



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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Deborah K. Nichols
District of Columbia Auditor
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**Audit of Advisory Neighborhood Commission 5A
for Fiscal Years 2003 Through 2005
as of March 31, 2005**

September 30, 2005



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Commissioner Joseph Bowser
Chairperson
Advisory Neighborhood Commission 5A
4809 - 7th Street, NE
Washington, D.C. 20017

Letter Report: Audit of Advisory Neighborhood Commission 5A
for Fiscal Years 2003 Through 2005, as of March 31, 2005

Dear Commissioner Bowser:

Pursuant to section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (collectively "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) 5A.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 5A's disbursements complied with the ANC Act, ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor,² and legal opinions issued by the Office of the Attorney General ("OAG"), formerly the Office of the Corporation Counsel; and

¹ See the Advisory Neighborhood Commissions Act of 1975 (effective October 10, 1975, D.C. Law 1-21), as amended, by the Comprehensive Advisory Neighborhood Commissions Reform Act of 2000, effective June 27, 2000, D.C. Law 13-135., D.C. Code § 1-309.13 (d) (2004 Supp).

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

2. internal controls were adequate to produce reliable financial information and ensure that the ANC's assets were properly safeguarded.

The audit covered the period October 1, 2002 through March 31, 2005. In conducting the audit, the Auditor reviewed all available canceled checks, bank statements, bank signature cards, quarterly financial reports, meeting minutes, receipts and invoices, and other relevant documents.

STATEMENT OF ANC 5A's CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2005

Table I presents ANC 5A's checking, savings, and petty cash account balances as of March 31, 2005.

Table I
ANC 5A's Checking, Savings, and Petty Cash Account Balances
As of March 31, 2005

Petty Cash Account	\$ 200.00
Checking Account	23,850.86
Savings Account	<u>0.00*</u>
Actual Cash Balance	\$ 24,050.86

* ANC 5A did not maintain a savings account.

Source: ANC 5As quarterly report and bank statements as of March 31, 2005.

SUMMARY OF ANC 5A'S DISBURSEMENTS DURING FISCAL YEARS 2003 THROUGH 2005, AS OF MARCH 31, 2005

During the audit period, ANC 5C disbursed a total of \$76,616.26. Table II summarizes, by category, ANC 5A's disbursements made during the audit period, including bank service charges.

**Table II
Summary of ANC 5A's Disbursements
During Fiscal Years 2003 Through 2005,
as of March 31, 2005**

Disbursement Category	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005 as of March 31, 2005	Grand Total
Bank Service Charges	\$ 144.00	144.00	103.00	391.00
Federal Wage Taxes Paid	1,426.74	2,461.15	2,522.44	6,410.33
Flyer Distribution	1,050.00	869.00	960.00	2,879.00
Grants	0.00	1,750.00	1,500.00	3,250.00
Local Income Taxes Paid	453.00	463.00	0.00	916.00
Net Salaries & Wages	8,877.26	9,394.98	4,466.77	22,739.01
Office Supplies & Expenses	945.65	1,071.74	1,366.75	3,384.14
Office Equipment - Rental	640.00	0.00	685.08	1,325.08
Office Equipment - Purchase	0.00	577.77	0.00	577.77
Petty Cash Reimbursement	0.00	131.57	158.36	289.93
Postage and Delivery	226.42	188.32	148.00	562.74
Purchase of Service	3,831.43	4,903.90	2,263.58	10,998.91
Printing and Duplicating	910.00	940.00	235.00	2,085.00
Tax Penalties Paid	0.00	0.00	37.82	37.82
Telephone Service	1,247.50	1,399.24	733.29	3,380.03
Unemployment Insurance Taxes	770.14	789.51	406.26	1,965.91
Utilities	5,158.03	4,512.68	3,500.67	13,171.38
Other	683.56	812.25	756.40	2,252.21
Total Disbursements	\$ 26,363.73	\$ 30,409.11	\$ 19,843.42	\$ 76,616.26

Source: ANC 5A's quarterly financial reports, check book, canceled checks, and bank statements.

FINDINGS

ANC 5A SUBSTANTIALLY COMPLIED WITH D.C. CODE SECTION 1-309.13 (j) (1) BY MAINTAINING DOCUMENTATION TO SUPPORT ALL 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 reported in the quarterly report. . . .

The Auditor's examination of relevant documentation indicated that ANC 5A officers established an exemplary record-keeping system to ensure that appropriate financial documentation was obtained and maintained in the ANC's files to support all disbursements. Overall, the Auditor found that ANC 5A maintained sufficient documentation to support \$76,616.26, or 100%, of ANC funds disbursed during the audit period.

ANC 5A'S MINUTES DOCUMENTED THE APPROVAL OF EXPENDITURES BY A MAJORITY OF ANC 5A 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 5A's public meetings consistently indicated the Commissioners' specific authorization of all expenditures made by the ANC's Chairperson and/or Treasurer.

ANC 5A'S TREASURER WAS LATE IN FILING NINE OF THE 10 QUARTERLY REPORTS DUE DURING THE AUDIT PERIOD

D.C. Code Section 1-309.13 (j) (1) 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, 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.

As presented in Table III, ANC 5A's Treasurer was late in filing nine of the 10 quarterly reports due during the audit period.

Table III
Advisory Neighborhood Commission 5A
Quarterly Financial Report Submission Record
Fiscal Years 2003 Through 2005, as of March 31, 2005

Year & Quarter	Reported Months	Due Date	Date Received	Report Received
2003 - 1 st	10/01/02 through 12/31/02	03/03/03	08/05/03	Late
2003 - 2 nd	01/01/03 through 03/31/03	05/30/03	09/26/03	Late
2003 - 3 rd	04/01/03 through 06/30/03	08/29/03	11/18/03	Late
2003 - 4 th	07/01/03 through 09/30/03	11/29/03	11/18/03	Early
2004 - 1 st	10/01/03 through 12/31/03	03/01/04	03/08/03	Late
2004 - 2 nd	01/01/04 through 03/31/04	05/31/04	06/29/03	Late
2004 - 3 rd	04/01/04 through 06/30/04	08/30/04	11/08/04	Late
2004 - 4 th	07/01/04 through 09/30/04	11/29/04	12/17/04	Late
2005 - 1 st	10/01/04 through 12/31/04	03/01/05	04/14/05	Late
2005 - 2 nd	01/01/05 through 03/31/05	05/30/05	07/28/05	Late

Source: ANC 5A's quarterly financial reports.

ANC 5A's Treasurer must substantially improve compliance with the financial report filing deadlines of the ANC Act

RECOMMENDATION

ANC 5A's Treasurer, with the cooperation of all 5A Commissioners, prepare and file all quarterly financial reports in a more timely manner.

ANC 5A SUBSTANTIALLY COMPLIED WITH THE PUBLIC MEETING REQUIREMENT IN THE ANC ACT 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 5A’s quarterly financial reports and other relevant documentation revealed that ANC 5A held a total of 23 public meetings during the 30-month audit period. Therefore, ANC 5A substantially complied with the public meeting requirement under D.C. Code Section 1-309.11 (b) (1).

ANC 5A MAINTAINED MINUTES FOR ALL 23 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

A review of ANC 5A’s minutes indicated that the Commission took official action only at public meetings where a quorum existed 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 5A maintained minutes for all 23 public meetings held during the audit period.

ANC 5A 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.

A review of ANC 5A’s documents and minutes revealed that annual fiscal year spending plan budgets were developed, presented and properly adopted by the Commission at public meetings held during the audit period as required by the ANC Act.

ANC 5A GRANT DISBURSEMENTS SUBSTANTIALLY COMPLIED WITH THE ANC ACT

Section 1-309.13 (m) (1) and (2) 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.

ANC 5A awarded three grants totaling \$3,250 during the audit period. The Auditor found that all grant requests served a public benefit; were presented to the ANC by the grant applicant; and approved by a majority of Commissioners in public meetings. The grants awarded by ANC 5A appear to have supported activities or projects of a public nature.

ANC 5A 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 when a current and accurate statement and a bond or its equivalent are not on file with the Auditor. [Auditor Emphasis]

ANC 5A participated in the ANC Security Fund in calendar years 2003 through 2005. Therefore, ANC 5A complied with the requirements of D.C. Code Section 1-309.13 (c).

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

ANC 5A's internal controls were found to be adequate as evidenced by, but not limited to, the following:

- ▶ Spending plan budgets were presented and properly adopted by a majority of Commissioners in public meetings;
- ▶ All expenditures were first approved by Commissioners in a public meeting and recorded in the minutes;
- ▶ All disbursements were supported by adequate documentation;
- ▶ Bank account reconciliations were performed;
- ▶ The phrase "District of Columbia Government" was included in the Commission's account name and on the face of its checks; and
- ▶ ANC 5A participated in the ANC Security Fund.

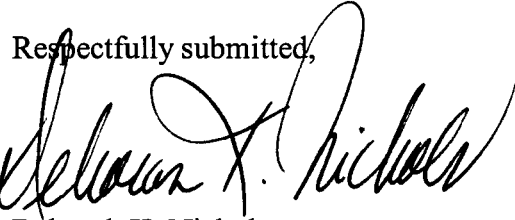
CONCLUSION

As a result of the examination of ANC 5A's books and records, the Auditor determined that ANC 5A was in substantial compliance 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 2003, 2004, and 2005, through March 31, 2005, ANC 5A maintained the required documentation to justify and support all expenditures. Of the 10 quarterly financial reports due to the Auditor's Office during the audit period, only one was filed on or near the filing deadline. The remaining nine were filed late. The Auditor recommends that ANC 5A's Treasurer prepare and file all quarterly financial reports in a more timely manner.

ANC 5A complied fully with the public meeting requirement of the ANC Act. Minutes of meetings held were prepared and maintained in the ANC's files. Also, the Auditor found that ANC 5A prepared annual fiscal year spending plan budgets during the audit period as required by the ANC Act.

Overall, the Auditor found that ANC 5A maintained an exemplary and 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,

Deborah K. Nichols
District of Columbia Auditor