



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

**Deborah K. Nichols**

**District of Columbia Auditor**

026:05:LB:KM:gk

**Audit of Advisory Neighborhood Commission 4D  
for Fiscal Years 2003 Through 2005  
as of March 31, 2005**

**September 30, 2005**



## OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14<sup>TH</sup> STREET N.W., SUITE 900  
WASHINGTON, D.C. 20005  
TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols  
District of Columbia Auditor  
026:05:LB:KM:gk

Commissioner Keith Jackson  
Chairperson  
Advisory Neighborhood Commission 4D  
5403 - 8<sup>th</sup> Street, NW  
Washington, D.C. 20011

**Letter Report:** Audit of Advisory Neighborhood Commission 4D  
for Fiscal Years 2003 Through 2005, as of March 31, 2005

Dear Commissioner Jackson:

Pursuant to Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (collectively "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) 4D.

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

The objectives of the audit were to determine whether:

1. ANC 4D'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), formerly the Office of the Corporation Counsel; and

---

<sup>1</sup> 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 Amendment Act of 2000, effective June 27, 2000, D.C. Law 13-135., D.C. Code §1-309.13 (d) (2004 Supp.).

<sup>2</sup> 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, grant applications, and other relevant documents.

**STATEMENT OF ANC 4D's CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2005**

Table I presents ANC 4D's checking, savings, and petty cash account balances as of March 31, 2005.

**Table I**  
**ANC 4D's Checking, Savings, and Petty Cash Account Balances**  
**As of March 31, 2005**

Petty Cash Account	\$ 200.00
Checking Account	7,209.79
Savings Account	<u>0.00*</u>
<b>Actual Cash Balance</b>	<b>\$ 7,409.79</b>

Source: ANC 4D's bank statement as of March 31, 2005.

\* ANC 4D did not maintain a savings account.

**SUMMARY OF ANC 4D'S DISBURSEMENTS DURING FISCAL YEAR YEARS 2003 THROUGH 2005 AS OF MARCH 31, 2005**

During the audit period, ANC 4D disbursed \$62,607.52. Table II summarizes, by category, ANC 4D's disbursements made during the audit period, including bank service charges.

**Table II  
Summary of ANC 4D's Disbursements  
During Fiscal Years 2003 Through 2005,  
as of March 31, 2005**

<b>Disbursement Category</b>	<b>Fiscal Year 2003</b>	<b>Fiscal Year 2004</b>	<b>Fiscal Year 2005 as of March 31, 2005</b>	<b>Grand Total</b>
Bank Service Charges	\$ 23.00	\$ 9.00	\$ 0.00	\$ 32.00
Flyer Distribution	105.00	0.00	0.00	105.00
Grants	500.00	0.00	0.00	500.00
Office Equipment - Purchase	8,219.04	5,244.84	195.00	13,658.88
Office Equipment - Rental	734.54	1,935.32	3,461.67	6,131.53
Office Rent	5,675.00	5,225.00	3,325.00	14,225.00
Office Supplies & Expenses	2,205.73	936.55	0.00	3,142.28
Petty Cash Reimbursements	132.57	0.00	0.00	132.57
Postage and Delivery	1,554.00	2,442.00	777.00	4,773.00
Printing & Duplicating	2,577.00	4,900.00	2,100.00	9,577.00
Tax Penalties Paid	0.00	223.29	0.00	223.29
Telephone Service	658.48	655.32	459.76	1,773.56
Other	3,681.53	4,053.90	597.98	8,333.41
<b>Total Disbursements</b>	<b>\$ 26,065.89</b>	<b>\$ 25,625.22</b>	<b>\$ 10,916.41</b>	<b>\$ 62,607.52</b>

Source: ANC 4D's quarterly financial reports, check book, canceled checks, and bank statements.

## **FINDINGS**

### **ANC 4D 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 during the time period covered by the quarterly report. . . .

The Auditor's examination of relevant documentation indicated that ANC 4D officers established adequate procedures to ensure that appropriate financial documentation was obtained and maintained in the ANC's files. Overall, the Auditor found that ANC 4D maintained sufficient documentation to support \$62,607.52, or 100%, of the ANC funds disbursed during the audit period.

### **ANC 4D MINUTES DOCUMENTED THE APPROVAL OF EXPENDITURES BY A MAJORITY OF ANC 4D 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 4D's public meetings consistently indicated the Commissioners' specific approval of all expenditures made by the ANC's Chairperson and Treasurer.

### **DURING THE AUDIT PERIOD ANC 4C DID NOT FILE ALL QUARTERLY FINANCIAL REPORTS 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. 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 4D filed six of the 10 reports due during the audit period early or on time. Four of the 10 quarterly reports were filed late. Therefore, the Auditor found that ANC 4D failed to fully comply with D.C. Code Section 1-309.13 (j) (1).

**Table III**  
**Advisory Neighborhood Commission 4D**  
**Quarterly Financial Report Submission Record**  
**For the Period October 1, 2002 Through March 31, 2005**

Year & Quarter	Reported Months	Due Date	Date Received	Report Filed
2003 - 1st	10/01/02 through 12/31/02	03/03/03	03/03/03	On Time
2003 - 2nd	01/01/03 through 03/31/03	05/30/03	04/17/03	Early
2003 - 3rd	04/01/03 through 06/30/03	08/29/03	10/23/03	Late
2003 - 4th	07/01/03 through 09/30/03	11/21/03	11/24/03	On Time
2004 - 1st	10/01/03 through 12/31/03	03/01/04	02/19/04	Early
2004 - 2nd	01/01/04 through 03/31/04	05/31/04	06/17/04	Late
2004 - 3rd	04/01/04 through 06/30/04	08/30/04	10/08/04	Late
2004 - 4th	07/01/04 through 09/30/04	11/29/04	01/21/05	Late
2005 - 1st	10/01/04 through 12/31/04	03/01/05	01/21/05	Early
2005 - 2nd	01/01/05 through 03/31/05	05/30/05	05/26/05	Early

Source: ANC 4D's quarterly financial reports.

ANC 4D must improve its performance of this statutorily required responsibility.

**RECOMMENDATION**

ANC 4D's Treasurer, with the cooperation of all ANC 4D Commissioners, prepare and file all future quarterly financial reports in a more timely manner.

**ANC 4D 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 public session at regular intervals at least 9 times per year. . . .” The Auditor’s review of ANC 4D’s quarterly financial reports and other relevant documentation such as meeting minutes revealed that ANC 4D held a total of 26 public meetings during the 30-month audit period. Therefore, ANC 4D fully complied with the public meeting requirement under D.C. Code Section 1-309.11 (b) (1).

**ANC 4D MAINTAINED MINUTES FOR ALL 26 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD**

A review of ANC 4D’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 4D maintained minutes for all 26 public meetings held during the audit period.

**ANC 4D 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 4D’s documents and minutes revealed that annual fiscal year spending plan budgets were developed, presented, and properly adopted at public meetings during the audit period as required by the ANC Act.

## **ANC 4D'S GRANTS SUBSTANTIALLY 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.

The Auditor found that ANC 4D awarded one grant for \$500 during the audit period. The grantee organization submitted a grant application to ANC 4D describing the project for which the request was made and how grant funds would be used. Also, according to the Auditor's review of ANC 4D minutes, a representative from the grantee organization made a presentation at an ANC 4D public meeting. The grant awarded was public in nature and was approved by a majority of ANC 4D Commissioners in a public meeting. Therefore, ANC 4D substantially complied with D. C. Code Section 1-309.13 (m) during the audit period.

## **ANC 4D DID NOT PROVIDE EVIDENCE THAT CHECKBOOK RECONCILIATIONS WERE PERFORMED MONTHLY**

ANC 4D did not adhere to the ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor regarding monthly checkbook reconciliations.

The applicable ANC Financial Management Guideline states:

The Treasurer should reconcile the bank statement to the check book within 15 days of the receipt of the bank statement. The bank statement and bank reconciliation should be reviewed by the Chairperson or Vice-Chairperson of the ANC, who should indicate their review by initialing the bank reconciliation and bank statement.

The Auditor did not see any evidence indicating that the Treasurer reconciled the bank statement to the checkbook during the audit period or that the Chairperson or Vice-Chairperson reviewed the bank statement and monthly reconciliations.



## **RECOMMENDATIONS**

1. ANC 4D's Treasurer should ensure that: (a) the bank statement is reviewed and reconciled promptly and correctly, (b) outstanding checks and bank service charges are included, and (c) any other necessary adjustments are made to reflect the correct checkbook balance.
2. ANC 4D's Chairperson and Vice-Chairperson should review bank statements and reconciliations, and initial these documents to show that they have been reviewed.

## **ANC 4D 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 4D participated in the ANC Security Fund during the audit period. Therefore, ANC 4D 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**

ANC 4D'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 at 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 in the form of receipts, invoices, and contracts;

- ▶ The phrase “District of Columbia Government” was included in the Commission’s bank account name and on the face of its checks; and
- ▶ ANC 4D participated in the ANC Security Fund.

## CONCLUSION

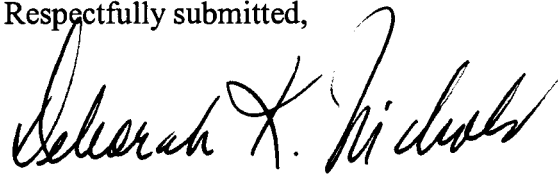
The Auditor’s examination of ANC 4D’s books and records revealed that ANC 4D was in substantial compliance with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, the Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General.

During fiscal years 2003, 2004, and 2005, through March 31, 2005, ANC 4D maintained the required documentation to justify and support expenditures totaling \$62,607.52 as reported in quarterly financial reports filed with the Auditor. Of the 10 quarterly financial reports that were due to the Auditor’s Office during the audit period, six were filed within the filing deadline and four were filed late. The Auditor recommends that ANC 4D’s Treasurer prepare and file all quarterly financial reports in a more timely manner. ANC 4D exceeded the number of public meetings required to be held annually. Minutes of meetings held were maintained in the ANC’s files. The Auditor found that ANC 4D prepared annual fiscal year spending plan budgets during the audit period as required by the ANC Act. The single grant issued by ANC 4D complied with the ANC Act and ANC 4D’s internal grant policies.

Overall, the Auditor found that ANC 4D 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 4D 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 4D’s next scheduled quarterly allotment until a response is filed.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor