



Audit of ANC 5B for Fiscal Years 2009 through 2013 1st Quarter

November 6, 2014

Audit Team:

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A Report by the Office of the District of Columbia Auditor
Lawrence Perry, Acting District of Columbia Auditor



November 6, 2014

Included herein is the Office of the District of Columbia Auditor's report entitled "Audit of ANC 5B for Fiscal Years 2009 through 2013 1st Quarter." This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 5B 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 5B's commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 5B in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lawrence Perry'. The signature is written in a cursive, flowing style.

Lawrence Perry
Acting District of Columbia Auditor



November 6, 2014

Audit of ANC 5B for Fiscal Years 2009 through 2013 1st Quarter

Why ODCA Did This Audit

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

What ODCA Recommends

1. ANC 5B's Commissioners/officers, at their first meeting of each calendar year, should adopt a schedule of regular commission meetings for the remainder of the calendar year.
2. ANC 5B's Commissioners/officers should maintain a written record of each public meeting and maintain an approved copy of the record in a secure location.
3. ANC 5B's Commissioners/officers, at their first meeting of each fiscal year, should develop a spending plan budget for the upcoming fiscal year.
4. ANC 5B's Treasurer and Chairperson, at their first meeting of the calendar year, should adopt a resolution to participate in the ANC Security Fund or obtain a cash or surety bond.
5. ANC 5B's Treasurer should ensure that ANC 5B's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates
6. ANC 5B's Treasurer should provide the date the report was filed with the Auditor at each public meeting.
7. ANC 5B's Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement.
8. ANC 5B's bank statements and reconciliations should be reviewed and then initialed by an officer other than the Treasurer.

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

What ODCA Found

Advisory Neighborhood Commission (ANC) 5B, like all other ANCs in the District, is 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, and sanitation in the Commission area. The ANCs are an integral part of the District government and are allocated funds annually from the District budget to be used for the betterment of residents in that area.

Each ANC is divided into Single Member Districts (SMD), each of which contains approximately 2,000 people. Each SMD elects a representative to the Commission. Elected Commissioners then choose a chairperson, a treasurer, and a secretary from among themselves.

Overall, we found that ANC 5B did not comply fully with the requirements of the Advisory Neighborhood Commissions Act or the financial guidelines provided by this office. The ANC failed to maintain adequate documentation to demonstrate that they had held the required number of community meetings, could not demonstrate having voted on an annual budget or that they participated in the ANC Security Fund each year of our review.

More importantly, we found that ANC 5B had repeatedly failed to submit accurate and timely quarterly reports. This resulted in the ANC forfeiting over \$35,000 in allotments that could otherwise have been put to use for the benefit of ANC 5B's residents.

Of even greater concern is the failure to adhere to key internal control guidelines, established by the Office of the DC Auditor, designed to maintain control over ANC funds. The former Chairperson was allowed to maintain complete control over the ANC's checkbook and bank statements, which allowed him to misappropriate over \$29,000 before his actions were discovered by the Auditor's office.

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Background

40 ANCs are funded by the District Government

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 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, 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. 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: \$850,818 in FY 2009 \$785,216 in FY 2010, \$683,571.60 in FY 2011, and \$677,688.00 in both FY 2012 and 2013.

The Advisory Neighborhood Commissions Act of 1975, as amended (the Act), the Office of Advisory Neighborhood Commissions (OANC), *Suggested Financial Management Guidelines* established by the District of Columbia Auditor, and written opinions issued by the District's Office of Attorney General (OAG) provide operational and administrative guidance to ANCs in carrying out their respective functions. The OAG's opinions address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

ANC 5B Profile

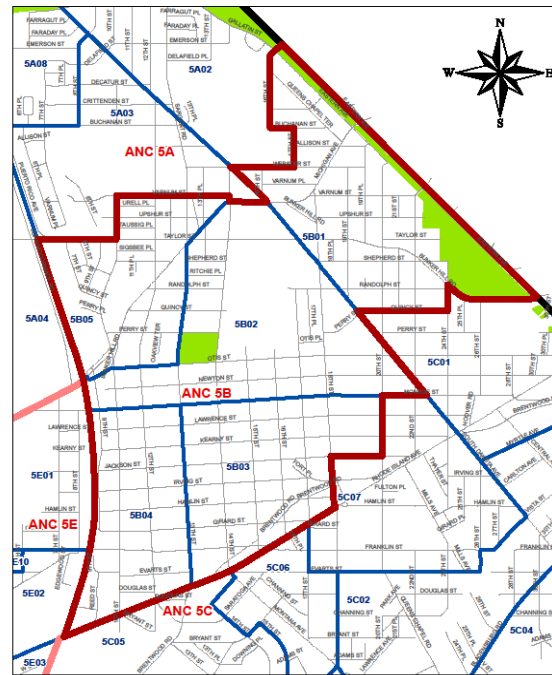
ANC 5B is located in Ward 5. The ANC Boundaries Act of 2012 redefined the boundaries of ANCs in Ward 5, creating two new Ward

¹ District of Columbia Code, § 1-309.02 provides that: "there 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."

5 ANCs³ and effectively reducing the boundaries of ANC 5B. Prior to the Act, ANC 5B was comprised of 12 SMDs and 12 Commissioners. As of January 1, 2013, the new ANC 5B, is comprised of five SMDs and five Commissioners. Figure 1 presents a map of the ANC 5B current boundaries and SMDs.⁴

Figure 1



ANC 5B 2013 Boundaries

In addition to redefining the ANC boundaries in Ward 5, the Boundaries Act also required that:

- a) Each ANC shall be the successor in interest with regard to any assets, obligations, or agreements of its predecessor previously established by law.
- b) The successor in interest to any agreement with an ANC as of December 31, 2012, shall be the ANC within whose boundaries the subject of the agreement is located. For purposes the term “agreement” shall include any voluntary agreement executed pursuant to Title 25 of the District of Columbia Official Code, any agreement relating to a Planned Unit Development, zoning variance, or special exception, and any agreement relating to historic preservation.

³ See the ANC Boundaries Act of 2012. Prior to the Boundaries Act there were three ANCs in Ward 5 (ANC 5A, 5B, and 5C). Subsequent to the Act and effective January 1, 2013, there are now five ANCs (ANC 5A, 5B, 5C, 5D and 5E)

⁴ See the ANC Boundaries Act of 2012 for description of specific street boundaries.

- c) The financial assets of the ANCs in Ward 5 shall be collected on or after December 1, 2012, by the Chief Financial Officer, who shall then redistribute them on an equal per capita basis to the new ANCs in Ward 5 as soon as practicable after January 2, 2013.
- d) The personal property of each of the ANCs in Ward 5 shall be transferred to the new Ward 5 ANC within which the property was located in 2012.
- e) The records of each ANC in Ward 5 in 2012 shall not be destroyed by the 2012 ANC but shall be transferred to the appropriate ANC having primary interest in the matter to which the record relates.
- f) The financial records of each ANC in Ward 5 shall be transferred to the District of Columbia Auditor.

Current ANC 5B Commissioners were not located in current 5B boundaries and were not 5B Commissioners during the audit period

The findings cited in this report resulted from activity prior to the ANC Boundaries Act of 2012, which took effect January 2013. The Auditor is aware that the current 5B commissioners cannot be held responsible for findings cited in this report. The Auditor, would however, encourage them to use this report as a guide moving forward to ensure the integrity of the newly established ANC 5B.

Figures 2-5 present the ANC 5B Commissioners and Officers for fiscal years (FY) 2009 through the 1st quarter of 2013 (October 1, 2008 through December 31, 2012).

Figure 2**FYs 2009 and 2010**

SMD	Title	First Name	Last Name
5B01	Chairperson	William	Shelton
5B02	Treasurer	Patricia	Brown-Daniels
5B03	Commissioner	Regina	James
5B04	Commissioner	Rayseen	Woodland
5B05	Commissioner	Rosetta	Davis
5B07	Commissioner	Wilhelmina	Lawson
5B07	Vice Chair	David	Hooper
5B08	Commissioner	Tina	Laskaris
5B09	Secretary	Jacqueline	Manning
5B10	Commissioner	India	Henderson
5B11	Commissioner	William	Myers, Jr.
5B12	Commissioner	Maude	Ababio

Figure 3**FY 2011**

SMD	Title	First Name	Last Name
5B01	Chairperson	William	Shelton
5B02	Treasurer	Patricia	Brown-Daniels
5B03	Commissioner	Regina	James
5B04	Commissioner	Vaughn	Bennett
5B05	Commissioner	Rosetta	Davis
5B06	Commissioner	Thalia	Wiggins
5B07	Commissioner	David	Hooper
5B08	Commissioner	Tina	Laskaris
5B09	Commissioner	Jacqueline	Manning
5B10	Commissioner	India	Henderson
5B11	Commissioner	William	Myers, Jr.
5B12	Commissioner	Bernice	Blacknell

Figure 4**FYs 2012 through 2013 1st Quarter Commissioners**

SMD	Title	First Name	Last Name
5B01	Chairperson	Mercile	Banks
5B02	Treasurer	Patricia	Brown-Daniels
5B03	Commissioner	Regina	James
5B04	Commissioner	Vaughn	Bennett
5B05	Vacant		
5B06	Commissioner	Thalia	Wiggins
5B07	Commissioner	David	Hopper
5B08	Commissioner	Tina	Laskaris
5B09	Commissioner	Jacqueline	Manning
5B10	Commissioner	India	Henderson
5B11	Commissioner	T.J.	McMichael
5B12	Commissioner	Bernice	Blacknell

Figure 5**2013 Commissioners (effective January 1, 2013)**

SMD	Title	First Name	Last Name
5B01	Chairperson and Treasurer	Shirley	Rivens- Smith
5B02	Commissioner	Ursula	Higgins
5B03	Secretary	Tiffany	Bridge
5B04	Vice Chair	Carolyn	Steptoe
5B05	Commissioner	Jenese	Jones

ANC 5B Annual Appropriations and Disbursements

ANC 5B's appropriated funding for FYs 2009 through 2013 1st quarter was \$129,201.81. Of the \$129,201.81 appropriated, \$58,203.89 was released to the ANC. ANC 5B received \$70,997.92 less than the total \$129,201.81 appropriated because: 1) the ANC forfeited \$35,898.92 due to failing to file quarterly reports in a timely manner, and 2) an additional \$35,099.00 was deducted for non-supported or non-allowable disbursements. The \$35,099.00 includes \$29,808.03 in funds misappropriated by the former ANC 5B Chairperson. In 2011, the Auditor referred the misappropriation to the Office of the Attorney General and the Office of the Inspector General. Upon completion of an investigation the Chairperson was convicted and ordered to pay restitution to the ANC.

According to ANC 5B's quarterly reports, ANC 5B disbursed a total of \$110,824.69 between FY 2009 and FY 2013 1st quarter. Figure 6 summarizes, by category, the disbursements ANC 5B reported between FYs 2009 and 2013 1st quarter. Note that these amounts were reported by ANC 5B on their required quarterly reports.

Figure 6**Disbursements ANC 5B Reported Between FY 2009 and 1st Quarter FY 2013**

Disbursements	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 as of December 31, 2012	Grand Total	%
Net Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Workers Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Insurance:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
a. Health	/	/	\$0.00	\$0.00	\$0.00	/	/
b. Casualty/Property	/	/	\$0.00	\$0.00	\$0.00	/	/
Total Federal Wage Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Unemployment Insurance Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Tax Penalties Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Local Transportation	\$66.00	\$66.00	\$0.00	\$0.00	\$0.00	\$132.00	<1%
Office Rent	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Telecommunication Services:	\$2,949.29	\$11,494.04	\$5,508.31	\$0.00	\$0.00	\$19,951.64	18%
a. Landline Telephone	/	/	\$0.00	\$0.00	\$0.00	/	/
b. Cellular Telephone	/	/	\$5,508.31	\$0.00	\$0.00	/	/
c. Cable/Internet Services	/	/	\$0.00	\$0.00	\$0.00	/	/
Postage and Delivery	\$49.00	\$0.00	\$0.00	\$0.00	\$0.00	\$49.00	<1%
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Printing and Duplicating	\$1,215.00	\$718.00	\$53.00	\$0.00	\$0.00	\$1,986.00	2%
Flyer Distribution	\$0.00	\$0.00	\$61.42	\$0.00	\$0.00	\$61.42	<1%
Purchase of Service	\$18,912.68	\$20,963.00	\$8,809.37	\$0.00	\$0.00	\$48,685.05	44%
Office Supplies & Expenses	\$1,094.01	\$2,557.79	\$668.83	\$0.00	\$0.00	\$4,320.63	4%
Office Equipment:	\$2,004.61	\$1,125.23	\$757.12	\$0.00	\$0.00	\$3,886.96	4%
a. Rental	\$1,175.06	\$1,125.23	\$757.12	\$0.00	\$0.00	/	/
b. Purchase	\$829.55	\$0.00	\$0.00	\$0.00	\$0.00	/	/
Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Training	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Petty Cash Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Bank Service Charges	\$1,080.01	\$359.47	\$258.99	\$0.00	\$0.00	\$1,698.47	2%
Website/webhosting	/	/	\$0.00	\$0.00	\$0.00	\$0.00	0%
Other	\$25.00	\$4,225.59	\$25,802.93	\$0.00	\$0.00	\$30,053.52	27%
	\$27,395.60	\$41,509.12	\$41,919.97	\$0.00	\$0.00	\$110,824.69	100%

Source: ANC 5B's quarterly financial reports

Note: ANC expenditure categories changed in FY 2011 with the addition of the website/webhosting category. Additionally, ANCs were required to provide more detail about their spending in the Insurance and Telecommunication categories. Some expenditures may have been miscategorized by the ANC on their submitted quarterly reports.

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 Advisory Neighborhood Commission (ANC) 5B.⁵ The objectives of this audit were to determine whether:

1. ANC 5B's financial accounts complied with applicable laws and regulations; and
2. Internal controls were established to protect the ANC's assets from fraud, waste, and abuse.

Scope

The audit period covered fiscal years (FY) 2009 through the 1st quarter of 2013 (October 1, 2008 through December 31, 2012) and included a review of ANC 5B 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, *Suggested Financial Management Guidelines* established by the District of Columbia Auditor, written opinions issued by the District's Office of Attorney General (OAG) as well as financial records documents maintained by ANC 5B.

To determine whether internal controls to protect ANC 5B assets were established and being correctly implemented 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.

⁵ District of Columbia 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) 5B failed to comply with several key requirements of the Act and did not establish and implement sufficient internal controls to protect District funds from waste, fraud, or abuse. Overall, the residents of ANC 5B lost the use of \$70,997.92 in appropriations during the audit period. We found that the failure to submit the required quarterly spending reports on time resulted in the forfeiture of \$35,898.92 in allotments. In addition, \$35,099 in expenditures were disallowed because the expenditures were not properly documented, were spent on prohibited items, or misappropriated. The \$35,099.00 includes \$29,808.03 in funds misappropriated by the former ANC 5B Chairperson. In 2011, the Auditor referred the misappropriation to the Office of the Attorney General and the Office of the Inspector General. Upon completion of an investigation the Chairperson was convicted and ordered to pay restitution to the ANC.

ANC 5B did not maintain adequate records of their public meetings

We could not verify that ANC 5B held the required nine public meetings in fiscal years (FYs) 2011 or 2012.

Residents of ANC 5B may not have been provided the opportunity to express issues of concern on proposed actions that affect the Commission area

The Act provides that “[e]ach Commission shall meet in public session at regular intervals at least 9 times per year...”⁶ In addition, the Act provides that the purpose of the Commission meetings are “... to hear the views of residents within the Commission area and other affected persons on problems or issues of concern within the Commission area and on proposed District government actions that affect the Commission area.”⁷

We reviewed the public meeting minutes submitted by ANC 5B or that we found on their website for FYs 2009, 2010, and 2011 and were able to verify that ANC 5B held nine meetings in FY 2009, ten in FY 2010, and eight in FY 2011. We found no written evidence of any public meetings held by ANC 5B during FY 2012. The former ANC 5B Treasurer and Chairperson during that period did not provide any evidence of meetings or an explanation why no meetings were held.

In the absence of public meetings, the residents of ANC 5B and other stakeholders may not have had an opportunity to express their views on problems or issues affecting their neighborhood if public meetings were not held.

The current ANC 5B Treasurer has informed us that the new Commissioners will ensure ANC 5B will hold the required number of meetings.

Recommendations:

1. ANC 5B’s Commissioners/officers, at their first meeting of each calendar year, should adopt a schedule of regular commission meetings for the remainder of the calendar year.
2. ANC 5B’s Commissioners/officers should maintain a written record of each public meeting and maintain an approved copy of the record in a secure location.

⁶ D.C. Code § 1-309.11 (b) (1)

⁷ D.C. Code § 1-309.11 (b) (3)

ANC 5B did not develop required annual budgets

The Act 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.”⁸

Residents of ANC 5B did not have the opportunity to provide comments on annual spending plans

We could not verify that ANC 5B developed a spending plan budget at the beginning of each fiscal year, as required. We reviewed available public meeting minutes and quarterly reports and found that ANC 5B could not provide evidence that a spending plan was developed for FYs 2011, 2012, or 2013.

As a result of ANC 5B not developing and presenting annual fiscal year spending plans, ANC 5B 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. ANC 5B’s Commissioners/officers, at their first meeting of each fiscal year, should develop a spending plan budget for the upcoming fiscal year.

⁸ D.C. Code § 1-309.10 (n)

ANC 5B did not maintain a cash or surety bond or participate in the ANC Security Fund during FY 2012

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..."⁹

The Act further states that, "no 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."

Between August 2010 and March 2011, the then Chairperson of ANC 5B misappropriated \$29,808.03 from the ANC's bank account, leaving a balance of close to zero. ANC 5B applied to the ANC Security Fund Trustees to have ANC Security Fund replace these funds. The application was approved in December 2011, in the amount of \$15,467.67. However, before this amount could be disbursed to ANC 5B, an ANC Commissioner was required to come to the Auditor's office to sign for the release of funds from the Security Fund. Despite repeated communications with the officers, none came to sign for the release of the \$15,467.67. Additionally, ANC 5B's financial institution closed their checking account for lack of activity, leaving no place to deposit the funds.

With the start of calendar year 2012, ANC 5B was required to file necessary documentation to participate in the ANC Security Fund. As stated above, ANCs that do not participate in the Security Fund or show other evidence of having a cash or surety bond in place are not able to make any expenditure. Because ANC 5B did not have a checking account at this time, nor any funds in their possession, they had no way to purchase a bond or participate in the Security Fund. The ANC 5B voted to authorize the officers to spend their personal funds to effectuate the \$25 dollar fee to participate in the Security Fund. The ANC approved this action with the intent that ANC 5B would then be able to secure a new checking account, receive the approved funds from the Security Fund and reimburse the officers the \$25 dollars. The officers, however, elected not to take this course of action and the approved \$15,467.67 from the Security Fund was never released to ANC 5B. Instead, the \$15,467.67 was combined with the financial assets of all the other Ward 5 ANCs, as part of actions taken to implement the Advisory Neighborhood Commissions Boundaries Act of 2012.¹⁰ The ANC

⁹ D.C. Code § 1-309.13 (c)

¹⁰ "The financial assets of the ANCs in Ward 5 shall be collected on or after December 1, 2012, by the Chief Financial Officer, who shall then redistribute them

Boundaries Act re-drew the boundaries for several ANCs, including all those in Ward 5.

As a result of the failure of ANC 5B's Treasurer or Chairperson to perform their fiduciary duties as officers of the ANC, available ANC 5B funds were not released during calendar year 2012. The residents of ANC 5B were thus denied the opportunity to use those funds for the betterment of their community.

Recommendation:

4. ANC 5B's Treasurer and Chairperson, at their first meeting of the calendar year, should adopt a resolution to participate in the ANC Security Fund or obtain a cash or surety bond.

on an equal per capita basis to the new ANCs in Ward 5 as soon as practicable after January 2, 2013." See the "Advisory Neighborhood Commissions Boundaries Act of 2012" (L19-157) (see specifically, Sec. 4. Succession).

ANC 5B quarterly reports were not filed in accordance with the law

The Act states 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 Chairman, the Secretary, and the Treasurer, shall be filed, along with a record of the vote adopting the report, with the District of Columbia Auditor within 15 days of approval.”¹¹

In the same section, the Act states further that: “No quarterly allotment shall be forwarded to a Commission until all reports of financial activity for the quarters preceding the immediate previous quarter are approved by the Auditor. If a Commission fails to file 3 consecutive quarterly reports that meet the requirements of (j)(1), 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 with this paragraph.”

Lastly, the Act states that: “If, on the last day of the fiscal year, a Commission has not received a quarterly allotment because it failed to file a quarterly report approved by the Auditor, the Commission shall forfeit the unclaimed allotment or allotments and the funds shall be returned to the District's General Fund.”¹²

ANC 5B was required to file 17 quarterly financial reports with the Auditor during the audit period. ANC 5B submitted the 17 quarterly reports between 2 and 214 days after the required due date. We also found that some of the reports did not record all the expenditures of the ANC during that quarter, were not signed and certified by the secretary, and/or were not presented and approved by the commission at a public meeting as required.

Additionally, during FY 2011 ANC 5B filed three consecutive quarterly reports that were all at least 60 days late, resulting in the relinquishment of their checkbook to the Auditor.

During FYs 2011 and 2012, ANC 5B failed to file quarterly reports in sufficient time to be reviewed and approved by the Auditor before the end of the fiscal year. As a result, ANC 5B forfeited the use of \$35,898.92. Again, this left the residents of ANC 5B without the opportunity to use those funds for the betterment of their community.

¹¹ D.C. Code § 1-309.13 (j) (1)

¹² D.C. Code § 1-309.13 (j) (3)

Failure to file quarterly reports in a timely manner resulted in ANC 5B forfeiting \$35,898.92 in FYs 2011 and 2012

Recommendations:

5. ANC 5B's Treasurer should ensure that ANC 5B's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates
6. ANC 5B's Treasurer should provide the date the report was filed with the Auditor at each public meeting.

ANC 5B's failure to adhere to financial management guidelines issued by the District of Columbia Auditor exposed ANC 5B to fraud and theft

The Auditor's Suggested ANC Financial Management Guidelines recommend that the Treasurer reconcile the bank statement to the checkbook within 15 days of receipt. Additionally, the guidelines provide that the bank statement and reconciliation should be reviewed by the Chairperson or other officer of the ANC who should indicate their approval by initialing the bank reconciliation and bank statement.

The guidelines also suggest that duties related to financial accounting and reporting should be properly separated and assigned to different Commissioners. For example, if the Chairperson controls the checkbook, a different Commissioner should receive the bank statement and canceled checks and perform the reconciliation. After independent inspection and validation of bank transactions for the month, the bank statement and canceled checks should be turned over to the Treasurer to prepare the quarterly financial report. The ANC's bank statement and canceled checks should be mailed by the bank directly to the secretary.

Our review found that the former ANC 5B Chairperson maintained sole custody of the checkbook, bank statements and cancelled checks between FYs 2010 and 2011. No bank statement reconciliations were performed by any other officer of the Commission during that time.

ANC 5B's failure to adhere to financial management guidelines issued by the District of Columbia Auditor contributed to the misappropriation of \$29,808.03 in ANC 5B funds by the former ANC 5B Chairperson between August 2010 and March 2011.

Recommendations:

7. ANC 5B's Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement.
8. ANC 5B's bank statements and reconciliations should be reviewed and then initialed by an officer other than the Treasurer.

Audit Results Summary

Our audit identified eight recommendations that could improve operations at ANC 5B. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 5B did not maintain adequate records of their public meetings	<ol style="list-style-type: none"> 1. ANC 5B's Commissioners/officers, at their first meeting of each calendar year, should adopt a schedule of regular commission meetings for the remainder of the calendar year. 2. ANC 5B's Commissioners/officers should maintain a written record of each public meeting and maintain an approved copy of the record in a secure location.
ANC 5B did not develop required annual budgets	<ol style="list-style-type: none"> 3. ANC 5B's Commissioners/officers, at their first meeting of each fiscal year, should develop a spending plan budget for the upcoming fiscal year.
ANC 5B did not maintain a cash or surety bond or participate in the ANC Security Fund during FY 2012	<ol style="list-style-type: none"> 4. ANC 5B's Treasurer and Chairperson, at their first meeting of the calendar year, should adopt a resolution to participate in the ANC Security Fund or obtain a cash or surety bond.
ANC 5B quarterly reports were not filed in accordance with the law	<ol style="list-style-type: none"> 5. ANC 5B's Treasurer should ensure that ANC 5B's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates 6. ANC 5B's Treasurer should provide the date the report was filed with the Auditor at each public meeting.
ANC 5B's failure to adhere to financial management guidelines issued by the District of Columbia Auditor exposed ANC 5B to fraud and theft	<ol style="list-style-type: none"> 7. ANC 5B's Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement. 8. ANC 5B's bank statements and reconciliations should be reviewed and then initialed by an officer other than the Treasurer.

Conclusion

In the course of our audit, we found that the former ANC 5B had not complied fully with the requirements of the ANC Act and the operational guidelines provided by this office.

Notably, there were repeated failures to file their required quarterly financial reports on time. This resulted in the forfeiture of over \$35,000 in allotments that could have been put to use for the benefit of ANC 5B's residents.

Of even greater concern was the ANC's failure to implement and adhere to key internal control guidelines provided by this office designed to maintain control over ANC funds. The former Chairperson was allowed to maintain complete control over the ANC's checkbook and bank statements, which allowed him to misappropriate over \$29,000 before his actions were discovered by the Auditor's office.

While we recognize that the individuals who occupied ANC 5B's leadership positions during the period of this audit have changed, it is critical that the current leadership take steps to ensure proper management of the taxpayer funds that are entrusted to it. Proper implementation of the recommendations contained in this report should put the ANC on a path to greater effectiveness as an agency of community empowerment.

Sincerely,



Lawrence Perry,
Acting District of Columbia Auditor

Agency Comments

On October 10, 2014, the Office of the District of Columbia Auditor submitted a draft copy of this report to the Chairperson and Treasurer of ANC 5B for review and comment.

We received written comments from ANC 5B on October 25, 2014. The ANC agreed with each of our recommendations and indicated that, they already had or would be implementing the recommendations. ANC 5B's response is included with this report.

Response to Audit of ANC 5B for Fiscal Years 2009 through 2013 1st Quarter.

Recommendations:

1. We agree with the recommendation and at our first COW meeting each year has adopted a schedule for our regular commission meetings for the year.
2. We agree with the recommendation and post our meetings on our website; Ward 5 list serve and each Commissioner notify their residents. We file in our office the monthly minutes and information from our meetings.
3. We agree with the recommendation and have followed it by doing a budget for each upcoming year.
4. We agree with the recommendation and have participated each year in the ANC Security Fund.
5. We agree with the recommendation that the Treasurer should submit a complete and accurate quarterly report on time.
6. We agree with the recommendation and will in the future report at a public meeting the date the quarterly report was filed.

October 25, 2014

Shirley Rivens Smith- Treasurer for ANC 5B