



**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  
017:07:LB:KM:GK

**Letter Report: Audit of Advisory Neighborhood Commission  
3D for Fiscal Years 2005 Through 2007,  
as of March 31, 2007**

**July 17, 2007**



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Commissioner Rachel W. Thompson  
Chairperson  
Advisory Neighborhood Commission 3D  
5835 Sherier Place, NW  
Washington, D.C. 20016

**Letter Report:** Audit of Advisory Neighborhood Commission 3D for Fiscal Years 2005 Through 2007, as of March 31, 2007

Dear Commissioner Thompson:

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) 3D.

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

The objectives of the audit were to determine whether:

1. ANC 3D'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 fiscal years 2005 through 2007, as of March 31, 2007.<sup>3</sup> 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 3D’S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2007**

Table I presents a statement of ANC 3D’s checking, savings, and petty cash account balances as of March 31, 2007.

**Table I  
ANC 3D’s Checking, Savings, and Petty Cash Account Balances  
As of March 31, 2007**

Petty Cash Account	\$	0.00*
Checking Account		23,545.32
Savings Account		<u>0.00*</u>
<b>Actual Cash Balance</b>		<b>\$ 23,545.32</b>

\*ANC 3D did not maintain a petty cash fund or savings account during the audit period.  
Source: ANC 3D’s quarterly reports and bank statements for the period October 1, 2004 through March 31, 2007.

**SUMMARY OF ANC 3D’S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2007, AS OF MARCH 31, 2007**

During the audit period, ANC 3D disbursed \$52,614.24. Table II summarizes, by category, ANC 3D’s disbursements made during the audit period, including bank service charges.

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<sup>3</sup> October 1, 2004 through March 31, 2007.

**Table II**  
**Summary of ANC 3D'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	0.00	0.00	0.00	0.00
Telephone Service	575.17	600.00	312.00	1,487.17
Postage and Delivery	450.60	457.88	136.67	1,045.15
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	1,317.02	1,151.36	838.25	3,306.63
Purchase of Service <sup>4</sup>	17,700.00	18,200.00	9,350.00	45,250.00
Office Supplies & Expenses	205.07	276.93	21.44	503.44
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	0.00	0.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	101.00	33.00	12.00	146.00
Other	525.00	260.40	90.45	875.85
<b>Total Disbursements</b>	<b>\$ 20,873.86</b>	<b>\$ 20,979.57</b>	<b>\$ 10,760.81</b>	<b>\$ 52,614.24</b>

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

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<sup>4</sup> The majority of expenditures reported in this category consists of monthly payments of \$1,475 to ANC 3D's independent contractor who provides administrative services to the Commission and its constituents.

## FINDINGS

### **ANC 3D 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.

Overall, the Auditor found that ANC 3D maintained adequate documentation to support \$52,223.91, or 99.3%, of the \$52,614.24 in disbursements made during the audit period

### **ANC 3D'S TREASURER FILED THE MAJORITY OF QUARTERLY REPORTS EARLY OR ON TIME**

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. [Auditor's Emphasis]

ANC 3D's Treasurer filed nine of the 10 reports required during the audit period before the due date. Therefore, the Auditor found that ANC 3D fully complied with D.C. Code, Section 1-309.13 (j) (1).

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

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

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

**ANC 3D 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 3D participated in the ANC Security Fund in calendar years 2005, 2006, and 2007. Therefore, ANC 3D fully complied with D.C. Code Section 1-309.13 (c).

**THE PAYEE AND SIGNATORY WERE THE SAME ON ONE CHECK DISBURSED DURING THE AUDIT PERIOD**

Guideline 21 of the Advisory Neighborhood Commission Financial Management Guidelines issued by the Office of the District of Columbia Auditor recommends that:

ANC officers who receive ANC funds by check should refrain from signing checks made payable to them. Instead, ANC officers who are authorized to sign ANC checks but are not involved in the transaction should sign such checks.

Check number 1233, dated March 7, 2007, for \$397.80, was made payable to the Commission's Chairperson who is also an authorized signer on the checking account. While the reimbursement was proper, the second signature on the check should have been that of another authorized signer instead of the Chairperson's.

**RECOMMENDATION**

ANC 3D's Treasurer should ensure that a reimbursement check made payable to a Commissioner who is also an authorized signer on the Commission's bank account is not signed by that Commissioner.

**INTERNAL CONTROLS WERE ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ASSETS WERE PROPERLY SAFEGUARDED**

The Auditor found that ANC 3D's internal controls were adequate as evidenced 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;
- ▶ Bank account reconciliations were regularly performed;
- ▶ The phrase "District of Columbia Government" was included in the Commission's account name and on the face of its checks; and
- ▶ ANC 3D participated in the ANC Security Fund.

**CONCLUSION**

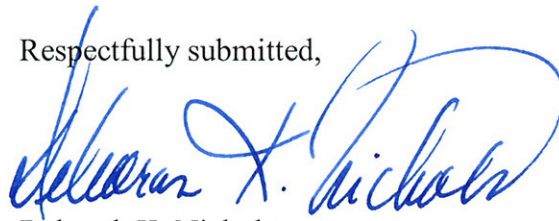
As a result of the examination of ANC 3D's books and records, the Auditor determined that ANC 3D complied with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, the Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General.

During fiscal years 2005, 2006, and 2007, through March 31, 2007, ANC 3D maintained the required documentation to justify and support 99.3% of expenditures. ANC 3D 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. ANC 3D has an exemplary quarterly financial report submission record in that the majority of reports due were filed early.



Overall, the Auditor found that ANC 3D maintained a well-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.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Deborah K. Nichols". The signature is fluid and cursive, with a large loop at the end.

Deborah K. Nichols

District of Columbia Auditor