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Letter Report: Audit of Advisory Neighborhood Commission 3E for Fiscal Years 2007 Through 2009, as of March 31, 2009

August 28, 2009



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Commissioner Jonathan Bender
Chairperson
Advisory Neighborhood Commission 3E
4411 Fessenden Street, NW
Washington, D.C. 20016

Letter Report: Audit of Advisory Neighborhood Commission 3E for Fiscal Years
2007 Through 2009, as of March 31, 2009

Dear Commissioner Bender:

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) 3E.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 3E'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.

¹See 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.

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

The audit covered fiscal years 2007 through 2009, as of March 31, 2009 (October 1, 2006 through March 31, 2009). 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 3E'S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2009

Table I presents a statement of ANC 3E's checking, savings, and petty cash account balances as of March 31, 2009.

Table I
ANC 3E's Checking, Savings, and Petty Cash Account Balances
As of March 31, 2009

Petty Cash Account	\$ 0.00*
Checking Account	\$ 38,351.80
Savings Account	<u>\$ 5,138.88</u>
Actual Cash Balance	\$ 43,490.68

*ANC 3E did not maintain a petty cash fund during the audit period.
Source: ANC 3E's quarterly reports for the period October 1, 2006 through March 31, 2009.

SUMMARY OF ANC 3E'S DISBURSEMENTS DURING FISCAL YEARS 2007 THROUGH 2009, AS OF MARCH 31, 2009

During the audit period, ANC 3E disbursed \$18,909.88. Table II summarizes, by category, ANC 3E's disbursements made during the audit period, including bank service charges.

Table II
Summary of ANC 3E's Disbursements
During Fiscal Years 2007 Through 2009,
as of March 31, 2009

Disbursement Category	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009 as of March 31, 2009	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
Tax Penalties Paid	0.00	0.00	0.00	0.00
Local Transportation	14.00	102.00	0.00	116.00
Office Rent	0.00	0.00	0.00	0.00
Telephone Service	0.00	0.00	0.00	0.00
Postage and Delivery	0.00	41.00	0.00	41.00
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	1,089.13	149.05	0.00	1,238.18
Flyer Distribution	0.00	0.00	0.00	0.00
Purchase of Service ³	3,422.93	510.00	5,340.00	9,272.93
Office Supplies & Expenses	0.00	66.77	0.00	66.77
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	0.00	0.00
Grants	0.00	0.00	8,000.00	8,000.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	60.00	60.00	30.00	150.00
Other	0.00	0.00	25.00	25.00
Total Disbursements	\$ 4,586.06	\$ 928.82	\$ 13,395.00	\$ 18,909.88

Source: ANC 3E's quarterly financial reports, check book, canceled checks, and bank statements.

³ Includes disbursements for administrative and website services.

FINDINGS

ANC 3E FULLY 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.

The Auditor found that ANC 3E's Treasurer maintained adequate documentation to support \$18,909.88, or 100%, of disbursements made during the audit period. The Auditor's examination of relevant documentation indicated that ANC 3E officers established adequate procedures to ensure that appropriate required financial documentation was obtained and maintained in the ANC's files to support all disbursements.

ANC 3E GRANT DISBURSEMENTS FULLY COMPLIED 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 III, ANC 3E awarded 3 grants totaling \$8,000 during the audit period. All grants were supported by both the statement of use and receipts as required by D.C. Code, Section 1-309.13 (m).

Table III
Advisory Neighborhood Commission 3E
Grants Issued During Fiscal Years 2007 through 2009,
As of March 31, 2009

Grant Application	Grantee and Grant Purpose	Amount	Grant Approved	Statement of Use and Receipts Submitted
Yes	Wisconsin Avenue Beautification Project: To purchase mulch for spring mulching. Total project cost: \$5,325.00	\$1,000.00	10/16/08	Yes/Yes
Yes	Lisner-Louise-Dickinson-Hurt Home: To host event "Neighborhood Zoo Day". Total project cost: \$3,786.00.	1,000.00	10/16/08	Yes/Yes
Yes	DC Firefighters Burn Foundation: To purchase burn carts for the ICU at the Washington Burn Center. Total project cost: \$8,000.00	6,000.00	12/11/08	Yes/Yes
	Total	\$8,000.00		

Source: ANC 3E quarterly financial reports, checkbook, canceled checks, and bank statements.

FOUR OF THE TEN 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 IV, ANC 3E filed four of the 10 reports required during the audit period over 30 days late. Of the remaining 6 reports, 2 were filed early and 4 were filed on time or less than 30 days after the due date. Therefore, the Auditor found that ANC 3E did not fully comply with D.C. Code, Section 1-309.13 (j) (1).

Table IV
Advisory Neighborhood Commission 3E
Quarterly Financial Report Submission Record:
Fiscal Years 2007 Through 2009, As of March 31, 2009

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2007 - 3rd	04/01/07 through 06/30/07	08/29/07	01/15/08	139 Days Late
2008 - 1st	10/01/07 through 12/31/07	02/29/08	04/18/08	49 Days Late
2008 - 2nd	01/01/08 through 03/31/08	05/30/08	08/11/08	73 Days Late
2008 - 4th	07/01/08 through 09/30/08	11/29/08	01/15/09	47 Days Late

Source: ANC 3E quarterly financial reports.

RECOMMENDATION

ANC 3E's Treasurer prepare and file all future quarterly financial reports in a more timely manner.

ANC 3E 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 3E's quarterly financial reports and other relevant documentation revealed that ANC 3E held a total of 28 public meetings during the 30-month audit period. Therefore, ANC 3E fully complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 3E MAINTAINED MINUTES FOR ALL 28 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

ANC 3E maintained minutes for all 28 public meetings held during the audit period. A review of ANC 3E'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 3E 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 3E's records revealed that annual fiscal year spending plan budgets were developed and approved during the audit period. Therefore, ANC 3E fully complied with D.C. Code, Section 1-309.10 (n).

ANC 3E 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 3E participated in the ANC Security Fund in calendar years 2007, 2008, and 2009. Therefore, ANC 3E 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 3E's internal controls were adequate as evidenced by, but not limited to, the following:

- ▶ annual spending plan budgets were presented and properly adopted at public meetings;
- ▶ all expenditures were first approved by a majority of Commissioners in a public meeting at which a quorum was present, and recorded in the minutes;
- ▶ all disbursements were supported by adequate documentation; and
- ▶ ANC 3E participated in the ANC Security Fund.

CONCLUSION

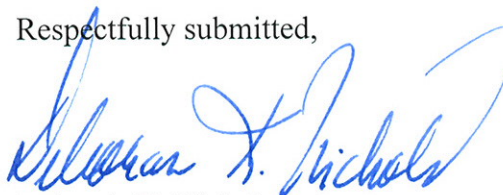
The Auditor's examination of ANC 3E's financial accounts, books, and records revealed that ANC 3E substantially complied with all relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General.

During fiscal years 2007 through 2009, as of March 31, 2009, ANC 3E maintained the required documentation to justify and support 100% of expenditures. Additionally, ANC 3E complied fully with the public meeting requirement of the ANC Act and minutes of meetings were prepared and maintained in the ANC's files. Four of the 10 quarterly financial reports due to the Auditor's Office during the audit period, however, were filed more than 30 days after the required due date.

Overall, the Auditor found that ANC 3E 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 3E 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 3E's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,



Deborah K. Nichols
District of Columbia Auditor