



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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Deborah K. Nichols  
District of Columbia Auditor

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**Letter Report: Audit of Advisory Neighborhood  
Commission 2A for Fiscal Years 2007 Through 2009,  
as of March 31, 2009**

**September 15, 2009**



Deborah K. Nichols  
District of Columbia Auditor

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Commissioner Armando Irizarry  
Chairperson  
Advisory Neighborhood Commission 2A  
2475 Virginia Avenue, NW #911  
Washington, D.C. 20037

**Letter Report:** Audit of Advisory Neighborhood Commission 2A for Fiscal Years  
2007 Through 2009, as of March 31, 2009

Dear Commissioner Irizarry:

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 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 2A’S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2009**

Table I presents a statement of ANC 2A’s checking, savings, and petty cash account balances as of March 31, 2009.

**Table I**  
**ANC 2A’s Checking, Savings, and Petty Cash Account Balances**  
**As of March 31, 2009**

Petty Cash Account	\$	0.00 *
Checking Account	\$	5,527.27 *
Savings Account	\$	<u>0.00</u>
<b>Actual Cash Balance</b>	<b>\$</b>	<b>5,527.27</b>

\* ANC 2A did not maintain a petty cash fund or savings account during the audit period.  
Source: ANC 2A’s quarterly reports for the period October 1, 2006 through March 31, 2009.

**SUMMARY OF ANC 2A’S DISBURSEMENTS DURING FISCAL YEARS 2007 THROUGH 2009, AS OF MARCH 31, 2009**

During the audit period, ANC 2A disbursed \$23,506.75. 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 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	0.00	0.00	0.00	0.00
Office Rent	0.00	600.00	0.00	600.00
Telephone Service	59.70	0.00	0.00	59.70
Postage and Delivery	39.00	0.00	0.00	39.00
Utilities	109.55	0.00	0.00	109.55
Printing & Duplicating	30.10	0.00	0.00	30.10
Flyer Distribution	0.00	0.00	0.00	0.00
Purchase of Service <sup>3</sup>	7,190.00	13,659.15	550.00	21,399.15
Office Supplies & Expenses	312.02	8.28	0.00	320.30
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	809.95	0.00	0.00	809.95
Grants	0.00	0.00	0.00	0.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges	21.00	43.00	0.00	64.00
Other	25.00	0.00	50.00	75.00
<b>Total Disbursements</b>	<b>\$ 8,596.32</b>	<b>\$ 14,310.43</b>	<b>\$ 600.00</b>	<b>\$ 23,506.75</b>

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

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<sup>3</sup> Includes administrative and legal services.

## **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.

The Auditor found that ANC 2A's Treasurer maintained adequate documentation to support \$22,780.13, or 96.91%, of the \$23,506.75 in disbursements made during the audit period. However, disbursements totaling \$726.62, or 3.09%, were not supported by adequate documentation.<sup>4</sup> Therefore, ANC 2A substantially complied with D.C. Code, Section 1-309.13 (j) (1).

### **RECOMMENDATION**

ANC 2A officers ensure that adequate documentation is maintained to support all disbursements.

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<sup>4</sup> The Auditor disallowed the \$726.62 as unsupported disbursements during the quarterly review process.

**SEVEN 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 III, ANC 2A filed seven of the 10 reports required during the audit period over 30 days late. Of the remaining 3 reports, one was filed early and 2 were filed less than 30 days after the due date. Therefore, the Auditor found that ANC 2A did not fully comply with D.C. Code, Section 1-309.13 (j) (1).

**Table III  
Advisory Neighborhood Commission 2A  
Quarterly Financial Report Submission Record:  
Fiscal Years 2007 Through 2009, As of March 31, 2009**

<b>Year &amp; Quarter</b>	<b>Reported Months</b>	<b>Due Date</b>	<b>Date Received</b>	<b>Report Filed</b>
2007 - 1st	10/01/06 through 12/31/06	03/01/07	04/20/07	50 Days Late
2007 - 2nd	01/01/07 through 03/31/07	05/30/07	07/20/07	51 Days Late
2007 - 3rd	04/01/07 through 06/30/07	08/29/07	11/28/07	91 Days Late
2007 - 4th	07/01/07 through 09/30/07	11/29/07	06/19/08	203 Days Late
2008 - 1st	10/01/07 through 12/31/07	02/29/08	09/30/08	214 Days Late
2008 - 2nd	01/01/08 through 03/31/08	05/30/08	06/19/08	20 Days Late
2008 - 3rd	04/01/08 through 06/30/08	08/29/08	05/13/09	257 Days Late
2008 - 4th	07/01/08 through 09/30/08	11/29/08	03/02/09	93 Days Late
2009 - 1st	10/01/08 through 12/31/08	03/01/09	03/02/09	1 Day Late
2009 - 2nd	01/01/09 through 03/31/09	05/30/09	05/13/09	17 Days Early

Source: ANC 2A quarterly financial reports.

Further, D.C. Code, Section 1-309.13 (j) (2) states, in relevant part : “No quarterly allotment shall be forwarded to a Commission until all reports of financial activity for the quarters preceding the immediate quarter are approved by the Auditor.” The Auditor did not recommend the release of allotments related to subsequent reports filed with the Auditor’s Office until all preceding late reports were finally filed.

### **RECOMMENDATION**

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

### **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 a 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 action. The minutes documented the presentation and approval of expenditures, treasurer’s reports, and quarterly financial reports.

**ANC 2A DID NOT ESTABLISH AN ANNUAL FISCAL YEAR SPENDING PLAN BUDGET FOR FISCAL YEAR 2008**

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 annual fiscal year spending plan budgets were developed and approved during the audit period for fiscal years 2007 and 2009; however, ANC 2A did not establish a spending plan budget for fiscal year 2008. Therefore, ANC 2A did not fully comply with D.C. Code, Section 1-309.10 (n).

**RECOMMENDATION**

ANC 2A officers develop and implement a mechanism to ensure that an annual fiscal year spending plan budget is prepared for each forthcoming fiscal year in a timely manner.

**ANC 2A DID NOT PARTICIPATE IN THE ANC SECURITY FUND DURING CALENDAR YEAR 2008**

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 2007 and 2009. ANC 2A did not participate in the ANC Security Fund and did not maintain in force a cash or surety bond during calendar year 2008. Therefore, ANC 2A failed to comply with D.C. Code, Section 1-309.13 (c) during calendar year 2008.



## **RECOMMENDATION**

ANC 2A's Treasurer and Chairperson ensure that: (a) the matter of bonding or participation in the ANC Security Fund is voted on annually at the ANC's January public meeting; and (b) evidence of a cash or surety bond or the necessary ANC Security Fund documents and participation fee are timely filed with the Auditor by the established deadline.

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

In part, ANC 2A's internal controls were found to be inadequate as a result of: (1) untimely approval and filing of quarterly financial reports; (2) failure to develop and approve an annual spending plan budget for fiscal year 2008; and (3) failure to participate in the ANC Security Fund or bond its Treasurer and Chairperson during calendar year 2008. The Auditor found that ANC 2A's internal controls were adequate in other areas during the audit period, 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; and
- ▶ 96.91 % of disbursements were supported by adequate documentation.

## **CONCLUSION**

The Auditor's examination of ANC 2A's financial accounts, books, and records revealed that ANC 2A did not fully 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.

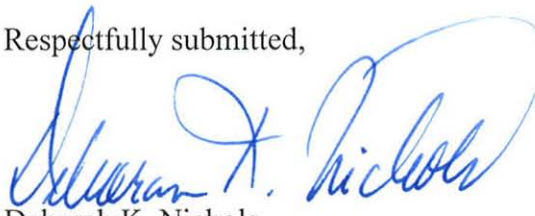
During fiscal years 2007 through 2009, as of March 31, 2009, ANC 2A maintained the required documentation to justify and support 96.91% of expenditures. Additionally, ANC 2A complied fully with the public meeting requirement of the ANC Act and minutes of meetings were prepared and maintained in the ANC's files. The Auditor found, however, that seven of the 10 quarterly financial reports due to the Auditor's office during the audit period were filed more than

30 days after the required due date. The Auditor further found that ANC 2A failed to establish and approve an annual spending plan budget for fiscal year 2008 and failed to participate in the ANC Security Fund or to bond its Chairperson and Treasurer during calendar year 2008.

ANC 2A must correct the noted deficiencies and strengthen its internal controls and compliance with the controls to ensure that ANC 2A's assets are properly safeguarded and its financial transactions comply with the ANC law.

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,



Deborah K. Nichols

District of Columbia Auditor