Letter Report: Audit of Advisory Neighborhood Commission
3B for Fiscal Years 2005 Through 2007,
as of March 31, 2007

September 7, 2007
Commissioner Melissa Lane  
Chairperson  
Advisory Neighborhood Commission 3B  
4114 Davis Place, NW #108  
Washington, D.C. 20007

**Letter Report:** Audit of Advisory Neighborhood Commission 3B for Fiscal Years 2005 Through 2007, as of March 31, 2007

Dear Commissioner Lane:

Pursuant to Section 16 (d) of the Advisory Neighborhood Commissions Act of 1975 (ANC Act),¹ as amended, the District of Columbia Auditor (Auditor) conducted an audit of the financial accounts and operations of Advisory Neighborhood Commission (ANC or Commission) 3B.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

The objectives of the audit were to determine whether:

1. ANC 3B’s disbursements complied with the ANC Act, ANC Financial Management Guidelines² issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Attorney General (OAG); and

2. internal controls were adequate to produce reliable financial information and ensure that the ANC’s assets were properly safeguarded.

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The audit covered fiscal years 2005 through 2007 (October 1, 2004 through March 31, 2007). In conducting the audit, the Auditor reviewed all available canceled checks, bank statements, bank signature cards, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, and other relevant documents.

**STATEMENT OF ANC 3B’S CHECKING, SAVINGS, AND PETTY CASH ACCOUNT BALANCES, AS OF MARCH 31, 2007**

Table I presents a statement of ANC 3B’s checking, savings, and petty cash account balances as of March 31, 2007.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash Account</td>
<td>$ 0.00*</td>
</tr>
<tr>
<td>Checking Account</td>
<td>16,843.91</td>
</tr>
<tr>
<td>Savings Account</td>
<td>0.00*</td>
</tr>
<tr>
<td><strong>Actual Cash Balance</strong></td>
<td><strong>$ 16,843.91</strong></td>
</tr>
</tbody>
</table>

*ANC 3B did not maintain a petty cash or savings account during the audit period.
Source: ANC 3B’s quarterly reports and bank statements for the period October 1, 2004 through March 31, 2007.

**SUMMARY OF ANC 3B’S DISBURSEMENTS DURING FISCAL YEARS 2005 THROUGH 2007, AS OF MARCH 31, 2007**

During the audit period, ANC 3B disbursed $27,513.14. Table II summarizes, by category, ANC 3B’s disbursements made during the audit period, including bank service charges.
<table>
<thead>
<tr>
<th>Disbursement Category</th>
<th>Fiscal Year 2005</th>
<th>Fiscal Year 2006</th>
<th>Fiscal Year 2007 as of March 31, 2007</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Salaries &amp; Wages</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Federal Wage Taxes Paid *</td>
<td>1,202.84</td>
<td>0.00</td>
<td>0.00</td>
<td>1,202.84</td>
</tr>
<tr>
<td>Local Income Taxes Paid *</td>
<td>4,821.42</td>
<td>0.00</td>
<td>0.00</td>
<td>4,821.42</td>
</tr>
<tr>
<td>Unemployment Insurance Contributions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tax Penalties Paid *</td>
<td>549.63</td>
<td>0.00</td>
<td>0.00</td>
<td>549.63</td>
</tr>
<tr>
<td>Local Transportation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office Rent</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Telephone Service</td>
<td>604.71</td>
<td>349.26</td>
<td>286.32</td>
<td>1,240.29</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>100.00</td>
<td>106.00</td>
<td>0.00</td>
<td>206.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Printing &amp; Duplicating</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Purchase of Service</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office Supplies &amp; Expenses</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office Equipment - Rental</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office Equipment - Purchase</td>
<td>1,306.28</td>
<td>0.00</td>
<td>0.00</td>
<td>1,306.28</td>
</tr>
<tr>
<td>Grants</td>
<td>0.00</td>
<td>1,500.00</td>
<td>15,356.61</td>
<td>16,856.61</td>
</tr>
<tr>
<td>Petty Cash Reimbursement</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Bank Service Charges</td>
<td>51.18</td>
<td>102.14</td>
<td>52.08</td>
<td>205.40</td>
</tr>
<tr>
<td>Other 3</td>
<td>1,074.67</td>
<td>25.00</td>
<td>25.00</td>
<td>1,124.67</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>$ 9,710.73</strong></td>
<td><strong>$ 2,082.40</strong></td>
<td><strong>$ 15,720.01</strong></td>
<td><strong>$ 27,513.14</strong></td>
</tr>
</tbody>
</table>

Source: ANC 3B's quarterly financial reports, check book, canceled checks, and bank statements.

* ANC 3B did not have a staff person during the audit period. In fiscal year 2005, ANC 3B paid back payroll taxes, penalties and interest to the Internal Revenue Service and the District of Columbia government for fiscal years 1999 and 2000.

3 Disbursement category "Other" includes interest payment ($937.57) on back taxes, purchase of name plates ($38.05), a plaque ($74.05), and fees for participation in the ANC Security Fund ($25 per year).
FINDINGS

ANC 3B FULLY COMPLIED WITH D.C. CODE SECTION 1-309.13 (j) (1) BY MAINTAINING ADEQUATE DOCUMENTATION TO SUPPORT DISBURSEMENTS

Section 1-309.13(j) (1) of the D.C. Code states, in relevant part, that:

Each quarterly [financial] report shall include copies of canceled checks, bank statements, grant request letters and grant disbursements, invoices and receipts, executed contracts, details about all contributions received during the time period covered by the quarterly report, and the minutes of all meetings indicating the Commission’s approval of disbursements during the time period covered by the quarterly report, and certification of the Commission’s approval of the quarterly report signed by the Commission’s Secretary.

The Auditor found that ANC 3B maintained adequate documentation to support $27,513.14, or 100%, of the disbursements made during the audit period.

DURING THE AUDIT PERIOD ANC 3B FILED FOUR OF 10 QUARTERLY FINANCIAL REPORTS OVER 20 DAYS LATE

Section 1-309.13 (j) (1) of the D.C. Code states, in relevant part, that:

The treasurer of a Commission shall prepare a quarterly financial report on a form provided by the Auditor. The financial report shall be presented to the Commission for its consideration at a Commission meeting within 45 days after the end of the quarter. A copy of the approved financial report ... shall be filed ... with the Auditor within 15 days of approval. Each quarterly report shall include copies of [supporting documents for the] disbursements during the time period covered by the quarterly report.

As presented in Table III, ANC 3B’s Treasurer filed four of the 10 reports required during the audit period over 20 days late. Therefore, the Auditor found that ANC 3B did not fully comply with D.C. Code, Section 1-309.13 (j) (1).
Table III
Advisory Neighborhood Commission 3B
Quarterly Financial Report Submission Record:
Fiscal Years 2005 Through 2007, As of March 31, 2007

<table>
<thead>
<tr>
<th>Year &amp; Quarter</th>
<th>Reported Months</th>
<th>Due Date</th>
<th>Date Received</th>
<th>Report Filed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 - 3rd</td>
<td>04/01/05 through 06/30/05</td>
<td>08/29/05</td>
<td>09/22/05</td>
<td>24 Days Late</td>
</tr>
<tr>
<td>2005 - 4th</td>
<td>07/01/05 through 09/30/05</td>
<td>11/29/05</td>
<td>12/28/05</td>
<td>29 Days Late</td>
</tr>
<tr>
<td>2006 - 2nd</td>
<td>01/01/06 through 03/31/06</td>
<td>05/30/06</td>
<td>07/06/06</td>
<td>37 Days Late</td>
</tr>
<tr>
<td>2006 - 3rd</td>
<td>04/01/06 through 06/30/06</td>
<td>08/29/06</td>
<td>12/08/06</td>
<td>101 Days Late</td>
</tr>
</tbody>
</table>

Source: ANC 3B quarterly financial reports.

RECOMMENDATION

ANC 3B’s Treasurer prepare and file all future quarterly financial reports in a more timely manner.

ANC 3B HELD THE REQUIRED NUMBER OF PUBLIC MEETINGS DURING THE AUDIT PERIOD

D.C. Code, Section 1-309.11 (b) (1) states, in relevant part, that each Commission shall meet in a public session at regular intervals at least 9 times per year. The Auditor’s review of ANC 3B’s quarterly financial reports and other relevant documentation revealed that ANC 3B held a total of 28 public meetings during the 30-month audit period. Therefore, ANC 3B complied with the public meeting requirement under D.C. Code, Section 1-309.11 (b) (1).

ANC 3B MAINTAINED MINUTES FOR ALL 28 PUBLIC MEETINGS HELD DURING THE AUDIT PERIOD

ANC 3B maintained minutes for all 28 public meetings held during the audit period. A review of ANC 3B’s minutes indicated that the Commission took official action only at public meetings where a quorum was present and recorded the votes on all expenditures and reimbursements brought before the Commission for approval. The minutes documented the presentation and approval of expenditures, grant requests, treasurer’s reports, and quarterly financial reports.
ANC 3B DID NOT ESTABLISH ANNUAL FISCAL YEAR SPENDING PLAN BUDGETS DURING THE AUDIT PERIOD

D.C. Code, Section 1-309.10 (n) states that:

Each Commission shall develop an annual fiscal year spending plan budget for the upcoming fiscal year within 60 days of notification of the amount of the Commission’s annual allotment. Prior to adoption of the budget at a public meeting, the Commission shall present the budget at a public meeting of the Commission to elicit comments from the residents of the Commission area.

The Auditor’s review of ANC 3B’s records revealed that annual fiscal year spending plan budgets were not established for fiscal years 2005, 2006, or 2007.

RECOMMENDATIONS

1. ANC 3B develop, present, and adopt an annual fiscal year spending plan budget for fiscal year 2008 within 60 days of notification of the amount of the Commission’s annual allotment.

2. ANC 3B develop and implement a mechanism to ensure that an annual fiscal year spending plan budget is prepared for each forthcoming fiscal year at the appropriate time.

ANC 3B GRANT DISBURSEMENTS COMPLIED WITH THE ANC ACT

Section 1-309.13 (m) of the D. C. Code states that:

A grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting. . . . A Commission may approve grants only to organizations that are public in nature. . . . An applicant for a grant must submit an application in writing to the Commission. . . . Within 60 days following the issuance of a grant, the grant recipient shall forward to the Commission a statement as to the use of the funds . . . complete with receipts which support the expenditures.
As presented in Table IV, ANC 3B awarded 7 grants totaling $16,856.61 during the audit period. The Auditor found that three of the grantees did not submit receipts to ANC 3B because they had not expended their entire grant amount as of March 31, 2007. The remaining four grantees, however, did submit receipts and a statement of use to ANC 3B.

Table IV
Advisory Neighborhood Commission 3B
Grants Issued During Fiscal Years 2005 through 2007,
As of March 31, 2007

<table>
<thead>
<tr>
<th>Grant Application</th>
<th>Grantee and Grant Purpose</th>
<th>Amount</th>
<th>Grant Approved</th>
<th>Statement of Use and Receipts Submitted</th>
</tr>
</thead>
</table>
| Yes               | **Hardy Middle School**
Support its 2006 musical by helping defray costs of the production. Funds used toward the cost of sound/lighting.                                                                                                    | $1,500.00| 02/09/06       | Yes 4                                   |
| Yes               | **Guy Mason Baseball**
Dugout benches and installation.                                                                                                                                                                                       | 1,386.00 | 10/12/06       | Yes                                     |
| Yes               | **Friendship Terrace Retirement Community**
Support a series of free monthly senior health care forums which will target Glover Park Cathedral Heights citizens.                                                                                                  | 2,750.00 | 10/12/06       | No 5                                    |
| Yes               | **St Luke’s Shelter**
$2,500 to help fund transportation for shelter residents to attend job interviews, appointments with caseworkers and doctor appointments. $2,500 to support the Jazz in the Garden Concert Series during the summer which are free and open to the community | 5,000.00 | 12/14/06       | No 6                                    |

4Grantee submitted statement of use letter to ANC 3B with budget attached indicating $2,000 expended for sound and lighting.

5Grantee advised ANC 3B in a May 14, 2007 that the only labor and expense that has occurred in connection with this grant was the coordination of the venture. Therefore, no receipts were submitted with the letter.

6In a May 3, 2007, the Director of St Luke’s Shelter informed ANC 3B’s treasurer that grant funds have not yet been totally expended and that in October 2007, the grantee would provide a full grant report, including receipts.
<table>
<thead>
<tr>
<th>Grant Application</th>
<th>Grantee and Grant Purpose</th>
<th>Amount</th>
<th>Grant Approved</th>
<th>Statement of Use and Receipts Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td><strong>Guy Mason Baseball</strong>&lt;br&gt;Completion of installation of dugout benches, lights for street hockey venue, flag pole set, printers, lectern, microphone and air conditioners for the Guy Mason recreation center</td>
<td>2,500.00</td>
<td>12/14/06</td>
<td>Yes</td>
</tr>
<tr>
<td>Yes</td>
<td><strong>D.C. Babe Ruth, Inc.</strong>&lt;br&gt;Outfit three teams in Glover Park at the 12 years and under level and pay umpires for the older players.</td>
<td>3,000.00</td>
<td>12/14/06</td>
<td>Yes</td>
</tr>
<tr>
<td>Yes</td>
<td><strong>Glover Park Citizens' Association</strong>&lt;br&gt;Purchase new software program and pay for training in the use of the program. Software will be used to create the organization’s monthly newsletter which provides general community news and information.</td>
<td>720.61</td>
<td>02/08/07</td>
<td>No/Yes</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$16,856.61</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ANC 3B quarterly financial reports, checkbook, canceled checks, and bank statements.

RECOMMENDATION

ANC 3B’s Treasurer continue to follow-up with grantees who have not submitted receipts and provide a copy of any outstanding receipts and statements of use to the Auditor as soon as received.

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7Receipts totaling $1,867.19 were submitted by the grantee for a portion of the $2,500 grant expended thus far. The remaining $632.81 will be used for air conditioners.
ANC 3B PARTICIPATED IN THE ANC SECURITY FUND

D.C. Code, Section 1-309.13 (c) states, in relevant part, the following:

The treasurer and Chairperson shall file with the Auditor and maintain in force during their occupancy of their respective offices, a cash or surety bond in an amount and on a form satisfactory to the Auditor. Participation by a Commission in the Advisory Neighborhood Commission Security Fund . . . shall satisfy the requirement of a cash or surety bond. . . . No expenditure shall be made by a Commission . . . at any time when a current and accurate statement and a bond or its equivalent are not on file with the Auditor.


INTERNAL CONTROLS WERE ADEQUATE TO PRODUCE RELIABLE FINANCIAL INFORMATION AND ENSURE THAT ASSETS WERE PROPERLY SAFEGUARDED

The Auditor found that ANC 3B’s internal controls were adequate as evidenced by, but not limited to, the following:

- All expenditures were first approved by a majority of Commissioners in a public meeting and recorded in the minutes;
- All disbursements were supported by adequate documentation;
- Bank account reconciliations were regularly performed;
- The phrase “District of Columbia Government” was included in the Commission’s account name and on the face of its checks; and
- ANC 3B participated in the ANC Security Fund.
CONCLUSION


During fiscal years 2005 through 2007, as of March 31, 2007, ANC 3B disbursed $27,513.14 and maintained adequate documentation to justify and support 100% of total disbursements.

The Auditor found that of the 10 quarterly financial reports due to the Auditor’s office, during the audit period, four were filed over 20 days late.

The Auditor further found that ANC 3B did not establish annual fiscal year spending plan budgets for fiscal year 2005, 2006, and 2007. The Auditor recommends that the Commission develop an annual spending plan budget for the upcoming fiscal year and put a process in place to ensure that this requirement is timely met each fiscal year.

Overall, the Auditor found that ANC 3B maintained an organized record keeping system and adequate internal controls were in place to produce reliable financial information and substantially ensure that its assets were properly safeguarded.

Pursuant to D.C. Code, Section 1-309.13 (d) (3), ANC 3B must respond in writing to each of the violations detailed herein within 90 days. Failure to do so will result in the forfeiture of ANC 3B’s next schedule quarterly allotment until a response is filed.

Respectfully submitted,

[Signature]

Deborah K. Nichols
District of Columbia Auditor