal Requirements

Why ODCA Did This Audit

This audit was conducted per the Advisory Neighborhood Commission Act of 1975, which requires the District Auditor to audit the financial accounts of selected ANCs each year.

What ODCA Recommends

1. ANC 1A's Treasurer should ensure that ANC 1A's quarterly financial reports are complete, accurate and filed with the Auditor by required due date.
2. ANC 1A's Treasurer should provide the date the quarterly report was filed with the Auditor at each public meeting.
3. ANC 1A should review the current grant policy and improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines.
4. ANC 1A should provide proof of approval of these new policies at a public meeting within 90 days of this report.
5. ANC 1A's Commissioners/officers, at their first meeting of each fiscal year, develop a spending plan budget for the upcoming fiscal year.

What ODCA Found

Advisory Neighborhood Commission (ANC) 1A, like all other ANCs in the District, is empowered to advise the District government on matters of public policy including decisions relating to the District's planning, streets, recreation, social services programs, health, safety, and sanitation in the Commission area. The ANCs are an integral part of the District government and are allocated funds annually from the District budget to be used for the betterment of residents in that area.

Each ANC is divided into Single Member Districts (SMD), each of which contains approximately 2,000 people. Each SMD elects a representative to the Commission. Elected Commissioners then choose a chairperson, a treasurer, and a secretary from among themselves.

Overall, we found that ANC 1A generally complied with the requirements of the law; however, compliance in some areas can be improved. Specifically, we found that some expenditures were not properly supported and/or were for purposes not authorized by law.

We further found that ANC 1A did not consistently file the required quarterly reports with the Office of the District of Columbia Auditor in a timely manner which led to delays in receiving their quarterly allotments.

For more information regarding this report, please contact Anovia Daniels, Communications Analyst/ANC Outreach, at Anovia.Daniels@dc.gov or 202-727-3600.

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Background

40 ANCs are funded by the District Government.

D.C. Code provides for the establishment of District of Columbia Advisory Neighborhood Commission (ANC) areas.¹ D.C. Code also provides that the Council of the District of Columbia shall establish single-member districts for each of the ANCs.² The ANCs are empowered to advise the District government on matters of public policy including decisions relating to the District's planning, streets, recreation, social services programs, health, safety, budget, and sanitation in the respective Commission area.

There are 40 ANCs comprised of 296 Single Member Districts (SMDs). Each SMD has a population of approximately 2,000 residents represented by an elected ANC Commissioner. ANCs range from 2 to 12 SMDs depending on the size of the Commission area. The District government appropriates funds each year to the ANCs. Total appropriations to the ANCs were: \$850,818 in FY 2009, \$785,216 in FY 2010, \$683,571.60 in FY 2011, and \$677,688.00 in both FY 2012 and 2013.

The Advisory Neighborhood Commissions Act of 1975, as amended (the Act), provides the legal framework for how the ANCs are to operate, including restrictions on how they can spend their annual allotments. Office of Advisory Neighborhood Commissions (OANC) and the Office of the District of Columbia Auditor provide operational and administrative guidance to ANCs in carrying out their respective functions. In addition, written opinions issued by the District's Office of Attorney General (OAG) address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

ANC 1A Profile

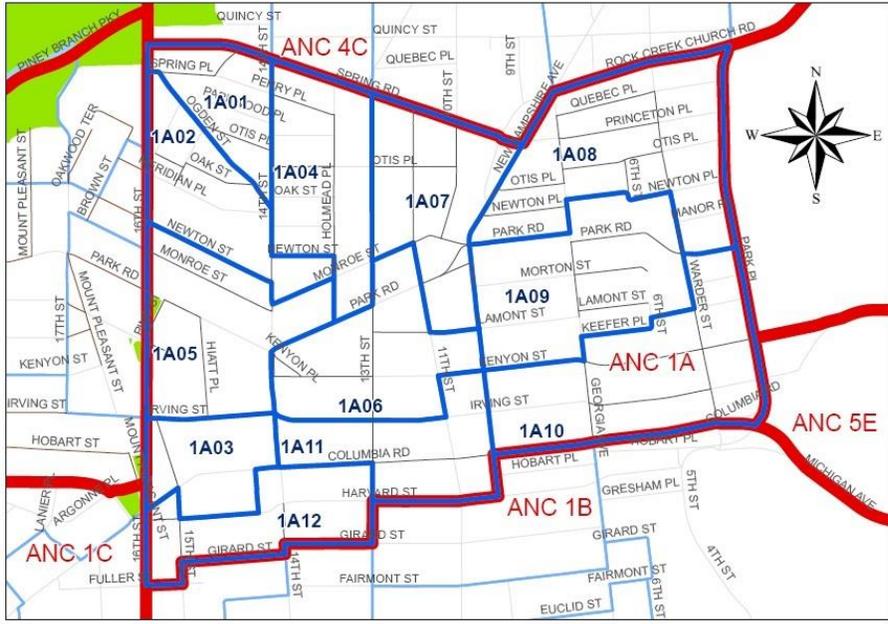
ANC 1A is located in Ward 1. ANC 1A is currently comprised of 12 SMDs and therefore has 12 Commissioners. There were however

¹ District of Columbia Code, § 1-309.02 provides that: "[t]here are hereby established in the District of Columbia Advisory Neighborhood Commission areas, the boundaries of which shall be as depicted on the maps of the District of Columbia annexed to and made a part of this part."

² District of Columbia Code, § 1-309.03 provides that: "[t]he Council shall, by act, establish single-member districts for each of the neighborhood commission areas... Each single-member district shall have a population of approximately 2,000 people, and shall be as nearly equal as possible. The boundaries of the single-member districts shall conform to the greatest extent possible with the boundaries of the census blocks which are established by the United States Bureau of the Census..."

only 11 SMDs and Commissioners during the majority of our audit period³. Figure 1 presents a map of the ANC 1A boundaries.

Figure 1 ANC 1A Boundaries



Source: ANC 1A website

Figures 2-6 present the ANC 1A Commissioners and officers for fiscal years (FY) 2009 through 1st Quarter 2013 (October 1, 2008 through December 31, 2012).

Figure 2 ANC 1A Commissioners and Officers for FY 2009

SMD	Title	First Name	Last Name
1A01	Commissioner	Lisa	Kralovic
1A02	Commissioner	Calvin	Woodland, Jr.
1A03	Commissioner	Luis	Morales
1A04	Vice Chairperson	Betty	Pair
1A05	Commissioner	William	Jordan
1A06	Commissioner	Samuel	Johnson
1A07	Commissioner	Larry	Ray
1A08	Chairperson	Cliff	Valenti

³ See the “Advisory Neighborhood Commissions Boundaries Act of 2012” (L19-157), which added a SMD to ANC 1A effective January 1, 2013.

1A09	Treasurer	Lakeisha	Thomas
1A10	Secretary	Lenwood	Johnson
1A11	Commissioner	Dotti	Wade

Figure 3 ANC 1A Commissioners and Officers for FY 2010

SMD	Title	First Name	Last Name
1A01	Commissioner	Lisa	Kralovic
1A02	Commissioner	Calvin	Woodland, Jr.
1A03	Commissioner	Luis	Morales
1A04	Commissioner	Betty	Pair
1A05	Secretary	William	Jordan
1A06	Vice Chair	William	Brown
1A07	Commissioner	Larry	Ray
1A08	Chairperson	Cliff	Valenti
1A09	Treasurer	Lakeisha	Thomas
1A10	Commissioner	Lenwood	Johnson
1A11	Commissioner	Sandra	Scotland

Figure 4 ANC 1A Commissioners and Officers for FY 2011

SMD	Title	First Name	Last Name
1A01	Commissioner	Lisa	Kralovic
1A02	Commissioner	Vickey	Wright-Smith
1A03	Commissioner	Sheldon	Scott
1A04	Commissioner	Betty	Pair
1A05	Commissioner	Laina	Aquiline
1A06	Chairperson	William	Brown, Jr.
1A07	Treasurer	Thomas	Boisvert
1A08	Secretary	Kent	Boese
1A09	Commissioner	Bobby	Holmes
1A10	Commissioner	Lenwood	Johnson
1A11	Vice Chairperson	Dottie	Love Wade

Figure 5**ANC 1A Commissioners and Officers for FYs 2012**

SMD	Title	First Name	Last Name
1A01	Commissioner	Lisa	Kralovic
1A02	Commissioner	Vickey	Wright-Smith
1A03	Commissioner	Sheldon	Scott
1A04	Commissioner	Betty	Pair
1A05	Commissioner	Laina	Aquiline
1A06	Chairperson	William	Brown, Jr.
1A07	Treasurer	Thomas	Boisvert
1A08	Secretary	Kent	Boese
1A09	Commissioner	Bobby	Holmes
1A10	Commissioner	Lenwood	Johnson
1A11	Vice Chairperson	Dottie	Love Wade

Figure 6**ANC 1A Commissioners and Officers for FY 2013**

SMD	Title	First Name	Last Name
1A01	Commissioner	Daniel	Kornfield
1A02	Secretary	Vickey	Wright-Smith
1A03	Commissioner	Steve	Swank
1A04	Commissioner	Morgan	Corr
1A05	Commissioner	Kevin	Holmes
1A06	Treasurer	Patrick	Flynn
1A07	Commissioner	Thomas	Boisvert
1A08	Chairperson	Kent	Boese
1A09	Commissioner	Bobby	Holmes
1A10	Commissioner	Anthony	Cimino
1A11	Vice Chair	Dotti Love	Wade
1A12	Commissioner	Rosalind	Gilliam

ANC 1A Annual Appropriations and Disbursements

ANC 1A's appropriated funding for FYs 2009, 2010, 2011, 2012 and the 1st quarter of 2013 totaled \$120,968.54.

According to submitted quarterly reports of financial activity, ANC 1A spent a total of \$86,659.23 between FY 2009 and the 1st quarter of FY 2013.

Figure 7 summarizes by category the disbursements ANC 1A reported during the audit period.

Figure 7**Disbursements ANC 1A Reported Between FY 2009 and 1st Quarter FY 2013**

Disbursements	FY 2009	FY 2010	FY 2011	FY 2012	1st Qtr FY 2013	Grand Total	%
Net Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Workers Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Insurance:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
a. Health	/	/	\$0.00	\$0.00	\$0.00	/	/
b. Casualty/Property	/	/	\$0.00	\$0.00	\$0.00	/	/
Total Federal Wage Taxes Paid (Income and Soc. Sec.)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Unemployment Insurance Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Tax Penalties Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Office Rent	\$8,400.00	\$10,615.00	\$3,250.00	\$0.00	\$0.00	\$22,265.00	26%
Telecommunication Services (Total):	\$4,342.14	\$4,264.47	\$4,401.85	\$2,313.86	\$205.09	\$15,527.41	18%
a. Landline Telephone	/	/	\$0.00	\$1,256.08	\$0.00	/	/
b. Cellular Telephone	/	/	\$4,401.85	\$1,057.78	\$205.09	/	/
c. Cable/Internet Services	/	/	\$0.00	\$0.00	\$0.00	\$0.00	/
Postage and Delivery	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Printing and Duplicating	\$462.54	\$0.00	\$801.36	\$2,445.28	\$0.00	\$3,709.18	4%
Flyer Distribution	\$202.72	\$0.00	\$0.00	\$0.00	\$0.00	\$202.72	<1%
Purchase of Service	\$0.00	\$775.00	\$1,635.00	\$1,350.00	\$0.00	\$3,760.00	4%
Office Supplies & Expenses	\$985.84	\$0.00	\$705.81	\$69.74	\$130.27	\$1,891.66	2%
Office Equipment (Total):	\$0.00	\$0.00	\$1017.00	\$0.00	\$0.00	\$1017.00	1%
a. Rental	/	/	\$870.00	\$0.00	\$0.00	/	/
b. Purchase	/	/	\$147.00	\$0.00	\$0.00	/	/
Grants	\$5,500.00	\$3,890.00	\$7,500.00	\$11,100.00	\$1,900.00	\$29,890.00	35%
Training	\$0.00	\$0.00	\$71.91	\$0.00	\$0.00	\$71.91	<1%
Petty Cash Reimbursement	\$607.80	\$91.71	\$0.00	\$0.00	\$0.00	\$699.51	1%
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Bank Service Charges	\$64.50	\$55.34	\$26.00	\$80.00	\$15.00	\$240.84	<1%
Website/webhosting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%

Other	\$4,350.53	\$1,745.00	\$960.00	\$28.47	\$0.00	\$7,084.00	8%
<i>Total</i>	<i>\$24,916.07</i>	<i>\$21,436.52</i>	<i>\$20,368.93</i>	<i>\$17,387.35</i>	<i>\$2,250.36</i>	<i>\$86,359.23</i>	<i>100%</i>

Source: ANC 1A's quarterly financial reports

Note: ANC expenditure categories changed in FY 2011. The website/webhosting category was added. Additionally, ANCs were required to provide more detail about their spending in the Insurance and Telecommunication categories. It should be noted that some expenditure may have been miscategorized by the ANCs on their quarterly report submissions.

Objectives, Scope and Methodology

Objectives

Pursuant to District of Columbia Code § 1-309.13(d) (2), the District of Columbia Auditor (ODCA) conducted a discretionary audit of the financial accounts of Advisory Neighborhood Commission (ANC) 1A.⁴ The objectives of this audit were to determine whether:

1. ANC 1A's financial accounts complied with applicable laws and regulations; and
2. Internal controls were established to protect the ANC's assets from waste, fraud and abuse.

Scope

The audit period covered fiscal years (FY) 2009 through the 1st Quarter of FY 2013 (October 1, 2008 through December 31, 2012) and included a review of ANC 1A financial records, quarterly financial reports, grant agreements, and other relevant documents.

Methodology

To evaluate compliance with applicable laws and regulations we reviewed the Advisory Neighborhood Commissions Act of 1975, as amended (the Act), *Suggested Financial Management Guidelines* established by the District of Columbia Auditor, written opinions issued by the District's Office of Attorney General (OAG), as well as financial records and documents maintained by ANC 1A.

To determine whether internal controls were established and implemented to protect ANC 1A assets we examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, contracts and interviewed applicable ANC Officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the

⁴ D.C. Code § 1-309.13(d)(2), provides that "[t]he Auditor may audit the financial accounts of a Commission, at the discretion of the Auditor..."

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Overall, we found that Advisory Neighborhood Commission (ANC) 1A did not fully comply with several key requirements of the Act. This failure to comply with the law resulted in the disallowance \$26,560.87 of non-supported or non-allowable disbursements during our audit period. Further, we found that ANC 1A did not establish and implement sufficient internal controls to protect District funds from waste, fraud, or abuse.

ANC 1A did not file quarterly reports by the due dates

The Act states that “[t]he 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, signed by the Chairperson, the secretary, and the treasurer, shall be filed, along with a record of the vote adopting the report, with the Auditor within 15 days of approval...”⁵

In addition, the Act states that: “[i]f a Commission fails to file 3 consecutive quarterly reports that meet the requirements of paragraph (1) of this subsection, it shall relinquish its checkbook to the Auditor, whose permission will be needed for any expenditure made by check until the Commission files the required financial reports...”⁶

15 of 17 quarterly reports that were required during the audit period, were filed late

ANC 1A was required to file 17 quarterly financial reports with the Auditor during the audit period. ANC 1A submitted the 15 quarterly reports from 16 days to 257 days after the required due date. This delayed the Auditor’s review and approval of these reports and the release of ANC 1A allotments.

In addition, ANC 1A failed to file three consecutive quarterly reports – 3rd quarter FY 2012, 4th quarter FY 2012, and 1st quarter FY 2013. This resulted in ANC 1A having to relinquish its checkbook on March 20, 2013.

The consequences of ANC 1A’s failure to file quarterly reports on time has not only been delays in receiving their allotments but, for a period of several months in calendar year 2013, restrictions on their

⁵ D.C. Code § 1-309.13 (j) (1)

⁶ D.C. Code § 1-309.13 (j) (2)

ability to make expenditures. These financial constraints inhibit the ability of the ANC to serve the needs of the local residents.

Recommendations:

1. ANC 1A's Treasurer should ensure that ANC 1A's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates.
2. ANC 1A's Treasurer should provide the date the report was filed with the Auditor at each public meeting.

ANC 1A did not properly award grants

The Act provides that “[a] grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting following the public presentation of the grant request. A Commission may approve grants only to organizations that are public in nature and benefit persons who reside or work within the Commission area. The services provided by the grantee organization must not be duplicative of any that are already performed by the District government.”⁷

**Of the 51 grants
ANC 1A awarded,
more than half
were missing
required
documentation**

Further, the Act requires that an applicant for a grant submit an application in writing to the Commission, which includes a description of the proposed project; a statement of expected public benefits; and the total cost of the project.⁸

In addition the Act states that “a grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting following the public presentation of the grant request.”⁹

Lastly, the Act requires that: “[w]ithin 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 consistent with the grant application, complete with receipts which support the expenditures.”¹⁰

We found that ANC 1A issued 51 grants during the audit period, totaling \$27,780. ANC 1A did not adhere to grant award requirements, for 32 grants totaling \$21,830. Of the 51 grants, applications were missing for 17 (33 percent); statements of use were missing for 21 (41 percent); and a complete set of receipts were missing for 32 (63 percent). Additionally, based on our review of available ANC 1A meeting minutes, it appeared that six grants were awarded with no vote during an official meeting. Figure 7 presents a list of ANC 1A’s grants that were missing required documentation or proof of approval at a public meeting.

⁷ D.C. Code § 1-309.13 (m) (1)

⁸ D.C. Code § 1-309.13 (m) (2)

⁹ D.C. Code § 1-309.13 (m)(1)

¹⁰ D.C. Code § 1-309.13 (m) (3)

Figure 7

ANC 1A Grants Missing Required Documentation and Proof of ANC Vote

Grants missing grant applications	Grants missing statements of use	Grants missing complete set of receipts	Grants without proof they were approved at official meeting
17	21	32	6

Recommendations

3. ANC 1A should review the current grant policy and improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines.
4. ANC 1A should provide proof of approval of these new policies at a public meeting within 90 days of this report.

ANC 1A did not develop a spending plan budget at the beginning of each fiscal year

The Act 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.”¹¹

Residents of ANC 1A did not have the opportunity to provide comments on annual spending plans.

We reviewed available public meeting minutes and quarterly reports and found that ANC 1A could not provide evidence that a spending plan was developed for FYs 2009, 2010, 2011, or 2012.

As a result of ANC 1A not developing and presenting an annual fiscal year spending plan, ANC 1A residents were not afforded the opportunity to provide comments and or recommendations on annual spending and may not have been informed of the available annual allotment to their ANC.

Recommendation:

5. We recommend that ANC 1A’s Commissioners/officers, at their first meeting of each fiscal year, develop a spending plan budget for the upcoming fiscal year.

¹¹ D.C. Code § 1-309.10 (n)

Audit Results Summary

Our audit identified five recommendations that could improve operations at ANC 1A. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 1A failed to file quarterly reports by the due dates.	<ol style="list-style-type: none"> 1. ANC 1A's Treasurer should ensure that ANC 1A's quarterly financial reports are complete, accurate and filed with the Auditor by required due date. 2. ANC 1A's Treasurer should provide the date the report was filed with the Auditor at each public meeting.
ANC 1A failed to properly award grants.	<ol style="list-style-type: none"> 3. ANC 1A should review the current grant policy and improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines. 4. ANC 1A should provide proof of approval of these new policies at a public meeting within 90 days of this report.
ANC 1A's failed to submit spending plan budget for audit scope fiscal years.	<ol style="list-style-type: none"> 5. ANC 1A's Commissioners/officers, at their first meeting of each fiscal year, develop a spending plan budget for the upcoming fiscal year.

Conclusion

We found that ANC 1A was not fully compliant with the ANC Act during the period of our audit. Our audit identified many instances of failure to adequately justify, approve, and/or document expenditures. While none of these expenditures was for an especially large amount, taken together the failure to follow required procedures represented a disturbing trend for ANC 1A, during our audit period. These shortcomings led directly to ANC 1A losing portions of their quarterly allotments on several occasions during the audit period. The residents of ANC 1A were thus denied community benefits of these funds that could have resulted if the responsible ANC 1A Commissioners and officers had been more diligent in carrying out their duties.

We recognize that the ANC 1A officers have changed and some of those responsible for the findings mentioned in this report are no longer Commissioners and/or officers of ANC 1A. We encourage the current Commissioners and officers of ANC 1A to use this report as a learning tool so as not to repeat the deficiencies cited in this report. We are pleased to note that ANC 1A has already taken steps to implement the recommendations contained in this report.

Sincerely,



Lawrence Perry,
Acting District of Columbia Auditor

Agency Comments

On October 9, 2014, the Office of the District of Columbia Auditor (ODCA) furnished a draft report titled, “Did Not Fully Comply with All Legal Requirements” for review and comment to ANC 1A Commissioner Kent Boese - Chairperson, and to Commissioner Patrick Flynn -Treasurer.

On October 31, 2014, ODCA received written comments from ANC 1A to the draft report. These written comments have been attached to this report. No substantive changes were made to the draft report as a result to the written comments. We are pleased to learn that ANC 1A Commissioners concurred with our findings and recommendations.

We have also reviewed the additional constructive comments provided by the Commission in their October 31, 2014 response. We are actively reviewing these comments and look forward to working with the Commission to remedy some of the issues cited in their comments.



ADVISORY NEIGHBORHOOD COMMISSION 1A

SMD 1A01 – Daniel Kornfield
SMD 1A04 – Mogan Corr
SMD 1A07 – Thomas Boisvert
SMD 1A10 – Anthony Cimino

SMD 1A02 – Vickey Wright-Smith
SMD 1A05 – Kevin Holmes
SMD 1A08 – Kent Boese
SMD 1A11 – Dotti Love Wade

SMD 1A03 – Steve Swank
SMD 1A06 – Patrick W. Flynn
SMD 1A09 – Bobby Holmes
SMD 1A12 – Rosalind M. Gilliam

October 29, 2014

Lawrence Perry
Acting District of Columbia Auditor
717 14th Street, NW, Suite 900
Washington, D.C. 20005

Dear Mr. Perry,

Thank you for sending us the copy of your draft report entitled “ANC 1A Did Not Comply Fully with All Legal Requirements” that was the result of your audit of ANC 1A. We appreciate the opportunity to review the draft report, and to comment on the report’s findings prior to the release of the final report.

We are in agreement with the report’s findings, with some reservations, and offer our comments to each finding in turn below.

1) ANC 1A failed to file quarterly reports by the due dates

Auditor’s recommendations:

1. ANC 1A’s Treasure should ensure that ANC 1A’s quarterly financial reports are complete, accurate and filed with the Auditor by required due dates.
2. ANC 1A’s Treasurer should provide the date the report was filed with the Auditor at each public meeting.

ANC response: The Commission understands the importance of this requirement and the current Treasurer is also well aware of the importance of filing financial reports in a timely manner. We are currently reviewing our process to bring this requirement into compliance, and welcome the opportunity to collaborate with the Auditor’s office to work through any procedural or technological barriers that may delay report filings. We are also dedicated to working with whomever is the new Treasurer for the 2015/2016 term, and are also open to exploring the possibility of hiring an accountant should we determine there is no other reasonable alternative to accomplishing this goal. Looking to the future, it is our position that all quarterly reporting, for all ANCs across the city, should be handled by a central or ward-based ANC office, and that city-wide accounting systems and processes available and used throughout the District government be made available to ANCs to improve efficiency and accuracy in our financial processes.

2) ANC 1A failed to properly award grants

Advisory Neighborhood Commission 1A
3400 11th Street NW #200
Washington, DC 20010

Auditor's recommendations:

3. ANC 1A should review the current grant policy and improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines.
4. ANC 1A should provide proof of approval of these new policies at a public meeting within 90 days of this report.

ANC response: The Commission understands the shortcomings of its grant policy during the period covered by this audit. During the 2013-2014 term, the commission has dedicated a great deal of effort to improve its grant process and bring it into compliance with every aspect required by law. We are dedicated to continuing to review our grant policy to further improve it based on the findings of this audit. Some examples of where we have improved the process of the last term include:

- Recording grant amounts and approvals in the Commission's official minutes, which are adopted at a public meeting no more than 60 days after a grant is considered;
- Developing an agreement letter/form explaining grant requirements which recipients must sign and return prior to receiving a grant check;
- Hiring an administrative consultant to assist the Commission with documentation gathering and compilation;
- Adopted and published an amendment to our bylaws to include an official grant policy that specifically addresses what will be considered a valid application with clear guidelines that state what we understand to be the legal and appropriate use of ANC 1A grant funds; and,
- Soliciting feedback from the office of the District of Columbia Auditor requesting specific explanation of why allotments were deducted in response to memorandums citing "incomplete documentation" and "unacceptable receipts"

Moving forward, ANC 1A is resolved to continuing to work with the Auditor, the DC Council, and the Chief Financial Officer to ensure that ANCs receive timely feedback fully explaining when financial deductions occur and for ANCs to be given a reasonable period of time to respond to any requests for missing information prior to a deduction becoming final. The Commission is also resolved to working with the Auditor and the appropriate branches of government to develop a process whereby all ANCs and ANC Treasurers are trained and certified by the Office of the District of Columbia Auditor in the proper issuance and documentation of grants before an ANC can participate in a grants program. In the absence of such training and certification, ANC 1A is of the opinion that ANCs should not participate in the issuance of grants as the safeguarding of public funds for public purposes is of the utmost concern. ANC 1A is willing to consider a permanent cessation of awarding grants should such processes not be implemented, and instead find alternative methods of investing in our community.

- 3) **ANC 1A did not develop a spending plan budget at the beginning of each fiscal year.**
Auditor's recommendations:

5. ANC 1A's Commissioners/officers, at their first meeting of each fiscal year, should develop a spending plan budget for the upcoming fiscal year.

ANC response: The Commission agrees with the findings that an annual spending plan budget was not developed or approved at the beginning of FY 2009, 2010, 2011, or 2012.

We are happy to report that, as a result of becoming aware of this need and with the capable assistance of our current treasurer, Commissioner Flynn, that the annual spending plan budget for both FY 2014 and FY 2015 were considered and approved in September 2013 and September 2014 correspondingly. We also agree to work with our new commissioners – and in particular our treasurers – moving forward to ensure that they understand the importance of both this legal requirement and its value to the community.



Kent C. Boese – 1A08
Chair, ANC 1A



Patrick W. Flynn – 1A06
Treasurer, ANC 1A