



## **ANC 8D Financial Operations Were Not Fully Compliant with Law**

June 16, 2015

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



June 16, 2015

Included herein is the Office of the District of Columbia's report entitled "ANC 8D Financial Operations Were Not Fully Compliant with Law." This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 8D 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 8D's Commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 8D in the future.



June 16, 2015

## ANC 8D Financial Operations Were Not Fully Compliant with Law

### Why ODCA Did This Audit

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

### What ODCA Recommends

1. ANC 8D Commissioners should ensure that adequate documentation supporting all disbursements is maintained by creating a voucher package for each expenditure.
2. ANC 8D Commissioners should ensure that all checks are signed by two officers, as required.
3. ANC 8D Commissioners should maintain an approved written record of each public meeting in a secure location.
4. We recommend that ANC 8D's Commissioners/officers, at their first meeting of each fiscal year, develop and present a spending plan budget for the upcoming fiscal year.

### What ODCA Found

ANC 8D 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 8D financial operations were not fully compliant with law. Specifically, we found that only 81.73 percent of 8D's disbursements were supported by adequate documents and checks for the expenditures. In addition ANC 8D failed to submit adequate supporting documentation for ANC's checks written during the audit period, and to ensure that all checks contained the two signatures required.

ANC 8D could not document that the required number of public meetings were held. 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.

ANC 8D 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.

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

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# Background

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D.C. Code provides for the establishment of District of Columbia Advisory Neighborhood Commissions (ANC).<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup> 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 Commissions Act of 1975<sup>4</sup> (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 advice issued by the District's Office of the Attorney General (OAG) address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

## ANC 8D Profile

ANC 8D is located in Ward 8 and comprised of seven SMDs.

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

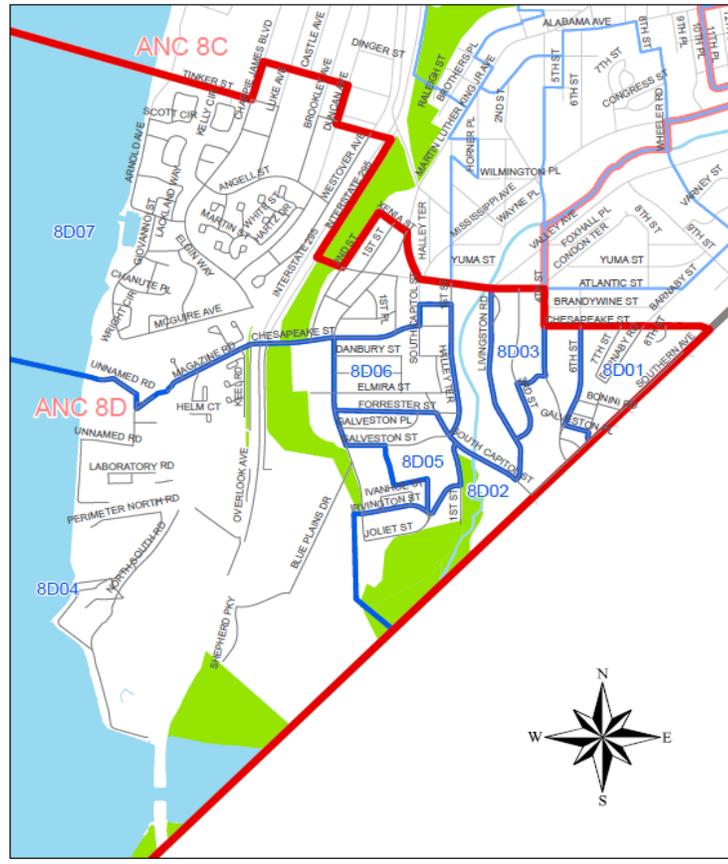
<sup>2</sup> D. C. Code § 1-309.10(a)

<sup>3</sup> D.C. Code, § 1-309.03(a) 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..."

<sup>4</sup> D.C. Code § 1-309.01 *et seq.*

**Figure 1**

**ANC 8D Boundaries**



Office of ANC 7/2012

**ANC 8D 2013 Boundaries**

**Source:** District of Columbia Board of Elections website

Figure 2 presents the ANC 8D Commissioners between January 2, 2012 and December 31, 2014.

**Figure 2**

**ANC 8D Commissioners for 2012 - 2015**

SMD	January 2, 2011 to January 2, 2013	January 2, 2013 to January 2, 2015
8D01	Patricia Carmon	Patricia Carmon
8D02	Olivia Henderson	Olivia Henderson
8D03	Absalom Jordan	Absalom Jordan
8D04	Thea Dyson	M. Jay Lee
8D05	Marvin Jay Lee	Vacant
8D06	Kianna Fowlkers	Thea Dyson
8D07	Dionne Brown	Theresa H. Jones

## **ANC 8D Annual Appropriations, Spending, and Amounts Withheld**

ANC 8D's appropriated funding for FY 2012, through the 1<sup>st</sup> quarter of FY 2014, was \$37,202.48. During the same time period, ANC 8D reported spending \$35,536.31.

Figure 3 summarizes by budget category the \$35,536.31 in spending ANC 8D reported between FY 2012 and the 1<sup>st</sup> quarter of FY 2014.

**Figure 3****ANC 8D Reported Disbursements**

Disbursements	FY 2012	FY 2013	1 <sup>st</sup> Quarter-2014	Total	% of Total Spending
Net Salaries & Wages	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Workers Compensation	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Insurance:					
a. Health	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
b. Casualty/Property	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Total Federal Wage Taxes Paid	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
(Income and Soc. Sec.)	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Local Income Taxes Paid	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Unemployment Insurance Taxes	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Tax Penalties Paid	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Local Transportation	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Office Rent	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Telecommunication Services:					
a. Landline Telephone	\$6,212.09	\$4,188.17	\$645.38	<b>\$11,045.64</b>	<b>31%</b>
b. Cellular Telephone	\$2,699.18	\$5,711.49	\$2,501.42	<b>\$10,912.09</b>	<b>31%</b>
c. Cable/Internet Services	\$0.00	\$693.82	\$0.00	<b>\$693.82</b>	<b>2%</b>
Postage and Delivery	\$690.00	\$500.00	\$0.00	<b>\$1,190.00</b>	<b>3%</b>
Utilities	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Printing and Duplicating	\$3,043.80	\$2,958.38	\$0.00	<b>\$6,002.18</b>	<b>17%</b>
Flyer Distribution	\$0.00	\$0.00	\$584.00	<b>\$584.00</b>	<b>2%</b>
Purchase of Service	\$318.31	\$150.00	\$0.00	<b>\$468.31</b>	<b>1%</b>
Office Supplies & Expenses	\$923.60	\$0.00	\$555.61	<b>\$1,479.21</b>	<b>4%</b>
Office Equipment:					
a. Rental	\$500.00	\$0.00	\$0.00	<b>\$500.00</b>	<b>1%</b>
b. Purchase	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Grants	\$600.00	\$325.00	\$0.00	<b>\$925.00</b>	<b>3%</b>
Training	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Petty Cash Reimbursement	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Transfer to Savings Account	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Bank Service Charges	\$0.00	\$214.70	\$0.00	<b>\$214.70</b>	<b>1%</b>
Website/Webhosting	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>	-
Other	\$990.80	\$322.72	\$207.84	<b>\$1,521.36</b>	<b>4%</b>
<b>Total Disbursements</b>	<b>\$15,977.78</b>	<b>\$15,064.28</b>	<b>\$4,494.25</b>	<b>\$35,536.31</b>	

Source: ANC 8D's quarterly financial reports.

## Objectives, Scope and Methodology

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### Objectives

Pursuant to District of Columbia Code § 1-309.13(d) (2), the District of Columbia Auditor (Auditor) conducted an audit of the financial accounts of ANC 8D.<sup>5</sup> The objectives of the audit were to determine whether:

1. ANC 8D 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 1<sup>st</sup> quarter of FY 2014 (October 1, 2011 through December 31, 2013) and included a review of ANC 8D's financial records, quarterly financial reports, and other relevant documentation.

### Methodology

To evaluate compliance with applicable laws and regulations, we reviewed the ANC Act, *Suggested Financial Management Guidelines* provided to ANCs by the District of Columbia Auditor, and written opinions issued by the District's Office of the Attorney General (OAG). We also examined financial records and documents maintained by ANC 8D.

To determine whether ANC 8D had complied with these standards, and whether internal controls were established to protect ANC 8D assets, we examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, and contracts. In addition, we interviewed ANC 8D 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.

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<sup>5</sup> 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

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We found that Advisory Neighborhood Commission (ANC) 8D did not fully comply with several key requirements of the Act. This included a failure to submit adequate supporting documentation (e.g., invoices, grant applications receipts). This resulted in the withholding of \$6,182 in ANC Funds during our audit period.

**ANC 8D did not always submit complete and adequate supporting documentation or ensure that checks contained two signatures, as required.**

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.<sup>6</sup> Additionally, the Act requires that an expenditure made by check must be signed by at least two officers, one of whom shall be the Treasurer or Chairperson.

During the audit period, ANC 8D disbursed \$35,536.31. Of this, \$29,044.35, or 81.73 percent, was supported by adequate documents and checks for the expenditures were signed by two officers.<sup>7</sup> Of the 49 checks written by the ANC during the audit period, 3 contained only 1 signature, and 7 checks lacked supporting documentation. As a result, the Auditor recommended the deduction of \$6,182.01 the total of the 10 checks. ANC 8D's failure to submit adequate supporting documentation and ensure that all checks contained the required two signatures deprived the community the use of \$6,182.01 during the audit period.

**Recommendations:**

1. ANC 8D Commissioners should ensure that adequate documentation, supporting all disbursements, are maintained by creating a voucher package for each expenditure.
2. ANC 8D Commissioners should ensure that all checks are signed by two officers, as required.

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<sup>6</sup> D.C. Code § 1-309.13(j)(1).

<sup>7</sup> D.C. Code § 1-309.13. (f) (2) (A) (i)

**ANC 8D 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...”<sup>8</sup>

In addition, the Act requires that the minutes of all Commission meetings be made available to the public<sup>9</sup> and that the Secretary shall ensure that minutes of meetings are kept.<sup>10</sup>

To determine the number of public meetings held, we reviewed the meeting minutes submitted to the Auditor by ANC 8D and conducted a search of the ANC 8D website. We could not verify that ANC 8D held the required public meetings during the period of our audit.

In the absence of public meetings, the residents of ANC 8D and other stakeholders may not have had an opportunity to express their views on problems or issues that occurred in their neighborhood during our audit period. 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.

**Recommendation:**

3. ANC 8D Commissioners should maintain an approved written record of each public meeting in a secure location.

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<sup>8</sup> D.C. Code § 1-309.11 (b) (1)

<sup>9</sup> D.C. Code § 1-309.11 (g) (5)

<sup>10</sup> D.C. Code § 1-309.11(e)(1)

**ANC 8D did not consistently 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. 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."<sup>11</sup>

We found the following deficiencies in the way that ANC 8D prepared their budgets in fiscal years 2012-2014.

- 2012: Developed a budget but there is no record of it being presented at a public meeting for comment.
- 2013: Did not develop a budget.
- 2014: Developed a budget but there is no record of it being presented at a public meeting for comment.

As a result of ANC 8D not developing and/or presenting an annual fiscal year budget during these years, ANC 8D 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:**

4. We recommend that ANC 8D's Commissioners/officers, at their first meeting of each fiscal year, develop and present a spending plan budget for the upcoming fiscal year.

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<sup>11</sup> D.C. Code § 1-309.10 (n)

# Audit Results Summary

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Our audit identified four recommendations that could improve operations at ANC 8D. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 8D did not always submit complete and adequate supporting documentation or ensure that checks contained two signatures, as required.	<ol style="list-style-type: none"><li data-bbox="868 495 1468 632">1. ANC 8D Commissioners should ensure that adequate documentation supporting all disbursements is maintained by creating a voucher package for each expenditure.</li><li data-bbox="868 653 1468 720">2. ANC 8D Commissioners should ensure that all checks are signed by two officers, as required.</li></ol>
ANC 8D could not document that the required number of public meetings were held.	<ol style="list-style-type: none"><li data-bbox="868 772 1468 873">3. ANC 8D Commissioners should maintain an approved written record of each public meeting in a secure location.</li></ol>
ANC 8D did not consistently develop an annual spending plan budget.	<ol style="list-style-type: none"><li data-bbox="868 905 1468 1068">4. We recommend that ANC 8D's Commissioners/officers, at their first meeting of each fiscal year, develop and present a spending plan budget for the upcoming fiscal year.</li></ol>

## Conclusion

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We found that ANC 8D financial operations were not fully compliant with the law. The Act requires that any expenditure of funds by a Commission shall be supported by invoices and receipts, executed contracts, public meeting minutes, or other appropriate documentation. Additionally, an expenditure made by check must be signed by at least two officers, one of whom shall be the Treasurer or Chairperson. ANC 8D failed to submit adequate supporting documentation for their expenditures during the audit period.

The Act provides that “the Commission shall meet in public session at regular intervals at least 9 times per year,” that the minutes of all Commission meetings must be made available to the public, and that the Secretary shall ensure that minutes of meetings are kept. ANC 8D could not document that the required number of public meetings were held.

ANCs are required by the Act to develop an annual budget. This office provides a template to be used by the ANCs showing standard spending categories. The Commissioners are to use this template when developing their annual budget.

We encourage the current Commissioners and officers of ANC 8D 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 8D’s written response.

## Agency Comments

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On May 12, 2015, we sent a draft copy of this report to the Chairperson and Treasurer of ANC 8D for review and written comment. Neither the Chairperson nor Treasurer responded with written comments to the draft report by the requested June 2, 2015 response date.