



ANC 5C Did Not Comply Fully with the ANC Act

April 9, 2015

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



April 9, 2015

Included herein is the Office of the District of Columbia's report entitled "ANC 5C Did Not Comply Fully 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 5C 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 5C's commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 5C in the future.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen Patterson". The signature is fluid and cursive, written in a professional style.

Kathleen Patterson
District of Columbia Auditor



April 9, 2015

ANC 5C Did Not Comply Fully 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 5C's treasurer should ensure that ANC 5C's quarterly financial reports are complete, accurate, properly signed, and filed with the Auditor by required due dates.
2. ANC 5C should follow the ANC Act when filling vacancies.
3. ANC 5C should review their current grant policy and internal controls in order to be in compliance with the D.C. Code and the Auditor's grant guidelines.
4. The ANC 5C Commissioners should adhere to the requirements of the Act with regard to submitting complete documentary support for every expenditure they make.

What ODCA Found

ANC 5C 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 5C generally complied with the requirements of the law; however, compliance can be improved. Specifically, we found that 12 percent of ANC 5C's expenditures during the audit period were not properly documented and / or were inappropriate. In addition, the ANC did not follow proper procedure when awarding grants to community organizations. In more than one instance, the ANC commissioners sent letters to the Office of the Attorney General asking whether a particular grant was allowed under the Act. Before receiving a response, they voted to approve the grants and delivered the funds to the organizations in question. This raises questions about the willingness of ANC 5C's commissioners to abide by the law.

The ANC also forfeited one of their quarterly allotments because they did not properly file a required quarterly report detailing their activity and expenditures. The Act clearly provides that all quarterly reports must be signed by officers of the ANC. If they are not in compliance with this (or other) requirement, their quarterly report is forfeited and the community loses out on the benefits that would otherwise come from having those funds.

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 5C forfeited its FY 2013 4 th Quarter Allotment.....	7
2. ANC 5C awarded grants without documentation and contrary to OAG’s opinion on appropriateness.....	9
3. ANC 5C lost the use of its funding to support community activities due to lack of proper supporting documentation.....	10
Audit Results Summary	11
Conclusion	12
Agency Comments	13

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 District, each comprised of from three to seven Single Member Districts (SMDs). Each SMD has a population of approximately 2,000 residents and each is represented by an elected advisory neighborhood commissioner.² The ANCs often advise the District government on matters of public policy, including planning, streets, recreation, social services programs, health, safety, budget, and sanitation. Their views are to be accorded “great weight” in certain decisions pertinent to the respective Commission area.³

The District government appropriates funds each year to the ANCs. Appropriations to the ANCs were \$677,688.00 in each fiscal year (FY) from 2012 through 2014.

The Advisory Neighborhood Commissions Act of 1975, as amended (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 functions. Additionally, the Office of the Attorney General provides written advice addressing common ANC concerns and frequently asked questions and reviews issues requiring legal clarification of the applicability of the Advisory Neighborhood Commissions Act of 1975

ANC 5C Profile

ANC 5C is located in Ward 5. The Advisory Neighborhood Commissions Boundaries Act of 2012 redefined the boundaries of ANCs in Ward 5, creating two new Ward 5 ANCs⁴ and effectively

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.”

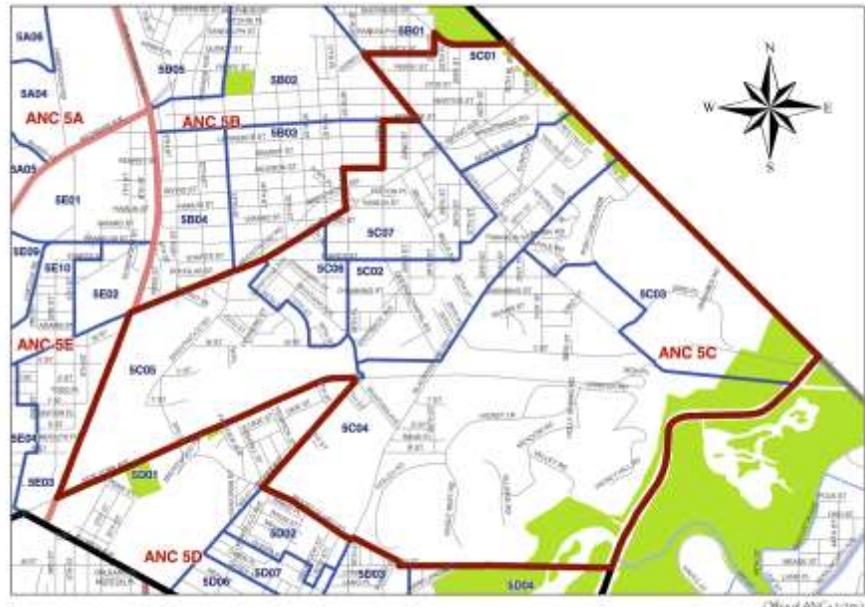
² District of Columbia Code, § 1-309.03 provides that: “[t]he Council shall, by act, establish single-member districts for each of the neighborhood commission areas... Each single-member district shall have a population of approximately 2,000 people, and shall be as nearly equal as possible. The boundaries 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 D.C. Code § 1-309.10.

⁴ See the Advisory Neighborhood Commissions Boundaries Act of 2012 (19-157). Prior to this legislation there were three ANCs in Ward 5 (ANC 5A, 5B, and 5C).

reducing the boundaries of ANC 5C. Prior to the Boundaries Act, ANC 5C was comprised of 12 SMDs and 12 Commissioners. There are currently 7 SMDs in ANC 5C. Figure 1 presents a map of the current ANC 5C boundaries.

Figure 1 ANC 5C Boundaries



ANC 5C 2013 Boundaries

Source: ANC 5C website

Figures 2 and 3 present the ANC 5C Commissioners for the calendar years 2011-2014.

Figure 2 ANC 5C Commissioners for 2011 and 2012

SMD	Name
5C01	Bradley Thomas
5C02	Sylvia Pinkney
5C03	W. Hugh Youngblood
5C04	John Salatti
5C05	Timothy Clark
5C06	Mary Lois Farmer-Allen
5C07	James Fournier
5C08	Marshall Phillips, Sr.
5C09	Silas Grant, Jr.
5C10	Charita Brent
5C11	Ronnie Edwards

Subsequent to the Act and effective January 2, 2013, there are now five ANCs (ANC 5A, 5B, 5C, 5D and 5E).

5C12	Albrette Ransom
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Figure 3

ANC 5C Commissioners for 2013 and 2014

SMD	Name
5C01	Antonette Russell
5C02	Karla Butler
5C03	Bob King
5C04	Jacqueline Manning
5C05	Regina James
5C06	Majorie Thomas-Barnes
5C07	Nolan Treadway

ANC 5C Annual Appropriations and Expenditures

ANC 5C's appropriated funding for FY 2012 through the 1st quarter of 2014 totaled \$52,349.85.

According to submitted quarterly reports of financial activity, ANC 5C spent a total of \$101,805.70 between FY 2012 and the 1st quarter of FY 2014.

Figure 4 summarizes by category the expenditures ANC 5C reported during the audit period.

Figure 4**Disbursements ANC 5C Reported Between FY 2012 and 1st Quarter FY 2014⁵**

Disbursements	FY 2012	FY 2013	1 st Qtr. FY 2014	Grand Total	%
Net Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	0%
Workers Compensation	\$0.00	\$0.00		\$0.00	0%
Insurance:					
a. Health	\$0.00	\$0.00	\$0.00	\$0.00	0%
b. Casualty/Property	\$0.00	\$0.00	\$0.00	\$0.00	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	\$459.85	\$210.75	\$0.00	\$670.60	1%
Office Rent	\$0.00	\$0.00		\$0.00	0%
Telecommunication Services (Total):					
a. Landline Telephone	\$259.35	\$0.00	\$0.00	\$259.35	0%
b. Cellular Telephone	\$0.00	\$0.00	\$0.00	\$0.00	0%
c. Cable/Internet Services	\$0.00	\$0.00	\$0.00	\$0.00	0%
Postage and Delivery	\$1,643.20	\$582.00	\$0.00	\$2,225.20	2%
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	0%
Printing and Duplicating	\$2,483.64	\$23.20	\$0.00	\$2,506.84	2%
Flyer Distribution	\$200.00	\$0.00	\$0.00	\$200.00	0%
Purchase of Service	\$6,047.86	\$0.00	\$0.00	\$6,047.86	6%
Office Supplies & Expenses	\$1,461.15	\$1,138.42	\$0.00	\$2,599.57	3%
Office Equipment (Total):					
a. Rental	\$0.00	\$154.00	\$0.00	\$154.00	0%
b. Purchase	\$143.90	\$0.00	\$0.00	\$143.90	0%
Grants	\$11,078.00	\$5,867.58	\$0.00	\$16,945.58	17%
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	\$0.00	\$0.00	\$0.00	0%
Website/webhosting	\$0.00	\$0.00	\$0.00	\$0.00	0%
Other ⁶	\$4,303.80	\$65,749.00	\$0.00	\$70,052.80	69%
Total	\$28,080.75	\$73,724.95	\$0.00	\$101,805.70	100%

Source: ANC 5C's quarterly financial reports

⁵ ANC expenditure categories changed in FY 2011. The website/webhosting category was added. Additionally, ANCs were required to provide more detail about their spending in the Insurance and Telecommunication categories.

⁶ Sec. 4 (c) (1) of the "Advisory Neighborhood Commissions Boundaries Act of 2012" D.C. Law No. 19-0157, effective July 13, 2012 specially provided that "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." The \$70,052.80 represents the financial assets of ANC 5C collected by the Chief Financial Officer for redistribution.

Objectives, Scope and Methodology

Objectives

Pursuant to District of Columbia Code § 1-309.13(d) (2), the District of Columbia Auditor (ODCA) conducted a discretionary audit of the financial accounts of Advisory Neighborhood Commission (ANC) 5C.⁷ The objectives of this audit were to determine whether:

1. ANC 5C 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 5C 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, written opinions issued by the District's Office of Attorney General (OAG), as well as financial records and documents maintained by ANC 5C.

To determine whether internal controls were established and implemented to protect ANC 5C 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.

⁷ 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 Advisory Neighborhood Commission (ANC) 5C failed to comply with several key requirements of the Act. This failure to comply with the law resulted in the disallowance of \$16,296 of non-supported or non-allowable disbursements during our audit period. Further, we found that ANC 5C did not establish and implement sufficient internal controls to protect District funds from waste, fraud and abuse.

ANC 5C forfeited its FY 2013 4th Quarter Allotment

The Act states that “[t]he treasurer of a Commission shall prepare a quarterly financial report on a form provided by the Auditor. The financial report shall be presented to the Commission for its consideration at a Commission meeting within 45 days after the end of the quarter. A copy of the approved financial report, signed by the Chairperson, the secretary, and the treasurer, shall be filed, along with a record of the vote adopting the report, with the Auditor within 15 days of approval...”⁸ Additionally, the Act states that “[i]f 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.”⁹

ANC 5C failed to file quarterly reports with appropriate signature resulting in the forfeiture of \$3,896.32 in FY2013

ANC 5C was required to submit nine reports during the audit period. They submitted all but two on time; however, one report was submitted without the proper signatures.

ANC 5C was without a secretary for at least four months during FY 2013 and therefore could not properly certify its quarterly reports during this time. The failure to elect a new secretary in a timely manner resulted in the submission of one report lacking the required signatures. This report could not be approved by the Auditor and ANC 5C subsequently forfeited \$3,896.32 in FY 2013.

The consequences of ANC 5C’s failure to file quarterly reports with the proper signatures was the loss of funds which inhibited the ability of the ANC to serve the needs of the local residents.

⁸ D.C. Code § 1-309.13 (j) (1)

⁹ D.C. Code § 1-309.13 (j) (3)

Recommendations:

1. ANC 5C's treasurer should ensure that ANC 5C's quarterly financial reports are complete, accurate, properly signed, and filed with the Auditor by required due dates.
2. ANC 5C should follow the ANC Act when filling vacancies.

ANC 5C awarded grants without documentation and contrary to OAG's opinion on appropriateness

The Act provides that “[a] grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting following the public presentation of the grant request.”¹⁰

In addition, 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.”¹¹

Of the 5 grants ANC 5C awarded, only one contained all required documentation

We found that ANC 5C issued five grants totaling \$16,946 during the audit period. Although grant guidelines were in place during this time, the Commission did not always adhere to its own policies or to the requirements of the law. Of the five grants awarded during the audit period, statements of use were missing for four (80 percent); and a complete set of receipts was missing for two (40 percent). Additionally, based on our review of available ANC 5C meeting minutes, it appeared that one grant was awarded with no approval vote during an official meeting.

In 2012, ANC 5C submitted two pending grants to the OAG for an opinion as to the appropriateness of the proposed use of grant funds. Before the OAG's opinion could be given, the ANC suspended parts of its grant guidelines and approved the two pending grants. OAG subsequently ruled that one of the grants was not allowable.

ANC 5C's failure to operate its grant awarding program, in compliance with existing guidelines and the Act, resulted in the reduction of the quarterly allotment.

Recommendation

3. ANC 5C should review their current grant policy and internal controls in order to be in compliance with the D.C. Code and the Auditor's grant guidelines.

¹⁰ D.C. Code § 1-309.13 (m) (1)

¹¹ D.C. Code § 1-309.13 (m) (3)

ANC 5C lost the use of its funding to support community activities due to lack of proper supporting documentation

The Act provides, among other things, that each quarterly report shall include copies of invoices and receipts, executed contracts, or other appropriate documentation as detailed in the Act.¹²

ANC 5C failed to support \$12,245.58 (approximately 12 percent) of its disbursements during the audit period. We found that the Treasurer did not provide adequate supporting documentation with the quarterly reports.

As a result, the residents of ANC 5C lost the use of \$12,245.58 that was deducted from allotments due to ANC 5C's failure to provide documentation to support the expenditures during the audit period.

Recommendation:

4. The ANC 5C Commissioners should adhere to the requirements of the Act with regard to submitting complete documentary support for every expenditure they make.

¹² D.C. Code § 1-309.13 (j) (1)

Audit Results Summary

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

Finding	Recommendation
ANC 5C forfeited its FY2013 4 th Quarter Allotment	<ol style="list-style-type: none"> 1. ANC 5C's treasurer should ensure that ANC 5C's quarterly financial reports are complete, accurate, properly signed, and filed with the Auditor by required due dates. 2. ANC 5C should follow the ANC Act when filling vacancies.
ANC 5C awarded grants without documentation and contrary to OAG's opinion on appropriateness	<ol style="list-style-type: none"> 3. ANC 5C should review their current grant policy and internal controls in order to be in compliance with the D.C. Code and the Auditor's grant guidelines.
ANC 5C lost the use of its funding to support community activities due to lack of proper supporting documentation	<ol style="list-style-type: none"> 4. The ANC 5C Commissioners should adhere to the requirements of the Act with regard to submitting complete documentary support for every expenditure they make.

Conclusion

We found that ANC 5C was largely in compliance with the requirements of the Act. They submitted most of their quarterly reports on time and in good order. Nevertheless, there were some notable lapses in this pattern that resulted in the loss of some portions of their allotment during the audit time period. These losses could easily have been avoided by complying with the Act as the ANC has typically done.

Grantees are required to submit statements of use, showing how the grant funds were actually used. ANC 5C repeatedly failed to collect these statements of use, raising the question of exactly what happened to the funds that were granted. Of greater concern, however, is the way the commissioners handled two situations where the legality of a particular grant application was questioned. It is to their credit that they thought to stop and ask the OAG for an opinion on the legality of the applications. In both cases, however, the commissioners did not wait to receive a reply before approving the grants and awarding the funds, thereby demonstrating an apparent lack of concern for established procedures and interpretation of the law.

We encourage the current commissioners and officers of ANC 5C 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 5C'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 the first and last names being capitalized and prominent.

Kathleen Patterson
District of Columbia Auditor

Agency Comments

On March 10, 2015, we sent a draft copy of this report to the Chairperson and Treasurer of ANC 5C 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.