



ANC 6E Largely Compliant with Law

April 28, 2015

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A Report by the Office of the District of Columbia Auditor
Kathleen Patterson, District of Columbia Auditor



April 28, 2015

Included herein is the Office of the District of Columbia's report entitled "ANC 6E Largely Compliant with Law." This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 6E was in compliance with the requirements of the Act and whether they had established adequate internal controls to ensure proper stewardship of the public funds allocated to them.

We would like to thank ANC 6E's Commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 6E in the future.

Sincerely,

Kathleen Patterson
District of Columbia Auditor



April 28, 2015

ANC 6E Largely Compliant with Law

Why ODCA Did This Audit

The audit was conducted per the Advisory Neighborhood Commissions Act of 1975, which requires the District Auditor to audit the financial accounts of selected ANCs each year.

What ODCA Recommends

1. ANC 6E should update its bylaws to reflect ANC 6E's current geographic boundaries.
2. Tighter management control should be applied to ensure the integrity of the grant award and monitoring processes.
3. ANC 6E's Commissioners, at their first meeting of each fiscal year, should develop a spending plan for the upcoming fiscal year.

What ODCA Found

ANC 6E is one of 40 Advisory Neighborhood Commissions (ANCs) in the District of Columbia. The ANCs were created by the Advisory Neighborhood Commissions Act of 1975 (the Act). The Act empowers the ANCs to advise the Council of the District of Columbia, the Mayor, and the agencies of the government of the District of Columbia on matters of government policy or action that affect that Commission area. In addition, the Act authorizes an annual allocation of funds to each ANC, to be distributed quarterly. These funds are to be used for "public purposes within the Commission area."

Overall, we found that ANC 6E generally complied with the requirements of the law; however, compliance can be improved. Specifically, we found that 6E's current bylaws do not reflect changes to their boundaries made pursuant to the Advisory Neighborhood Commissions Boundaries Act of 2012. In addition, the ANC did not take steps to recover money granted to a local organization after that organization informed the ANC that they were unable to hold the event for which the money was to be used.

In fiscal years 2012-2014, the ANC did not develop and present in a public meeting their annual spending plan as required by the Act. The Act clearly provides that all ANCs must develop such a budget within 60 days of notification of the amount of the Commission's annual allotment. This proposed budget must be presented for comment at a public meeting. The ANC could not show that they had done so.

For more information regarding this report, please contact Anovia Daniels, Communications Analyst/ANC Outreach, at Anovia.Daniels@dc.gov or 202-727-3600.

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Background

D.C. Code provides for the establishment of District of Columbia Advisory Neighborhood Commission (ANC) areas.¹ There are currently 40 ANCs in the District², each comprised of from three to seven Single Member Districts (SMD). Each SMD has a population of approximately 2,000 residents and each is represented by an elected advisory neighborhood commissioner.³ The ANCs often advise the District government on matters of public policy, including planning, streets, recreation, social services programs, health, safety, and sanitation, and their views are to be accorded “great weight” in certain decisions pertinent to the respective Commission area.⁴

The District government allocates funds each year to the ANCs. Total appropriations to the ANCs were \$850,818 in FY 2009, \$785,216 in FY 2010, \$683,571.60 in FY 2011, and \$677,688 in FYs 2012, 2013 and 2014.

The Advisory Neighborhood Councils Act of 1975⁵ (the Act) provides the legal framework for how the ANCs are to operate, including restrictions on how they can spend their annual allotments.⁶ The Office of Advisory Neighborhood Commissions (OANC) and the Office of the District of Columbia Auditor provide operational and administrative guidance to ANCs in carrying out their respective functions. In addition, written opinions issued by the District’s Office of the Attorney General (OAG) address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC Laws⁷.

¹ D.C. Code § 1-309.02 provides that: “[t]here are hereby established in the District of Columbia Advisory Neighborhood Commission areas, the boundaries of which shall be as depicted on the maps of the District of Columbia annexed to and made a part of this part.”

² The Advisory Neighborhood Councils Act of 1975 created ANCs to represent residents within Commission areas in each of the 8 Wards of the District. *See* D.C. Code § 1-309.03(a). ANCs are funded by District revenues through the annual appropriations process. ANCs are funded by District revenues through annual allocations. *See* D.C. Code § 1-207.38 (e).

³ D.C. Code § 1-309.03 provides that: “[t]he Council shall, by act, establish single-member districts for each of the neighborhood commission areas... Each single-member district shall have a population of approximately 2,000 people, and shall be as nearly equal as possible. The boundaries of the single-member districts shall conform to the greatest extent possible with the boundaries of the census blocks which are established by the United States Bureau of the Census...”

⁴ D. C. Code § 1-309.10.

⁵ This is frequently referred to as the “Advisory Neighborhood Commissions Act”.

⁶ D.C. Code §§ 1-309.01 - .15.

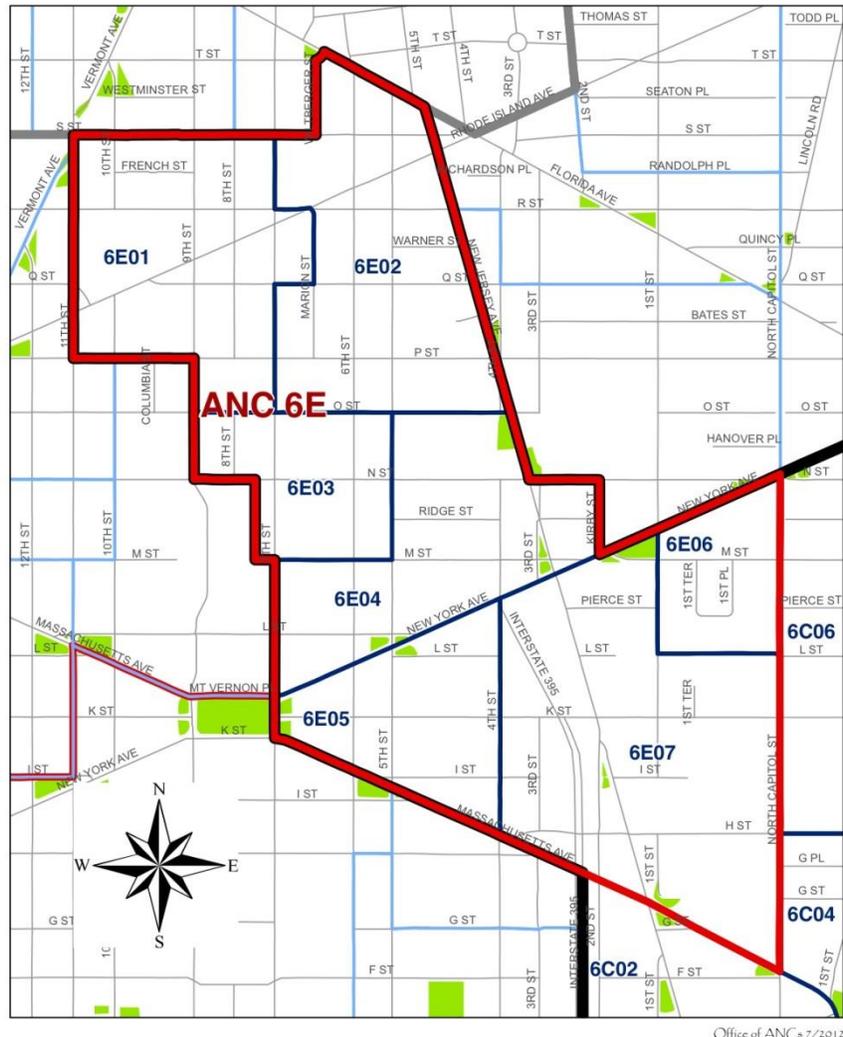
⁷ ANCs, agency officials, and the general public are able to search for [advice letters](#) written by the Office of the Attorney General on ANC issues.

ANC 6E Profile

ANC 6E is located in Ward 6. ANC 6E is comprised of seven SMDs. Figure 1 presents a map of the ANC 6E boundaries.

Figure 1

ANC 6E Boundaries



ANC 6E 2013 Boundaries

Source: ANC 6E website

In 2012, the ANC Boundaries Act of 2012 was passed. This law changed the boundaries for a number of ANCs around the District. Some of the changes were minor, while others were more significant. One of the most significant changes resulted in the creation of ANC 6E out of portions of ANC 2C. Our audit period covers both ANCs, so we present the Commissioners holding office in what was then known as 2C in 2012-2013 and what is now known as 6E in 2013-

2015. Figures 2-3 present the ANC 6E (formerly known as ANC 2C) Commissioners between January 2, 2012 and December 31, 2014.⁸

Figure 2

ANC 2C Commissioners for 2012 – 2013

SMD	Name
2C01	Alexander Padro
2C02	Kevin Chapple
2C03	Doris Brooks
2C04	Rachelle Nigro

Figure 3

ANC 6E Commissioners for 2013 - 2015

SMD	Name
6E01	Alexander Padro
6E02	Kevin Chapple
6E03	Frank Wiggins
6E04	Rachelle Nigro
6E05	Marge Maceda
6E06	Alvin Judd, Sr.
6E07	Alfreda Judd

ANC 6E Annual Appropriations, Spending, and Amounts Withheld

ANC 6E's appropriated funding for FY 2012, through the 1st quarter of FY 2014, was \$79,616.46. During the same time period, ANC 6E reported spending \$69,401.97.

Figure 4 summarizes, by budget category, the \$69,401.97 in spending ANC 6E reported between FY 2012 and the 1st quarter of FY 2014.

⁸ See the Advisory Neighborhood Commissions Boundaries Act of 2012 (19-157).

Figure 4**ANC 6E Reported Disbursements Total \$69,401.97 for the audit scope**

Disbursements	FY 2012	FY 2013	1st Quarter, FY 2014	Grand Total	% of Total
Net Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Workers Compensation	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Insurance:					
a. Health	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
b. Casualty/Property	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
c. ANC Security Fund	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Total Federal Wage Taxes Paid					
(Income and Soc. Sec.)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Unemployment Insurance Taxes	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Tax Penalties Paid	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Local Transportation	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Office Rent	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Telecommunication Services:	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
a. Landline Telephone	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
b. Cellular Telephone	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
c. Cable/Internet Services	\$0.00	\$114.80	\$0.00	\$114.80	0.17%
Postage and Delivery	\$495.00	\$330.00	\$0.00	\$825.00	1.19%
Utilities	\$0.00	\$784.27	\$0.00	\$784.27	1.13%
Printing and Duplicating	\$3,981.37	\$4,307.48	\$737.31	\$9,026.16	13.01%
Flyer Distribution	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Purchase of Service	\$500.00	\$1,125.00	\$375.00	\$2,000.00	2.88%
Office Supplies & Expenses	\$0.00	\$34.00	\$0.00	\$34.00	0.05%
Office Equipment:					
a. Rental	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
b. Purchase	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Grants	\$7,400.00	\$16,640.00	\$0.00	\$24,040.00	34.64%
Training	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Petty Cash Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Bank Service Charges	\$66.65	\$0.00	\$0.00	\$66.65	0.10%
Website/webhosting	\$29.33	\$0.00	\$0.00	\$29.33	0.04%
Other	\$640.00	\$31,841.76	\$0.00	\$32,481.76	46.80%
Total Disbursements	\$13,112.35	\$55,177.31	\$1,112.31	\$69,401.97	100.00%

Source: ANC 6E's quarterly financial reports. Note: Categories changed in FY 2011, adding the Website/webhosting category and requiring ANCs to provide more detail about their spending in the Insurance and Telecommunications categories

Objectives, Scope and Methodology

Objectives

Pursuant to District of Columbia Code § 1-309.13(d) (2), the District of Columbia Auditor (Auditor) conducted a discretionary audit of the financial accounts of ANC 6E.⁹ The objectives of this audit were to determine whether:

1. ANC 6E complied with applicable laws and regulations; and
2. Internal controls were established to protect the ANC's assets from waste, fraud and abuse.

Scope

The audit period covered fiscal years (FY) 2012 through the 1st quarter of FY 2014 (October 1, 2011 through December 31, 2013) and included a review of ANC 6E's financial records, quarterly financial reports, and other relevant documentation.

Methodology

To evaluate compliance with applicable laws and regulations, we reviewed the ANC Act of 1975, as amended (the Act), *Suggested Financial Management Guidelines* provided to all ANCs by the District of Columbia Auditor, and written opinions issued by the District's Office of the Attorney General (OAG), as well as, financial records and documents maintained by ANC 6E.

To determine whether ANC 6E had complied with these standards, and whether proper internal controls were established to protect ANC 6E assets, we examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, and contracts. In addition, we interviewed ANC Officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁹ D.C. Code § 1-309.13(d) (2) provides that "[t]he Auditor may audit the financial accounts of a Commission, at the discretion of the Auditor..."

Audit Results

Overall, we found that ANC 6E/2C maintained adequate documentation to support 99.48 percent of the disbursements made during the audit period.

ANC 6E's Bylaws do not include the current geographic boundaries of the Commission area

The Act states that “[e]ach Commission shall establish bylaws governing its operation and internal structure (1) these bylaws shall include the following: (A) the geographic boundaries of the Commission area...”¹⁰

The bylaws presented to us were last amended on March 2, 2001, when the ANC was still known as ANC 2C. The geographic boundaries included reference the old boundaries of ANC 2C. ANC 6E was created as a separate ANC by the Advisory Neighborhood Commission Boundaries Act of 2012¹¹ and no longer has anything to do with ANC 2C.

Recommendation:

1. ANC 6E should update its bylaws to reflect ANC 6E's current geographic boundaries.

¹⁰ D.C. Code § 1-309.11 (d)

¹¹ L19-157.

ANC 6E did not properly document a grant expenditure

The Act requires that: “[w]ithin 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 consistent with the grant application, complete with receipts which support the expenditures.”¹²

We found that ANC 6E’s 1st Quarter FY 2013 report includes a statement from a grantee indicating they had previously been awarded a grant for \$800 for a project that could not be accomplished. ANC 6E could not provide documentation that the grant funds had been returned to ANC 6E or a statement to explain how the funds were used.

By failing to have an adequate statement of use on file, ANC 6E exposes itself to the appearance of having given away the grant funds without the local community receiving any benefit.

Recommendation:

2. Tighter management control should be applied to ensure the integrity of the grant award and monitoring processes.

¹² D.C. Code § 1-309.13(m) (3).

ANC 6E did not develop a spending plan budget at the beginning of each fiscal year

The Act states that “[e]ach 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.”¹³

We reviewed available public meeting minutes and quarterly reports and found that ANC 6E could not provide evidence that a spending plan was developed for FYs 2012, 2013, or 2014.

As a result of ANC 6E’s failure to develop and present an annual fiscal year spending plan at a public meeting during these years, ANC 6E residents were not afforded the opportunity to provide comments and/or recommendations on annual spending and may not have been informed of the available annual allotment to their ANC.

Recommendation:

3. We recommend that ANC 6E’s Commissioners/officers, at their first meeting of each fiscal year, develop a spending plan budget for the upcoming fiscal year.

¹³ D.C. Code § 1-309.10(n).

Audit Results Summary

Our audit identified three recommendations that could improve operations at ANC 6E. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 6E's Bylaws do not include the current geographic boundaries of the Commission area	1. ANC 6E should update its bylaws to reflect ANC 6E's current geographic boundaries.
ANC 6E did not properly document a grant expenditure	2. Tighter management control should be applied to ensure the integrity of the grant award and monitoring processes.
ANC 6E did not develop a spending plan budget at the beginning of each fiscal year	3. We recommend that ANC 6E's Commissioners/officers, at their first meeting of each fiscal year, develop a spending plan budget for the upcoming fiscal year.

Conclusion

We found that ANC 6E was largely in compliance with the requirements of the Act.

ANCs are required by the Act to develop an annual budget. This office provides a template to be used by the ANCs showing standard spending categories. The Commissioners are to use this template when developing their annual budget. The Act also requires that Commissioners present their proposed budget at a public meeting of the Commission to solicit comments from the residents of the Commission area. We found that ANC 6E's Commissioners did not follow these requirements in fiscal years 2012, 2013, or 2014. The residents of ANC 6E were denied their legal right to know and comment on the spending plans of the Commissioners they elected to represent them. ANC 6E's Commissioners should strive to serve those who elected them by allowing them to be involved in the budget-setting process.

We encourage the current Commissioners and Officers of ANC 6E to use this report as a learning tool so as to not repeat the deficiencies cited in this report.

Per the ANC Act, ANCs are required to respond in writing to the Auditor within 90 days after being notified of any violations of the Act. Failure to provide such written response will result in scheduled quarterly allotments being forfeited until such time as the written response is received. This report constitutes written notification and we look forward to receiving ANC 6E's written response.

Sincerely,



Kathleen Patterson
District of Columbia Auditor

Agency Comments

On April 1, 2015, we sent a draft copy of this report to the Chairperson and Treasurer of ANC 6E for review and written comment. Neither the Chairperson nor Treasurer responded with written comments to the draft report.

As previously stated, per the ANC Act, ANCs are required to respond in writing to the Auditor within 90 days after being notified of any violations of the Act. Failure to provide such written response will result in scheduled quarterly allotments being forfeited until such time as the written response is received.