



ANC 7F Did Not Fully Comply with the ANC Act

May 18, 2015

Audit Team:

Fredericka Shaw, Auditor-in-Charge

Amy Wu, Auditor

Joshua Stearns, Audit Supervisor

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



May 18, 2015

Included herein is the Office of the District of Columbia's report entitled "ANC 7F Did Not Fully Comply with the ANC Act". This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 7F 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 7F's Commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 7F in the future.

Sincerely,

Kathleen Patterson
District of Columbia Auditor



May 18, 2015

ANC 7F Did Not Fully Comply with the ANC Act

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 7F should establish a voucher package for each disbursement to include supporting documents.
2. ANC 7F's Commissioners/officers, at their first meeting of each fiscal year, should develop and present a spending plan budget for the upcoming fiscal year.
3. ANC 7F's Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular Commission meetings for the remainder of the calendar year.
4. ANC 7F's Commissioners should maintain, in a secure location, an approved written record of each public meeting.
5. ANC 7F should ensure that its quarterly financial reports are filed with the Auditor by required due dates.
6. ANC 7F's Treasurer and Chairperson should, at their first meeting of the calendar year, adopt a resolution to participate in the ANC Security Fund, or obtain a cash or surety bond.
7. The ANC 7F Treasurer should reconcile bank statements to the checkbook within 15 days of receipt of the bank statement
8. The bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson.

What ODCA Found

ANC 7F 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."

We found that ANC 7F did not fully comply with the requirements of the law. Specifically, \$15,346.28 was withheld from ANC 7F's quarterly allotments for non-supported or non-allowable disbursements during the audit period. We also found that ANC 7F did not develop an annual spending plan budget, could not document that the required number of public meetings were held, and did not file quarterly reports by the due dates, requiring the surrender of its checkbook.

We further found ANC 7F did not obtain a surety bond or participate in the ANC Security Fund during calendar year 2013, as required. Lastly the ANC failed to adequately monitor its checking account. ANC 7F was unaware that approximately \$12,000 had been inadvertently deposited to their account, until notified by the Auditor. Not adequately monitoring and reconciling the bank account placed public funds at increased risk for misappropriation.

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

Table of Contents

Background	2
Objectives, Scope and Methodology.....	6
Audit Results	7
1. ANC 7F could not support \$15,346 in disbursements	7
2. ANC 7F did not develop an annual spending plan budget.....	8
3. ANC 7F could not document that the required number of public meetings were held.....	9
4. ANC 7F did not file quarterly reports by the due dates, requiring the surrender of its checkbook.....	10
5. ANC 7F did not obtain a surety bond or participate in the ANC Security Fund during calendar year 2013	11
6. ANC 7F did not adequately monitor its checking account.....	12
Audit Results Summary	13
Conclusion	14
Agency Comments	15

Background

D.C. Code provides for the establishment of District of Columbia Advisory Neighborhood Commission (ANC) areas.¹ D.C. Code also provides that the Council of the District of Columbia shall establish single-member districts for each of the ANCs.² The ANCs are empowered to advise the District government on matters of public policy including decisions relating to the District's planning, streets, recreation, social services programs, health, safety, budget, and sanitation in the respective Commission area.

There are 40 ANCs comprised of 296 Single Member Districts (SMDs). Each SMD has a population of approximately 2,000 residents represented by an elected ANC Commissioner.³ ANCs range from 2 to 12 SMDs depending on the size of the Commission area. The District government appropriates funds each year to the ANCs. Total appropriations to the ANCs were: \$677,688.00 in FY 2012, 2013 and FY 2014.

The Advisory Neighborhood Councils Act of 1975⁴ (the Act), provides the legal framework for how the ANCs are to operate, including restrictions on how they can spend their annual allotments. 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 Attorney General (OAG) address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

ANC 7F Profile

ANC 7F/7A is located in Ward 7 and is comprised of seven SMDs and therefore has 7 commissioners. ANC 7A changed to ANC 7F in January 2013, as part of the Advisory Neighborhood Commissions Boundaries Act of 2012.⁵ 7F/7A will be referred to as 7F for the remainder of this report.

¹ District of Columbia 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 District of Columbia 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..."

³ Id.

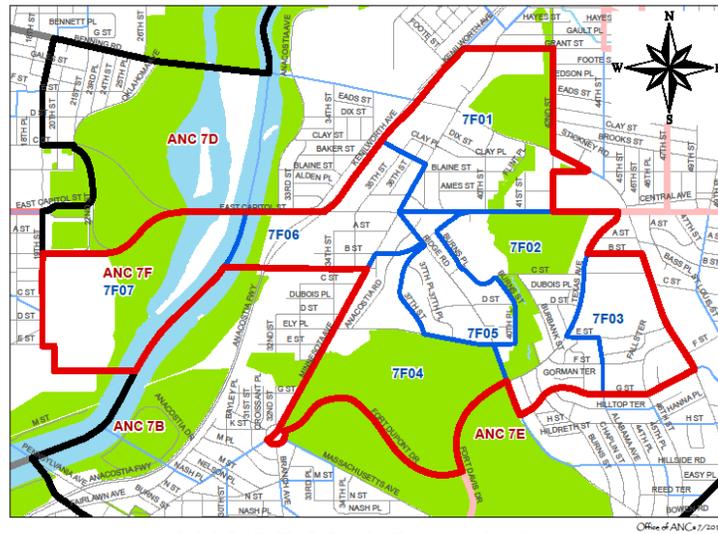
⁴ This is frequently referred to as the "Advisory Neighborhood Commissions Act".

⁵ D.C. Law 19-157.

Figure 1 presents a map of the ANC 7F boundaries.

Figure 1

ANC 7F Boundaries



ANC 7F 2013 Boundaries

Source: ANC website anc.dc.gov

Figures 2-3 present the ANC 7F Commissioners and officers for fiscal years (FY) 2012 through 1st Quarter 2014 (October 1, 2011 through December 31, 2014).

Figure 2

ANC 7F Commissioners and Officers for January 2, 2012 through December 31, 2013

SMD	Position	First Name	Last Name
7A01	Commissioner	Sheila	Carson Carr
7A02	Commissioner	Eboni-Rose	Thompson
7A03	Commissioner	Shahidah	Hamlett
7A04	Secretary	Latese	Gilbert
7A05	Treasurer	Martha	Kent
7A06	Commissioner	Evie	Washington
7A07	Chairperson	Villareal	Johnson

Figure 3

ANC 7F Commissioners and Officers for January 1, 2014 to December 31, 2014

SMD	Position	First Name	Last Name
7F01	Treasurer	Evie	Washington
7F02	Commissioner	Eboni-Rose	Thompson
7F03	Chairperson	Sheila	Carson Carr
7F04	Commissioner	Charlene	Exum
7F05	Secretary	Karen	Settles
7F06	Commissioner	Elizabeth	Travers
7F07	Commissioner	Vacant	

ANC 7F Annual Appropriations

ANC 7F's appropriated funding for FYs 2012 through the 1st quarter of 2014 totaled \$39,609.08.

ANC 7F's Expenditures

According to submitted quarterly reports of financial activity, ANC 7F spent a total of \$56,107.83 between FY 2012 through the 1st quarter of FY 2014.

Figure 4 summarizes, by category, the expenditures ANC 7F reported during the audit period.

Figure 4

Disbursements ANC 7F Reported Disbursements for FYs 2012 through 1st Quarter FY 2014

Disbursements	FY 2012	FY 2013	1 st Qtr FY 2014	Grand Total	%
Net Salaries & Wages	\$11,596.81	\$3,045.00 ⁶	\$0.00	\$14,641.81	26%
Workers Compensation	\$0.00	\$0.00	\$0.00	\$0.00	0%
Insurance:					
a. Health	\$0.00	\$0.00	\$0.00	\$0.00	0%
b. Casualty/Property	\$25.00	\$0.00	\$0.00	\$25.00	0%
Total Federal Wage Taxes Paid (Income and Soc. Sec.)	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	0%
Unemployment Insurance Taxes	\$0.00	\$0.00	\$0.00	\$0.00	0%
Tax Penalties Paid	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Transportation	\$0.00	\$0.00	\$0.00	\$0.00	0%
Office Rent	\$0.00	\$0.00	\$0.00	\$0.00	0%
Telecommunication Services:					
a. Landline Telephone	\$0.00	\$0.00	\$0.00	\$0.00	0%
b. Cellular Telephone	\$5,236.38	\$0.00	\$0.00	\$5,236.38	9%
c. Cable/Internet Services	\$0.00	\$0.00	\$0.00	\$0.00	0%
Postage and Delivery	\$1,217.20	\$0.00	\$0.00	\$1,217.20	2%
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	0%
Printing and Duplicating	\$0.00	\$0.00	\$0.00	\$0.00	0%
Flyer Distribution	\$0.00	\$0.00	\$0.00	\$0.00	0%
Purchase of Service	\$14,911.83	\$0.00	\$0.00	\$14,911.83	27%
Office Supplies & Expenses	\$2,755.70	\$0.00	\$0.00	\$2,755.70	5%
Office Equipment:					
a. Rental	\$0.00	\$0.00	\$0.00	\$0.00	0%
b. Purchase	\$0.00	\$0.00	\$0.00	\$0.00	0%
Grants	\$3,100.00	\$0.00	\$0.00	\$3,100.00	6%
Training	\$0.00	\$0.00	\$0.00	\$0.00	0%
Petty Cash Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	0%
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	\$0.00	0%
Bank Service Charges	\$0.00	\$38.00	\$15.30	\$53.30	0%
Website/webhosting	\$1,390.00	\$0.00	\$0.00	\$1,390.00	2%
Other	\$227.47	\$12,549.14 ⁷	\$0.00	\$12,776.61	23%
Total	\$40,460.39	\$15,632.14	\$15.30	\$56,107.83	100%

Source: ANC 7F's quarterly financial reports

⁶ Although ANC 7F did not participate in the Security Fund during Calendar Year 2013, These checks for salaries were written in December 2012 (1st Quarter 2013), while the ANC was a participant in the ANC Security Fund.

⁷ Reimbursement of ANC allotment funds of ANC 4A, BB and 4C inadvertently deposited to ANC 7F's checking account.

Objectives, Scope and Methodology

Objectives

Pursuant to District of Columbia Code § 1-309.13(d) (2), the District of Columbia Auditor (ODCA) conducted an audit of the financial accounts of Advisory Neighborhood Commission (ANC) 7F.⁸ The objectives of this audit were to determine whether:

1. ANC 7F's financial accounts 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 7F financial records, quarterly financial reports, grant agreements, and other relevant documents.

Methodology

To evaluate compliance with applicable laws and regulations we reviewed the Advisory Neighborhood Commissions Act of 1975, as amended (the Act), *Suggested Financial Management Guidelines* established by the District of Columbia Auditor, as well as financial records and documents maintained by ANC 7F.

To determine whether internal controls were established and implemented to protect ANC 7F assets we examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, contracts and interviewed applicable 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.

⁸ 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

We found that Advisory Neighborhood Commission (ANC) 7F did not comply with key requirements of the Act. This resulted in the disallowance of \$15,346.28 for non-supported or non-allowable disbursements during our audit period.

ANC 7F could not support \$15,346 in disbursements

The Act provides, among other things, that any expenditure of funds by a Commission shall be supported by invoices and receipts, executed contracts, public meeting minutes or other appropriate documentation.⁹

ANC 7F could not support \$15,346 or 27 percent of its disbursements during the audit period the unsupported expenditures were withheld from ANC 7F's related quarterly allotments and as a result, residents of ANC 7F lost the use of this funding.

Recommendation:

1. ANC 7F should establish a voucher package for each disbursement to include supporting documents.

⁹ D.C. Code § 1-309.13(j)(1).

ANC 7F did not develop an annual spending plan budget

The Act requires 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 and 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.”¹⁰

We found that ANC 7F did not develop a budget at the beginning of each year of our audit period, as required.

As a result of ANC 7F not developing and presenting an annual fiscal year budget, ANC 7F residents were not afforded the opportunity to provide comments and/or recommendations on annual spending and may not have been informed of the funds available for their ANC.

Recommendation:

2. ANC 7F’s Commissioners/officers, at their first meeting of each fiscal year, should develop and present a spending plan budget for the upcoming fiscal year.

¹⁰ D.C. Code § 1-309.10 (n).

ANC 7F could not document that the required number of public meetings were held

The Act provides, in part, that “[e]ach Commission shall meet in public session at regular intervals at least 9 times per year...”¹¹

In addition, the Act requires that the minutes of all Commission meetings be made available to the public and that the secretary shall ensure that minutes of meetings are kept.

To determine the number of public meetings held, we reviewed the meeting minutes submitted to the Auditor by ANC 7F and conducted a search of the 7F website. We could not verify that ANC 7F held the required public meetings in fiscal years (FY) 2012 and 2013. We only found evidence for three meetings in FY 2012, one in 2013, and no evidence of meetings held during the 1st quarter of FY 2014.

In the absence of public meetings the residents of ANC 7F and other stakeholders may not have had an opportunity to express their views on problems or issues that occurred in FYs 2012, 2013 and early 2014. Even if the requisite number of meetings were held, failure to maintain meeting minutes deprives residents of an official record of public meeting discussions and activities.

Recommendations:

3. ANC 7F’s Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular Commission meetings for the remainder of the calendar year.
4. ANC 7F’s Commissioners should maintain an approved written record of each public meeting in a secure location.

¹¹ D.C. Code § 1-309.11 (b) (1).

ANC 7F did not file quarterly reports by the due dates, requiring the surrender of its checkbook

The Act states, in part, that “[t]he treasurer of a Commission shall prepare a quarterly financial report on a form provided by the Auditor...”¹²

The Act further, in part, that:

“If a Commission fails to file three consecutive quarterly reports that meet the requirements of [the Act], it shall relinquish its checkbook to the Auditor, whose permission will be needed for any expenditure made by check until the Commission files the required financial reports. The Mayor, upon the request of the Auditor, may issue official instructions to any pertinent banking institution to freeze accounts held by a Commission that has not complied...”¹³

ANC 7F was required to file 9 quarterly financial reports during the audit period but submitted the 9 quarterly reports 22 days to 214 days after the required due date. Additionally, ANC 7F failed to file three consecutive quarterly reports, resulting in the relinquishment of the checkbook to the Auditor.

Timely filing of complete and accurate quarterly financial reports ensures that the Auditor has the opportunity to conduct a timely review of the report in order to approve and recommend the release of an ANC’s allotment. ANC 7F’s delayed submission of reports resulted in delays in the release of allotments.

Recommendation:

5. ANC 7F should ensure that its quarterly financial reports are filed with the Auditor by required due dates.

¹² D.C. Code § 1-309.13 (j) (1).

¹³ D.C. Code § 1-309.13 (j) (2).

ANC 7F did not obtain a surety bond or participate in the ANC Security Fund during calendar year 2013

The Act provides that:

“...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 established by § 1-309.14 shall satisfy the requirement of a cash or surety bond. . .”¹⁴

The Act further states that, “[n]o expenditure shall be made by a Commission during a vacancy in the office of treasurer or at any time when a current and accurate statement and bond or its equivalent are not on file with the Auditor.”¹⁵

ANC 7F officers failed to submit to the Auditor’s office the necessary paperwork to participate in the Security Fund during calendar year 2013.

As a result of the failure to satisfy the bonding requirements in 2013, ANC 7F’s funds were not properly secured against possible misappropriation and negligent losses and the residents did not have use of the use of ANC funds during this time.

Recommendation:

6. ANC 7F’s Treasurer and Chairperson should, at their first meeting of calendar year, adopt a resolution to participate in the ANC Security Fund, or obtain a cash or surety bond.

¹⁴ D.C. Code § 1-309.13 (c).

¹⁵ Id.

ANC 7F did not adequately monitor its checking account

The Office of the District of Columbia Auditor's *Financial Management Orientation* manual states: "Effective Internal Controls should be an integral part of an ANC's operations. Effective internal controls establish integrity within the ANCs financial operations and helps ensure that District assets are safeguarded from fraud, waste, and abuse."

The guidelines suggest that the Treasurer should reconcile the bank statement to the checkbook within 15 days of receipt of the bank statement. Additionally, the guidelines provide that the bank statement and the reconciliation should be reviewed by the Chairperson or other officer of the ANC who should indicate his or her review by initialing the bank reconciliation and bank statement.

We found that ANC 7F did not reconcile the checkbook, or monitor the bank statements and account balances in a timely manner. For example, in our review of the bank statements, we found that 7F incurred nonsufficient funds fees totaling \$210. Although ANC 7F eventually transferred monies from its savings account to its checking account, had they monitored the account on a timely basis this transfer could have been done earlier and the fees avoided.

Additionally, ANC 7F was unaware at a later date that approximately \$12,000 had been inadvertently deposited to their account, until notified by Auditor. Not adequately monitoring and reconciling bank statements places public funds at increased risk for misappropriation.

Recommendations:

7. The ANC 7F Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement.
8. The bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson.

Audit Results Summary

Our audit identified three recommendations that could improve operations at ANC 7F. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 7F could not support \$15,346 in disbursements	1. ANC 7F should establish a voucher package for each disbursement to include supporting documents.
ANC 7F did not develop an annual spending plan budget	2. ANC 7F's Commissioners/officers, at their first meeting of each fiscal year, should develop and present a spending plan budget for the upcoming fiscal year.
ANC 7F could not document that the required number of public meetings were held	3. ANC 7F's Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular Commission meetings for the remainder of the calendar year. 4. ANC 7F's Commissioners should maintain an approved written record of each public meeting in a secure location.
ANC 7F did not file quarterly reports by the due dates, requiring the surrender of its checkbook	5. ANC 7F should ensure that its quarterly financial reports are filed with the Auditor by required due dates.
ANC 7F did not obtain a surety bond or participate in the ANC Security Fund during calendar year 2013	6. ANC 7F's Treasurer and Chairperson should, at their first meeting of calendar year, adopt a resolution to participate in the ANC Security Fund, or obtain a cash or surety bond.
ANC 7F did not adequately monitor its checking account	7. The ANC 7F Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement. 8. The bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson.

Conclusion

We found that ANC 7F did not fully comply with the requirements of the law. Specifically, \$15,346.28 was withheld from ANC 7F's quarterly allotments for non-supported or non-allowable disbursements during the audit period. We also found that ANC 7F did not develop an annual spending plan budget, could not document that the required number of public meetings were held, and did not file quarterly reports by the due dates, requiring the surrender of its checkbook.

We further found ANC 7F did not obtain a surety bond or participate in the ANC Security fund during calendar year 2013, as required. Lastly the ANC failed to adequately monitor its checking account. ANC 7F was unaware that approximately \$12,000 had been inadvertently deposited to their account, until notified by the Auditor. Not adequately monitoring and reconciling bank statements placed public funds at increased risk for misappropriation.

We encourage the current Commissioners and officers of ANC 7F 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 7F's written response.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen Patterson". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Kathleen Patterson
District of Columbia Auditor

Agency Comments

On April 21, 2015, we sent a draft copy of this report to the Chairperson and Treasurer of ANC 7F 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.