



Deborah K. Nichols
Interim District of Columbia Auditor

001:99:DW

OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

**Audit of Advisory Neighborhood
Commission 8E for the Period
09/01/96 Through 07/31/98**

December 9, 1998



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols
Interim District of Columbia Auditor

Robert L. Yeldell, Chairman
Advisory Neighborhood Commission 8E
Ferebee-Hope School, 2nd Floor
8th and Yuma Street, S. E.
Washington, D.C. 20032

Letter Report: Audit of Advisory Neighborhood
Commission 8E For the Period 09/01/96 Through
7/31/98

Dear Commissioner Yeldell:

Pursuant to D.C. Code, Section 1-264(d), the District of Columbia Auditor conducted an audit of the financial operations and activities of Advisory Neighborhood Commission (ANC) 8E.

The objective of this audit was to determine whether ANC 8E's financial accounts and operations were in compliance with the Advisory Neighborhood Commission Act of 1975 (ANC law), as amended, Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Corporation Counsel.

The audit covered the period September 1, 1996 through July 31, 1998. The Auditor reviewed canceled checks, bank statements, bank signature cards, quarterly financial reports, ANC meeting minutes, invoices and other related documents of ANC 8E. The Auditor also interviewed ANC 8E's chairman, treasurer, and other ANC 8E commissioners.

Advisory Neighborhood Commission (ANC) 8E is composed of seven (7) single member districts (SMD). During the period of this audit, SMD 8E-01 was vacant. Single member district 8E-05 became vacant in 1997, and the commissioner for SMD 8E-04 resigned before the audit began. All other single member districts were occupied by an elected commissioner.

The audit was conducted in accordance with generally accepted governmental auditing standards and included such tests of the records as were deemed necessary under the circumstances.

AUDIT FINDINGS

ANC 8E CONDUCTED LIMITED FINANCIAL ACTIVITY DURING THE TWENTY-TWO (22) MONTH PERIOD BETWEEN SEPTEMBER 1996 AND JULY 1998

During the twenty-two (22) month period between September 1996 and July 31, 1998, Advisory Neighborhood Commission 8E spent a total of \$6,033.60. Aside from grant expenditures of \$2,840¹, the remaining \$3,193.60² was spent on telephone service, office supplies, and stamps. The Auditor reviewed all disbursements beginning with check number 213, dated September 21, 1996, and ending with check number 249, dated July 27, 1998. The Auditor reconciled all checks written during the audit period with monthly bank statements. Voided checks were verified with ANC 8E's checkbook register and bank statement.

As of July 29, 1998, a balance of \$11,416.03 existed in ANC 8E's checking account at Riggs Bank. The ANC did not maintain a savings account. ANC 8E received its last two quarterly allotments from the District on August 22, 1997 in the amount of \$6,513.91 and on September 23, 1997 in the amount of \$6,614.54. ANC 8E has not received any additional District allotments as a result of its failure to file required quarterly financial reports.

The audit revealed a lack of adequate documentation such as receipts, vendor invoices, canceled checks, and bank statements to support expenditures. Also, the ANC's expenditures lacked minutes to support their approval by a majority of ANC 8E commissioners. D.C. Code, Section 1-264(f) states, in relevant part, that:

"... No expenditure of any amount shall be made without the specific authorization of the Commission."

Table I contains a listing of thirty (30) checks, totaling \$3,693.60³, which either lacked adequate documentation or lacked minutes to support the commissioners' approval of the expenditures. These checks were written by ANC 8E's chairman and treasurer over a 22-month period. Table I presents check numbers, date of each check, amount of each check, the payee for each check, the purpose for each payment, and the type of documentation, if any, to support each

¹The \$2,840 includes the seven grants presented in Table II and two grants (JABBO Kenner, \$200 and 7th District Police, \$300) listed in Table I.

²The \$3,193.60 does not include the following two grants, listed in Table I: JABBO Kenner, \$200 and 7th District Police, \$300.

³The \$3,693.60 represents all expenditures of ANC 8E during the 22 month period, except the seven unapproved grant disbursements (\$2,340) listed in Table II.

disbursement. Table I does not include seven grants totaling \$2,340⁴ that are discussed later in this report.

TABLE I

**Advisory Neighborhood Commission 8E
Expenditures Lacking Adequate Supporting
Documentation or Approved Minutes
For the Twenty-two Month Period of
September 1996 through July 1998**

Check Number	Date on Check	Check Made Payable To	Amount of Check	Purpose of the Payment	Check Signed By*	Supporting Documentation
213	09/21/96	JABBO Kenner	\$200.00	Football league	Chairman & Treasurer	Approved minutes and canceled check
214	10/14/96	Bell Atlantic	66.27	Telephone Service	Chairman & Treasurer	Canceled check only
215	10/14/96	AT & T	1.11	Long Distance Service	Chairman & Treasurer	Vendor invoice and canceled check
216	12/16/96	7 th District Police	300.00	Grant-Toys For Tots	Chairman & Treasurer	Approved minutes and canceled check
217	01/10/97	Bell Atlantic	127.20	Telephone Service	Chairman & Treasurer	Canceled check only
218	01/10/97	Pitney Bowes	126.00	Postage-by-phone	Chairman & Treasurer	Canceled check only
219	02/14/97	Alfonso Williams	100.00	Reimbursement-supplies	Chairman & Treasurer	Safeway statement and canceled check
220	03/10/97	Bell Atlantic	189.41	Telephone Service	Chairman & Treasurer	Vendor invoice and canceled check
221	03/10/97	ANC Security Fund	30.00	Bonding Treasurer	Chairman & Treasurer	Canceled check and Auditor's receipt
223	05/11/97	Bell Atlantic	113.04	Telephone Service	Chairman & Treasurer	Canceled check only
224	05/19/97	Cash	75.00	Reimbursement - supplies	Chairman & Treasurer	Canceled check only

⁴The \$2,340 included only the seven grants listed in Table II that were not approved by a majority of ANC 8E commissioners, but does not include two grants totaling \$500 made to JABBO Kenner for \$200 and the 7th District Police for \$300.

225	06/06/97	Canon Office Supplies	1,032.00	Toner Cartridges	Chairman Only	Vendor invoice and canceled check
226	06/24/97	Bell Atlantic	69.37	Telephone Service	Chairman & Treasurer	Canceled check only
227	06/24/97	Canon	15.50	Supplies	Chairman & Treasurer	Canceled check only
228	08/20/97	Bell Atlantic	121.81	Telephone Service	Chairman & Treasurer	Canceled check only
232	10/20/97	Bell Atlantic	114.82	Telephone Service	Chairman Only	Canceled check only
233	10/20/97	Pitney Bowes	133.95	Postage-by-phone	Chairman Only	Canceled check only
234	11/10/97	North's Office Machines	173.25	Office Supplies	Chairman & Treasurer	Canceled check only
235	12/13/97	Bell Atlantic	118.01	Telephone Service	Chairman & Treasurer	Canceled check only
236	03/01/98	ANC Security Fund	30.00	Bonding-Treasurer	Chairman & Treasurer	Canceled check and Auditor's receipt
237	03/01/98	Bell Atlantic	60.00	Telephone Service	Chairman & Treasurer	Canceled check only
238	03/03/98	Camp Dynamite	VOIDED	Grant-Scholarship		Voided Check
240	03/18/98		VOIDED	See Checkbook		Voided Check
242	04/29/98	Bell Atlantic	126.01	Telephone Service	Chairman & Treasurer	Canceled check only
243	05/20/98	ACC/Phil Pannell	50.00	Membership Fee anti/drug Campaign	Chairman & Treasurer	Canceled check only
245	05.25/98	Bell Atlantic	59.05	Telephone Service	Chairman & Treasurer	Canceled check only
246	5/29/98	Pitney Bowes	100.00	Postage-by-phone	Chairman & Treasurer	Canceled check only
247	06/26/98	Bell Atlantic	55.63	Telephone Service	Chairman & Treasurer	Canceled check only
248	06/26/98	Pitney Bowes	33.95	Office Equipment	Chairman & Treasurer	Canceled check only
249	07/27/98	Bell Atlantic	72.22	Telephone Service	Chairman & Treasurer	Canceled check only
TOTAL			\$3,693.60			

Source: ANC 8E files and checkbook register, and Riggs Bank records

*Note: Chairman - Robert Yeldell; Treasurer - Alfonso Williams

**ANC GRANTS DISBURSED WITHOUT APPROVAL
OF MAJORITY OF ANC 8E's COMMISSIONERS AND
WITHOUT SUPPORTING DOCUMENTATION**

District of Columbia Code, Section 1-264(m), in relevant part, states:

“. . . A grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting. . .”

Further, District of Columbia Code, Section 1-264(f), in relevant part, states:

“No expenditure of any amount shall be made without the specific authorization of the Commission. . .”

During the period covered by this audit, ANC 8E awarded nine (9) grants totaling \$2,840. Only two grants, totaling \$500 (JABBO Kenner \$200 and 7th District Police \$300), were: (i) supported by a grant request letter; and (ii) approved by a majority of commissioners in a publicly held meeting of the ANC and reflected in the minutes of the ANC's meeting.

ANC 8E's chairman and treasurer were unable to provide the Auditor with approved minutes reflecting the ANC's approval of the other seven (7) grants totaling \$2,340. As a result of this deficiency, ANC 8E's chairman and treasurer failed to adhere to D.C. Code, Section 1-264(f) by disbursing ANC funds without obtaining the approval of a majority of ANC 8E commissioners during public meetings at which a quorum was present.

By letter dated May 2, 1994 , the Auditor informed all ANC's that:

“ANC's will be required to attach a copy of the grant request letter or proposal to support all grant expenditures which have been voted on by the Commission at a public meeting. The ANC also must submit copies of the minutes to substantiate that the grant in question was voted on and approved by the full Commission. Failure to comply with the revised procedures will result in this office recommending disallowance of grant expenditures not supported by the appropriate documentation.” (Auditor's Emphasis)

In the absence of ANC 8E minutes to support the commissioners' approval of the seven grants, the \$2,340 in disbursements will be disallowed from ANC 8E's next quarterly allotment.

Table II presents a list of the seven questionable disbursements made by ANC 8E's chairman and treasurer between March 1997 and May 1998. Table II includes the stated purpose for each disbursement, the date each check was written, each check number, and the amount of each disbursement.

TABLE II

**Grants Disbursed Without Majority Vote of Commissioners
For The Period March 1997 through March 1998**

Organization Receiving Grant and Purpose of Grant	Date Check Written	Check Number	Amount of Grant Award
UTRECHT-School Wall Mural	03/18/97	222	\$ 300
Assumption Booster Club -Football League Uniforms	08/25/97	229	500
Valley Green Reunion Committee - Family Reunion	08/25/97	230	500
Funds for the Community's Future-McGogney School Wall Mural	09/11/97	231	200
Camp Dynamite - Scholarships	03/10/98	239	300
YMCA - Summer Camp	03/18/98	241	300
7 th District Station Fund - Community Service awards to Police Officers	05/20/98	244	240
TOTAL			2,340

Source: ANC 8E files

ANC 8E Failed to Adopt Guidelines for the Consideration and Award of Grants

Advisory Neighborhood Commission 8E violated D.C. Code, Section 1-264(m), which states, in relevant part, that:

“ . . . A Commission shall adopt guidelines for the consideration and award of grants that shall include a provision that requires the proposed grantee to present the request for a grant at a public meeting of the Commission. . .”

ANC 8E's chairman and treasurer could not provide grant award guidelines which were used by the ANC to consider and award grants. As a result, the Auditor could not discern how grantees were selected, how grant amounts were determined, or the specific public purposes for which grants were awarded.

**\$500 Disbursement to the Valley Green Reunion
Committee Violated the ANC Law**

According to the Valley Green Reunion Committee’s “request for funding,” the \$500 disbursement to this group was used, in part, to cover the cost of food and entertainment. The disbursement violated D.C. Code, Section 1-264(l), which states, in relevant part, that:

“A Commission shall expend funds received through the annual allocation. . . or other donated funds for public purposes within the Commission area or for the functioning of the Commission office, including staff salaries and nominal refreshments at Commission meetings. . . funds allocated to the Commission may not be used for . . . meals. . .” (Auditor’s emphasis)

Further, a legal opinion issued by the Office of the Corporation Counsel, dated May 26, 1994, in relevant part, states:

“ . . . Just as the entertainment of government personnel is generally unauthorized, the entertainment of non-government personnel is equally impermissible. The basic rule is the same regardless of who is being fed or entertained: Appropriated funds are not available for entertainment, including free food, except under specific statutory authority. . . .In sum, food and entertainment are not permissible purposes for which an ANC may make a grant. . . .”

The \$500 disbursement to the Valley Green Reunion Committee also violated the ANC law by: (a) not qualifying as a grant for a public purpose, and (b) not being approved by a majority of commissioners in a public meeting.

RECOMMENDATIONS

1. ANC 8E commissioners adopt guidelines for the consideration and award of grants in accordance with D.C. Code, Section 1-265(m). The guidelines must include a provision requiring the proposed grantee to present the request for a grant at a public meeting of the ANC. Until grant guidelines are adopted and implemented by ANC 8E, all grant disbursements will be disallowed by the Office of the Auditor.
2. ANC 8E commissioners refrain from awarding grants for food and entertainment and non-public purposes.

**ANC 8E's Books and Records Were Not Maintained
In A Single Designated Location**

District of Columbia Code, Section 1-264(e) states, in relevant part, that:

“Each Commission shall, by resolution, designate the location at which the Commission’s books and records shall be maintained which shall, if the Commission has a regular office, be the Commission office. . . .”

ANC 8E’s officers failed to maintain the ANC’s books and records in a single location designated by a majority of commissioners in a public meeting. As a consequence, the Auditor was unable to locate minutes of ANC 8E meetings held between September 1996 and November 1998, except for two sets of minutes for meetings held in October and November 1996. The Auditor was also unable to locate a significant number of ANC 8E’s canceled checks, bank statements, vendor invoices, and receipts in support of the ANC’s expenditures. The Auditor obtained copies of canceled checks and bank statements from Riggs Bank.

RECOMMENDATION

ANC 8E officers maintain the ANC’s books and records at a location designated by a majority of ANC 8E commissioners in accordance with D.C. Code, Section 1-264(e).

**ANC 8E Received Check Intended
For Another Organization**

Safeway Stores erroneously wrote a \$100 check, on February 4, 1997, to ANC 8E for advertising in the Ward 8 Business Directory. The ANC’s treasurer deposited this check into ANC 8E’s checking account. ANC 8E’s treasurer, who was a member of the Ward 8 Business Council, solicited the \$100 payment from Safeway Stores for an advertisement in the Ward 8 Business Directory. To correct this mistake, ANC 8E’s chairman and treasurer issued an ANC 8E check numbered 219, dated February 14, 1997, to ANC 8E’s treasurer, Alfonso Williams. Mr. Williams was to pay the proceeds from this check to the Ward 8 Business Council on behalf of Safeway Stores. The treasurer should have returned the check to Safeway Stores and requested Safeway to write a new check made payable to the Ward 8 Business Council.

**ANC 8E’s Chairman and Treasurer Improperly
Signed Check Made Payable to “Cash”**

Advisory Neighborhood Commission 8E’s chairman and treasurer improperly signed check number 224, dated May 19, 1997, made payable to “Cash” in the amount of \$75. This transaction violated D.C. Code, Section 1-264(f) which states, in relevant part, that:

“ . . . No check may be made payable to cash. . . .”

The transaction also violated ANC Financial Guidelines and Procedures issued by the Office of the Auditor, which prohibits writing checks to “cash” or “bearer”. The check, which was endorsed by ANC 8E’s treasurer, was stated to be a reimbursement for the treasurer’s purchase of ANC office supplies. However, there were no receipts, vendor invoices, or approved minutes in the files of ANC 8E to support the treasurer’s purchase of office supplies with his personal funds or to substantiate the ANC’s approval of this disbursement. ANC 8E should have established a petty cash fund to purchase office supplies valued at \$50 or less or should have written an ANC 8E check directly to the vendor.

**Checks Improperly Issued
With Only One Signature**

Table III presents three (3) ANC 8E checks improperly issued with only the signature of ANC 8E’s chairman, Robert Yeldell, in violation of D.C. Code, Section 1-264(f) which states, in relevant part, that:

“ . . . Any expenditure made by check shall be signed by at least two officers of the Commission, one of whom shall be the treasurer or chairman. . . . ”

Also, Article IV E (1) of ANC 8E’s Bylaws state:

“The signature of the Treasurer and the Chairman or Vice-chairperson shall be required on all drafts and checks.”

ANC 8E’s treasurer produced only one invoice, from Canon Office Supplies, in support of the disbursements listed in Table III. There were no other vendor receipts or invoices. Further, the disbursements, totaling \$1,280.77, were not approved by a majority of ANC 8E commissioners. Unless ratified by a majority of ANC 8E commissioners, the disbursements listed in Table III will be deducted from ANC 8E’s next quarterly allotment.

TABLE III

**Advisory Neighborhood Commission 8E
Checks Signed by Only One Commissioner
For the Period June 1997 Through October 1997**

Check Number	Date on Check	Check Made Payable To	Amount of Check	Purpose of the Payment
225	06/06/97	Canon Office Supplies	\$1,032.00	Toner Cartridges
232	10/20/97	Bell Atlantic	114.82	Telephone Service
233	10/20/97	Pitney Bowes	133.95	Postage-by-phone
Total			\$1,280.77	

Source: ANC 8E checkbook register and Riggs Bank records

RECOMMENDATIONS

1. ANC 8E refrain from writing checks made payable to ANC commissioners, except for reimbursements that are supported by receipts or other appropriate documentation and approved by a majority of commissioners in a public meeting of the ANC.
2. ANC 8E officers, particularly the chairman and treasurer, refrain from making ANC checks payable to "cash". All ANC 8E checks contain the signature of at least two officers of the ANC, one of whom must be the treasurer or chairman.
3. The treasurer and chairman immediately repay \$5,533.60 to ANC 8E for expenditures not authorized by a majority of ANC 8E's commissioners and recorded in the ANC's approved minutes. The \$5,533.60 includes the unapproved expenditures (\$3,193.60) listed in Table I and the seven unapproved grants (\$2,340) listed in Table II. Should the chairman and treasurer fail to restore these funds to the ANC's treasury, this matter will be referred to appropriate authorities for recovery.
4. The Office of the Inspector General investigate expenditures made by ANC 8E's chairman and treasurer without the ANC's approval, in addition to the disbursements that could not be supported by appropriate documentation.

ANC 8E HAS FAILED TO FILE APPROVED QUARTERLY FINANCIAL REPORTS WITH THE OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

Advisory Neighborhood Commission 8E violated D.C. Code, Section 1-264(j) by failing to file quarterly reports of financial activity with the Office of the District of Columbia Auditor from January 1, 1997 through November 30, 1998. D.C. Code, Section 1-264(j) 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 public meeting of the Commission within 30 days of 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 7 days of approval. No quarterly allotment shall be forwarded to a Commission until the report of financial activity for the quarter preceding the immediate previous quarter is submitted to and reviewed by the Auditor."

The last quarterly financial report filed by ANC 8E covered the period October 1, 1996 through December 31, 1996. As a result of ANC 8E's failure to file timely quarterly financial reports for the period January 1, 1997 through November 30, 1998, the District government is

withholding approximately \$17,388.32 of ANC 8E's allotments. The Auditor is particularly concerned by the fact that ANC 8E has cash on hand of approximately \$11,416 in its bank account during a period of delinquency in filing quarterly financial reports. For this reason, ANC 8E should not be allowed to retain custody of its checkbook or conduct any financial activity until outstanding quarterly reports are filed with the Office of the Auditor.

RECOMMENDATION

ANC 8E promptly file all outstanding quarterly financial reports with the Office of the District of Columbia Auditor. These late reports must be approved by a majority of ANC 8E commissioners and must be supported by appropriate documentation.

RESTITUTION PAYMENTS TO ADVISORY NEIGHBORHOOD COMMISSION 8E ARE \$5,928.20 IN ARREARS

Advisory Neighborhood Commission 8E's chairman has failed to fully reimburse ANC 8E a total of \$9,529.77 pursuant to an Order issued by the Superior Court of the District of Columbia. On January 3, 1991, Superior Court Associate Judge Frederick D. Dorsey placed ANC 8E's chairman on probation and ordered (Case Number F-9574-90) the chairman to make restitution to ANC 8E in the amount of \$9,529.77 for misappropriation of ANC 8E funds.

The chairman paid a total of \$3,601.57 through January 4, 1994. As monthly payments were received, each payment was posted to ANC 8E's account. As of November 30, 1998, records in the Office of the District of Columbia Auditor indicated that ANC 8E's chairman had not made any further restitution payments since January 1994 while \$5,928.20 remained due and payable to ANC 8E. As a result of this lapse, ANC 8E's chairman is still indebted to the ANC in the amount of \$5,928.20.

RECOMMENDATIONS

1. Advisory Neighborhood Commission 8E's chairman immediately resume restitution payments to ANC 8E until the outstanding amount of \$5,928.20 is fully repaid.
2. If restitution payments are not promptly resumed, the Office of the Corporation Counsel should initiate the appropriate actions necessary to recover the \$5,928.20 in restitution due to ANC 8E from its chairman or refer the matter to the United States Attorney for the District of Columbia for appropriate action.

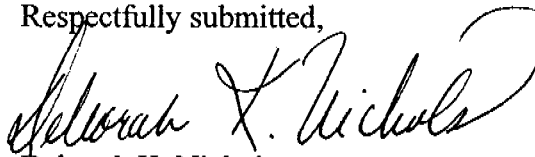
CONCLUSION

Based on the review of Advisory Neighborhood Commission 8E's financial accounts and activities, the Auditor found a pattern of ANC 8E's chairman and treasurer disbursing funds without the approval of a majority of ANC 8E commissioners. The Auditor found that ANC 8E's officers failed to maintain basic documentation to justify and support the disbursement of ANC funds. The Auditor further found a complete breakdown in ANC 8E's ability to prepare minutes of its public meetings and maintain those minutes in the files at the ANC's office. Also, ANC 8E's chairman and treasurer disbursed ANC 8E funds without adhering to relevant requirements of the Advisory Neighborhood Commission Act of 1975, as amended, legal opinions issued by the Office of the Corporation Counsel, ANC 8E bylaws, and Financial Guidelines and Procedures issued by the Office of the D. C. Auditor.

The audit revealed that ANC 8E officials disbursed funds in a manner that circumvented basic internal controls. Further, record retention was inadequate and involved missing canceled checks, bank statements, vendor invoices, receiving reports, and minutes of ANC 8E's public meetings. Violations of the ANC law included the chairman and treasurer signing ANC 8E checks for improper or unapproved expenditures, and the ANC's failure to file approved quarterly financial reports over an approximate two-year period with the Office of the District of Columbia Auditor.

The Auditor also found that ANC 8E's chairman had not made full restitution to ANC 8E as required by the Superior Court of the District of Columbia. Outstanding restitution payments totaled \$5,928.20 as of November 30, 1998. The Auditor has recommended that the chairman promptly resume restitution payments or that the Office of the Corporation Counsel initiate the appropriate action to promptly recover these funds.

Respectfully submitted,



Deborah K. Nichols

Interim District of Columbia Auditor