



ANC 8E Did Not Properly Support all Reported Expenditures

February 10, 2015

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



February 10, 2015

Included herein is the Office of the District of Columbia Auditor's report entitled "ANC 8E Did Not Properly Support All Reported Expenditures." This audit was conducted as required by the Advisory Neighborhood Commissions Act (the Act). The objectives of this audit were to determine whether ANC 8E 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 8E's Commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 8E in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathleen Patterson'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kathleen Patterson
District of Columbia Auditor



February 10, 2015

ANC 8E Did Not Properly Support All Reported Expenditures

What ODCA Found

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. With regard to filing complete and accurate quarterly reports, ANC 8E should follow the requirements of the ANC Act, as well as, the ANC Financial Management Guidelines, issued by the Office of the District of Columbia Auditor.
2. The District Council should consider legislative action to strengthen controls over spending by Advisory Neighborhood Commissions.

ANC 8E 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 8E complied generally with the requirements of the law; however, compliance can be strengthened. Specifically, we found that some expenditures were not properly documented and/or supported. This is an ongoing problem not only with ANC 8E, but at many other ANCs as well. Despite biennial training of ANC Commissioners as to the requirements of the law, many Commissioners have repeatedly failed to submit adequate support for their expenditures and have repeatedly spent ANC funds on items that are prohibited. This office routinely rejects these expenditures. However, the timing of our review is such that we typically only learn about a disallowable expenditure after it has already occurred. We can then only reduce future allotments to the ANC by the amount of the disallowed expenditure. This has proven to be an inadequate control on the spending of ANCs. We therefore recommend that the District Council consider legislative action to strengthen controls over spending by ANCs.

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

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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 There are currently 40 ANCs in the District, each comprised of from three to seven Single Member Districts (SMD). 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, and sanitation, and their views are to be accorded “great weight” in certain decisions pertinent to the respective Commission area.³

The District government allocates 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) provides the legal framework for how the ANCs are to operate, including restrictions on how they can spend their annual allotments.⁴ 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 opinions 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.

¹ 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.”

² D.C. 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.

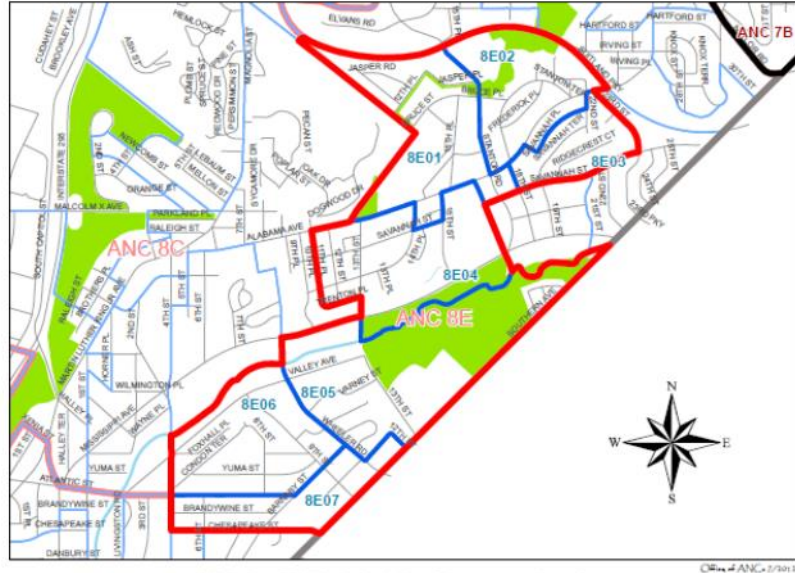
⁴ D.C. Code §§ 1-309.01 - .15.

ANC 8E Profile

ANC 8E is located in Ward 8. ANC 8E is comprised of seven SMDs. Figure 1 presents a map of the ANC 8E boundaries.

Figure 1

ANC 8E Boundaries



ANC 8E 2013 Boundaries

Source: ANC 8E website

Figures 2-3 present the ANC 8E Commissioners between January 2, 2009 and December 31, 2012.

Figure 2

ANC 8E Commissioners and Officers for FY 2009-2010

SMD	Name
8E01	VACANT
8E02	Sandra Seegars*
8E03	Christopher Hawthorne
8E04	Melvin Sims
8E05	Terrell Waller
8E06	Karlene Armstead
8E07	Stephen Slaughter

*ANC Chairperson

Figure 3

ANC 8E Commissioners and Officers for 2011-2012

SMD	Name
8E01	Nicole Pugh
8E02	Sandra Seegars*
8E03	Christopher Hawthorne

8E04	Melvin Sims
8E05	Joyce Burnette
8E06	Angela Hooker
8E07	Stephen Slaughter

*ANC Chairperson

ANC 8E Annual Appropriations, Spending, and Amounts Withheld

ANC 8E's appropriated funding for FY 2009 through the 1st quarter of FY 2013 was \$78,851.08. During the same time period, ANC 8E reported spending \$80,797.89. Of this total, ANC 8E did not properly support \$3,946.55 and consequently the Auditor withheld \$3,946.55 from quarterly allotments to the ANC. See the results section of this report for a more detailed discussion of the disallowed expenditures.

Figure 4 summarizes, by budget category, the \$80,797.89 in spending ANC 8E reported between FY 2009 and the 1st quarter of FY 2013.

Figure 4**ANC 8E Reported Disbursements between FY2009 and 1st Quarter FY2013**

Disbursements	FY 2009	FY 2010	FY 2011	FY 2012	1 st Quarter, FY 2013	Grand Total	% of 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	\$0.00	\$0.00	-	-
b. Casualty/Property	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	-
Total Federal Wage Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
State Wage Taxes Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Unemployment Insurance Contributions	\$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	\$0.00	\$89.00	\$0.00	\$0.00	\$0.00	\$89.00	0%
Office Rent	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Telecommunication Services:	\$3,214.83	\$5,479.47	\$7,167.42	\$7,130.82	\$1,432.10	\$15,730.34	19%
a. Landline Telephone	NA	NA	\$1,805.66	\$1,795.92	\$431.73	-	-
b. Cellular Telephone	NA	NA	\$5,361.76	\$5,334.90	\$1,000.37	-	-
c. Cable/Internet Services	NA	NA	\$0.00	\$0.00	\$0.00	-	-
Postage and Delivery	\$148.20	\$593.65	\$652.20	\$572.73	\$108.66	\$1966.78	2%
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
Printing and Copying	\$890.69	\$4,086.11	\$2,921.54	\$2,419.26	\$0.00	\$10,426.26	13%
Flyer Distribution	\$300.00	\$0.00	\$0.00	\$232.85	\$0.00	\$532.85	1%
Purchase of Service	\$540.00	\$1,190.00	\$724.94	\$450.00	\$0.00	\$2,904.94	4%
Office Supplies	\$814.34	\$4,094.67	\$2,099.14	\$4,094.68	\$1111.83	\$12,214.66	15%
Office Equipment:	\$0.00	\$0.00	\$3,890.30	\$6,534.43	\$0.00	\$10,424.82	13%
a. Rental	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	-
b. Purchase	\$0.00	\$0.00	\$3,890.30	\$6,534.43	\$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 Charges	\$45.28	\$116.00	\$716.66	\$159.28	\$51.00	\$1088.22	1%
Website/webhosting	NA	NA	\$0.00	\$0.00	\$0.00	\$0.00	0%
Other	\$117.26	\$181.50	\$4,403.08	\$12,023.88	\$0.00	\$16,725.73	21%
Totals	\$6,070.60	\$15,830.40	\$22,575.28	\$33,617.93	\$2,703.59	\$80,797.80	100%

Source: ANC 8E's quarterly financial reports. Note: Categories changed in FY 2011, adding the Website/webhosting category and requiring ANCs to provide more detail about their spending in the Insurance and Telecommunications categories. Some expenditures may have been mis-categorized by the ANC on their 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 ANC 8E.⁵ The objectives of this audit were to determine whether:

1. ANC 8E 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) 2009 through the 1st quarter of FY 2013 (October 1, 2009 through December 31, 2012) and included a review of ANC 8E's financial records, quarterly financial reports, and other relevant documentation.

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* provided to all ANCs by the District of Columbia Auditor, and written opinions issued by the District's Office of the Attorney General (OAG), as well as, financial records and documents maintained by ANC 8E.

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

⁵ 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..."

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Overall, we found that ANC 8E failed to comply with a key requirement of the Act. This resulted in the disallowance of \$3,946.55 for non-supported or non-allowable disbursements during our audit period.

ANC 8E lost the use of \$3,946.55 for failure to properly document expenses

The ANC Act requires that ANCs prepare quarterly financial reports and submit them to the Office of the District of Columbia Auditor (ODCA). The reports are to be accompanied by supporting documentation for all expenses, including cancelled checks, receipts, invoices, and any other documents needed to demonstrate that the payments were proper.⁶

The Auditor reviewed all disbursements made during the audit period. Over this time period, there were 17 expenditures totaling \$3,946.55 that lacked proper supporting documentation. Consequently, this amount was withheld from quarterly allotments to ANC 8E.

The failure to properly document expenses may simply indicate poor recordkeeping by the ANC 8E Treasurer. However, ANC 8E Commissioners (as well as all other ANC Commissioners) have received annual instructions about the importance of maintaining and submitting complete records supporting all expenditures made using District government funds. Repeated failure by Commissioners to maintain and submit proper records may indicate a disregard of their responsibilities as stewards of public funds.

Improperly supported spending can lead to the withholding of future allocations, thus depriving the Commission of funds intended for the benefit of the residents of ANC 8E.

Recommendations:

1. With regard to filing complete and accurate quarterly reports, ANC 8E should follow the requirements of the ANC Act, as well as, the ANC Financial Management Guidelines, issued by the Office of the District of Columbia Auditor.

⁶ D.C. Code § 1-309.13(j).

2. The District Council should consider legislative action to strengthen controls over spending by Advisory Neighborhood Commissions.

Audit Results Summary

Our audit identified five recommendations that could improve operations at ANC 1A. To ensure compliance with legislative requirements, we recommend:

Finding	Recommendation
ANC 8E lost the use of \$3,946.55 for failure to properly document expenses	<ol style="list-style-type: none"><li data-bbox="846 569 1468 764">1. With regard to filing complete and accurate quarterly reports, ANC 8E should follow the requirements of the ANC Act, as well as, the ANC Financial Management Guidelines, issued by the Office of the District of Columbia Auditor.<li data-bbox="846 785 1468 911">2. The District Council should consider legislative action to strengthen controls over spending by Advisory Neighborhood Commissions.

Conclusion

We found that ANC 8E did not properly support all reported expenditures during the period of our audit. Our audit identified many instances of failure to adequately justify, approve, and or document expenditures. While none of these expenditure was for an especially large amount, taken together, the failure to follow required procedures represents a disturbing trend for ANC 8E. These shortcomings led directly to ANC 8E losing portions of their quarterly allotments during the audit period. The residents of ANC 8E were thus denied community benefits that could have resulted if the responsible ANC 8E Commissioners and officers had been more diligent in carrying out their duties.

We recognize that the ANC 8E officers have changed and some of those responsible for the violations mentioned in this report are no longer Commissioners and/ or officers of ANC 8E.

We encourage the current Commissioners and officers of ANC 8E to use this report as a learning tool so as not to 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 within 90 days will result in scheduled quarterly allotments being forfeited until the response has been sent.

Sincerely,



Kathleen Patterson
District of Columbia Auditor