



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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District of Columbia Auditor
023:04:MK:gk

**Audit of Advisory Neighborhood Commission 7B
for Fiscal Years 2001 Through 2004,
as of June 30, 2004**

September 27, 2004



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Commissioner Kathleen Chamberlain
Chairperson
Advisory Neighborhood Commission 7B
2922 W Street, SE
Washington, D.C. 20020

Letter Report: Audit of Advisory Neighborhood Commission 7B
for Fiscal Years 2001 Through 2004, as of June 30, 2004

Dear Commissioner Chamberlain:

Pursuant to section 16 (d) of the Advisory Neighborhood Commissions Act of 1975, effective October 10, 1975, D.C. Law 1-21, as amended by the Comprehensive Advisory Neighborhood Commissions Reform Amendment Act of 2000, effective June 27, 2000, D.C. Law 13-135, D.C. Official Code, §1-309.13 (d) (2003 Supp.) (collectively, “ANC Act”), the District of Columbia Auditor (“Auditor”) conducted an audit of the financial operations and activities of Advisory Neighborhood Commission (“ANC”) 7B.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. ANC 7B’s disbursements complied with the ANC Act, ANC Financial Management Guidelines,¹ and legal opinions issued by the Office of the Attorney General (“OAG”), formerly the Office of the Corporation Counsel, and
2. internal controls were adequate to produce reliable financial information and ensure that the ANC’s assets were properly safeguarded.

¹Office of the District of Columbia Auditor, Advisory Neighborhood Commissions Orientation Training Manual, “Advisory Neighborhood Commission Financial Management Guidelines” (“ANC Financial Management Guidelines”), February 2003.

The audit covered the period October 1, 2000 through June 30, 2004. In conducting the audit, the Auditor reviewed all available canceled checks, bank statements, bank signature cards, quarterly financial reports, meeting minutes, receipts and invoices, and other relevant documents.

STATEMENT OF ANC 7B's CHECKING AND SAVINGS ACCOUNT BALANCES, AS OF JUNE 30, 2004

Table I presents a statement of ANC 7B's checking and savings account balances as of June 30, 2004.

TABLE I
ANC 7B's Checking and Savings Account Balances
As of June 30, 2004

Petty Cash on Hand	\$ 0.00*
Checking Account Balance	31,430.85
Savings Account Balance	<u>0.00*</u>
Actual Cash Balance	\$ 31,430.85

Source: ANC 7B's bank statement as of June 30, 2004

*ANC 7B did not maintain a petty cash fund and savings account.

SUMMARY OF ANC 7B'S EXPENDITURES FOR FISCAL YEARS 2001 THROUGH 2004, AS OF JUNE 30, 2004

Table II summarizes, by category, ANC 7B's disbursements made during the audit period, including bank service charges.

Table II
Summary of ANC 7B's Expenditures
For Fiscal Years 2001 Through 2004,
as of June 30, 2004

Purpose of Expenditures	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004, as of 06/30/04	Grand Total
ANC Security Fund	\$ 77.00	\$ 77.00	\$ 25.00	\$ 25.00	\$ 204.00
Internet Service/Website	145.75	215.40	430.94	359.10	1,151.19
Bank Charges	178.00	0.00	81.50	62.00	321.50
Refreshments	11.42	75.70	32.41	46.01	165.54
Custodial Services	0.00	170.00	70.00	175.00	415.00
Employee Salary	3,776.58	5,070.38	6,072.81	5,231.90	20,151.67
Workers Compensation	258.00	283.00	0.00	0.00	541.00
Federal Wage Taxes	1,032.21	1,381.11	1,602.06	1,432.30	5,447.68
Local Income Taxes	243.62	108.34	255.75	309.73	917.44
Unemployment Insurance Taxes	52.58	136.30	157.59	87.66	434.13
Meeting Hall Rent	2,400.00	2,400.00	2,600.00	2,000.00	9,400.00
Award/Trophy	0.00	0.00	0.00	81.24	81.24
Telephone Service	1,159.39	895.58	966.15	664.19	3,685.31
Office Supplies	1,107.57	987.72	516.80	1,216.79	3,828.88
Office Equipment	6,513.94	0.00	73.13	0.00	6,587.07
Accounting Services	121.00	100.00	115.00	75.00	411.00
Postage and Delivery	32.66	54.65	111.50	124.10	322.91
Printing & Duplicating/Flyers	0.00	0.00	0.00	59.22	59.22
Local Transportation	0.00	0.00	0.00	68.00	68.00
Total Expenditures	\$ 17,109.72	\$ 11,955.18	\$ 13,110.64	\$ 12,017.24	\$ 54,192.78

Source: ANC 7B's quarterly financial reports, check book, canceled checks, and bank statements.

FINDINGS

ANC 7B WAS IN SUBSTANTIAL COMPLIANCE WITH D.C. CODE §1-309.13 (j)(1) BY MAINTAINING SUPPORTING DOCUMENTATION FOR APPROXIMATELY \$51,204, OR 94%, OF EXPENDITURES TOTALING \$54,193

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

...Each quarterly financial report must 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 reported in the quarterly report...

Further, ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor ("ODCA") also address documentation required for preparing voucher packages:

Prior to disbursing funds, the treasurer must ensure that a voucher package is prepared which contains the following:

- a. An original invoice from the supplier of goods or a signed and dated contract from a provider of services.
- b. A signed statement should be attached to the receipt/invoice or written on the receipt/invoice by the ANC representative who receives the goods or services which states:

"I certify that the goods or services described on the attached invoice have been received and represent bona fide expenses of the ANC."
- c. The date and check number should be entered on the original invoice.
- d. All vouchers must be filed in check number sequence.

All voucher packages should be retained by the ANC for a period of at least five years.²

²See ANC Financial Management Guidelines at 6.

During fiscal years 2001 through 2004, as of June 30, 2004, ANC 7B maintained sufficient documentation to justify and support approximately \$51,204, or 94%, of expenditures totaling \$54,193, as reported in quarterly financial reports filed with the ODCA. However, original receipts, invoices, and other appropriate supporting documentation for \$2,988.78, or 6%, of expenditures were not available for the Auditor's review. Appendix I presents disbursements that lacked supporting documentation.

RECOMMENDATIONS

1. ANC 7B's Treasurer and Chairperson should ensure that no disbursements are made without appropriate supporting documentation and that all records including supporting documentation are maintained for a period of at least five years.
2. The Associate Chief Financial Officer for the Office of Finance and Resource Management deduct \$2,988.64 from ANC 7B's next quarterly allotment.

ANC 7B's Treasurer Issued Three Checks Totaling \$548.76 with Only One Signature

To ensure proper control over funds, the ANC Act requires that at least two Commissioners sign all ANC checks after all expenditures are specifically authorized by a majority of Commissioners in a public meeting. Specifically, D.C. Official Code §1-309.13 (f) states, in relevant part, that:

“ . . . No expenditure of any amount shall be made without the specific authorization of the Commission. Any expenditure made by check shall be signed by at least 2 officers of the Commission, one of whom shall be the treasurer or Chairperson. . . ”[Auditor's Emphasis]

The Auditor found that during the audit period ANC 7B's Treasurer issued three checks totaling \$548.76 with only one signature even though the ANC Act requires two signatures. Table III presents checks that were issued with only one signature during the audit period.

Table III
Advisory Neighborhood Commission 7B
Checks Issued with One Signature
During the Period Audit Period

Check #	Amount	Date	Payee	Purpose of Expenditure
4098	\$ 298.96	10-29-01	Internal Revenue Service	Federal Payroll Form 941
4099	\$ 49.80	10-29-01	DC Treasurer	DC Withholding
4121	\$ 200.00	01-04-02	Ryland Epworth UM Church	Rent
Total	\$ 548.76			

Source: ANC 7B checks

RECOMMENDATIONS:

1. ANC 7B's officers, particularly the Chairperson and Treasurer, must ensure compliance with § 1-309.13 (f) of the D.C. Official Code by ensuring that all ANC checks contain two signatures, one of which must be that of the Commission's Treasurer or Chairperson.
2. The Associate Chief Financial Officer for the Office of Finance and Resource Management deduct \$548.76 from ANC 7B's next quarterly allotment.

ANC 7B DID NOT FULLY ADHERE TO THE ANC FINANCIAL MANAGEMENT GUIDELINES ISSUED BY THE OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR REGARDING THE ROUTINE USE OF COMMISSIONERS' PERSONAL FUNDS TO PURCHASE GOODS AND SERVICES ON BEHALF OF THE ANC

ANC 7B did not fully adhere to the ANC Financial Management Guidelines issued by the ODCA regarding Commissioners' routine use of their personal funds to purchase goods and services for the ANC and then requesting reimbursement from the ANC.³

The ANC Financial Management Guidelines state:

ANCs must discontinue the practice of routinely paying vendors that provide goods and services to the ANC from their personal funds and then requesting a reimbursement from the ANC. The ANC must pay its vendors directly for goods and services provided to the ANC.

³See ANC Financial Management Guidelines at 8.

The Auditor found that during the audit period, ANC 7B reimbursed \$2,469.51 to Commissioners and its staff for purchasing goods or services for the ANC with their personal funds. The \$2,469.51 in reimbursements to Commissioners and the staff person should have been made directly to the vendor using ANC funds disbursed from the petty cash fund or on an ANC check signed by two officers of the ANC, one of whom should have been the Treasurer or Chairperson. Additionally, recurring costs such as office supplies, cleaning supplies, office furniture, postage, copier services, and printing and duplicating services should be purchased directly from the vendor using ANC funds. Table IV presents reimbursements made to Commissioners who used their personal funds to make purchases that should have been made with ANC funds paid directly to the vendor.

Table IV
Advisory Neighborhood Commission 7B
Reimbursements to Commissioners and Staff Person
For the Period October 1, 2000 Through June 30, 2004

Check #	Date	Payee	Amount	Expense Category #	Purpose of Expenditures
4007	10-23-00	A. Foster	6.60	11	Postage
4012	11-16-00	A. Foster	5.04	11	Postage
4031	03-08-01	A. Foster	65.61	15	Office Supplies
4050	04-23-01	A. Foster	7.61	15	Keys
4051	04-23-01	A. Foster	9.45	11	Postal Service
4062	05-25-01	A. Foster	53.53	15	Supplies
4063	05-25-01	A. Foster	2.99	11	Postage
4075	07-25-01	K. Chamberlain	197.92	15	Office Furniture
4076	07-25-01	A. Foster	8.58	11	Postage
4077	07-25-01	A. Foster	11.42	21	Refreshment
4083	08-27-01	A. Foster	57.00	15	Supplies
4090	09-18-01	A. Forster	139.59	15	Toner
4091	09-18-01	A. Forster	53.91	15	Toner
4106	11-03-01	A. Foster	34.89	15	Supplies
4109	11-18-01	A. Foster	6.80	11	Postage

4110	11-18-01	A. Foster	8.88	11	Postage
4119	12-31-01	A. Foster	148.00	14	Copier Service
4126	01-23-02	A. Foster	19.30	21	Refreshment
4127	01-23-02	K. Chamberlain	74.98	21	Supplies & Coffee Pot & Coffee
4136	02-03-02	M. Ashby	6.80	11	Postage
4142	03-07-02	K. Chamberlain	7.98	21	Refreshment
4143	03-07-02	M. Ashby	3.95	11	Postage
4144	03-07-02	M. Ashby	6.80	11	Postage
4145	03-16-02	K. Chamberlain	31.54	21	Refreshment
4147	04-01-02	M. Ashby	3.94	11	Postage
4161	06-04-02	M. Ashby	11.78	11	Postage
4175	08-06-02	M. Ashby	3.12	15	key
4179	08-28-02	M. Ashby	16.88	21	Refreshment
4161	06-04-02	M. Ashby	11.78	11	Postage
4175	08-06-02	M. Ashby	3.12	15	key
4179	08-28-02	M. Ashby	16.88	21	Refreshment
4182	09-11-02	M. Ashby	5.70	11	Postage
4185	10-05-02	M. Ashby	7.40	11	Postage
4186	10-07-02	M. Ashby	5.28	11	Postage
4196	11-05-02	M. Ashby	5.94	21	Refreshment
4222	03-11-03	M. Ashby	5.01	11	Postage
4225	03-17-03	K. Chamberlain	40.00	14	Dial-up Service
4234	04-17-03	M. Ashby	51.95	16	Toner
4241	05-01-03	K. Chamberlain	239.40	15	ANC Web Page
4253	06-17-03	M. Ashby	5.01	11	Postage 4 th Qtr Report
4254	06-04-03	M. Ashby	5.57	15	Refreshments 4/17
4256	06-17-03	M. Ashby	4.37	15	Refreshments 5/15
4264	07-25-03	M. Ashby	8.94	15	Refreshment
4274	09-02-03	M. Ashby	7.59	15	Refreshment
4287	10-03-03	M. Ashby	156.00	15	Service Copier

4299	11-06-03	S. D. Boyd	105.00	15	Service Copier
4300	11-14-03	M. Ashby	343.60	15	Service Copier
4330	02-11-04	V. Spaulding	12.00	8	Parking
4336	03-02-04	K. Chamberlain	18.00	8	Parking
4338	03-02-04	M. Ashby	6.98	15	Refreshments
4343	03-04-04	V. Spaulding	12.00	8	Parking
4345	03-10-04	K. Chamberlain	59.22	13	Copying Flyers
4346	03-12-04	S. D. Boyd	32.51	16	Office Supplies & Quarterly Report
4348	03-18-04	V. Spaulding	9.00	8	Parking
4353	04-08-04	M. Ashby	8.47	15	Refreshments
4356	04-20-04	K. Chamberlain	179.55	15	Withholding
4364	05-12-04	M. Ashby	41.99	16	Printer Cartridge
4368	05-24-04	M. Ashby	10.41	15	Refreshments
4370	05-24-04	M. Ashby	9.50	15	Refreshments
4377	06-14-04	M. Ashby	8.80	11	Postage
4380	06-30-04	M. Ashby	10.65	15	Refreshments
4381	06-30-04	K. Chamberlain	17.00	8	Parking
Total			\$2,469.51		

Source: ANC 7B quarterly financial reports and checks

The practice of Commissioners making purchases with their personal funds for the ANC, especially without the Commission's prior approval, is discouraged, and must be used sparingly and only in emergency circumstances.

Additionally, the OAG addressed the issue of purchases made by ANCs in an opinion dated May 28, 1996. The opinion states in relevant part that:

. . . In the context of purchasing office supplies of a relatively nominal amount, *i.e.*, costing less than \$50, the use of cash from the ANC's petty cash fund would be the most convenient means of paying for the supplies needed if payment is made at the point of purchase. Where the office supplies needed will cost more than \$50, an ANC check must be used to pay for them if the supplies are purchased in a single transaction. Thus, major purchases of ANC

office supplies would require some advance coordination if the ANC payment check is to be tendered at the point of purchase. In such a case, two ANC officers who are authorized to sign the check (one of whom must be either the chairperson or the treasurer) must shop together.⁴

RECOMMENDATIONS:

1. ANC 7B Commissioners must immediately discontinue the practice of routinely making purchases for the ANC with their personal funds and requesting reimbursement. Instead, vendors should be paid directly with ANC 7B funds disbursed on an ANC check or from the ANC's petty cash fund.
2. ANC 7B Commissioners should consider establishing a petty cash fund not exceeding \$200 at any given time for appropriate, authorized ANC 7B expenses. The petty cash custodian should pay reimbursements only upon presentation of proper supporting documentation.

Fourteen (14) of the 375 Checks Issued By ANC 7B Were Not Issued in Consecutive Order

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

. . . Any check shall be pre-numbered, . . .and shall be issued in consecutive order.

The Auditor's review of ANC 7B's financial records revealed that, of the 375 checks issued by ANC 7B, 14 checks totaling \$2,135.12 were not issued in consecutive order.

RECOMMENDATION

ANC 7B must ensure that all checks written on ANC 7B's account are issued in consecutive order.

⁴See Office of the Attorney General letter dated May 28, 1996 to Russell A. Smith, D.C. Auditor.

ANC 7B Held the Number of Public Meetings Required by the ANC Act

Section 1-309.11 (b) (1) of the D.C. Official Code states: “Each Commission shall meet in public session at regular intervals at least 9 times per year...” The Auditor’s review of ANC 7B’s quarterly financial reports revealed that, during the audit period, ANC 7B held a total of 44 public meetings. Therefore, ANC 7B complied with the public meeting requirement under D.C. Official Code §1-309.11 (b) (1).

ANC 7B FILED ALL OF ITS QUARTERLY FINANCIAL REPORTS ON TIME OR SOON AFTER THE FILING DEADLINE

Section 1-309.13 (j) (1) of the D.C. Official 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, 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. Each quarterly 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, 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. . . “[Auditor’s Emphasis]

As presented in Table V, 12, or 80%, of the 15 reports due to ODCA during the audit period were filed on time. Three quarterly reports, or 20%, were filed soon after the filing deadline. ANC 7B was, therefore, in substantial compliance with D.C. Official Code, §1-309.13 (j) (1).

Table V
Advisory Neighborhood Commission 7B
Quarterly Financial Report Submission Record
For the Period October 1, 2000 Through June 30, 2004

Year & Quarter	Reported Months	Due Date	Date Received	Report Received Early or On Time
2001 - 1st	10/01/00 through 12/31/00	03/01/01	03/20/01	No
2001 - 2nd	01/01/01 through 03/31/01	05/30/01	05/21/01	Yes
2001 - 3rd	04/01/01 through 06/30/01	08/29/01	07/09/01	Yes
2001 - 4th	07/01/01 through 09/30/01	11/29/01	11/29/01	Yes
2002 - 1st	10/01/01 through 12/31/01	03/01/02	01/19/02	Yes
2002 - 2nd	01/01/02 through 03/31/02	05/30/02	06/03/02	Yes
2002 - 3rd	04/01/02 through 06/30/02	08/29/02	08/22/02	Yes
2002 - 4th	07/01/02 through 09/30/02	11/29/02	11/21/02	Yes
2003 - 1st	10/01/02 through 12/31/02	03/03/03	02/27/03	Yes
2003 - 2nd	01/01/03 through 03/31/03	05/30/03	05/30/03	Yes
2003 - 3rd	04/01/03 through 06/30/03	08/29/03	08/27/03	Yes
2003 - 4th	07/01/03 through 09/30/03	11/29/03	11/18/03	Yes
2004 - 1st	10/01/03 through 12/31/03	03/01/04	03/04/04	No
2004 - 2nd	01/01/04 through 03/31/04	05/31/04	05/19/04	Yes
2004 - 3rd	04/01/04 through 06/30/04	08/30/04	08/24/04	Yes

Source: ANC 7B's quarterly financial reports

CONCLUSION

The Auditor's review of ANC 7B revealed that the ANC's financial operations substantially complied with the ANC Act, ANC Financial Management Guidelines issued by the ODCA, and legal opinions issued by the OAG.

The Auditor found that ANC 7B's financial records were well organized during the period under review. Supporting documents such as invoices, receipts, payroll time-sheets, and voucher packages were available for substantially all of ANC 7B's disbursements. Ninety-four percent (94%) of disbursements were supported by invoices and receipts.

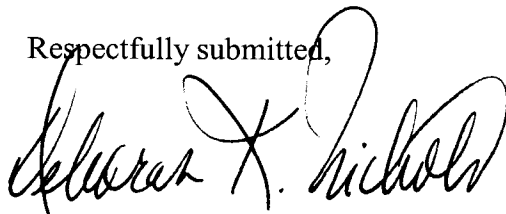
Of the 15 quarterly financial reports that were due to the ODCA during the audit period, 12, or 80%, were filed before or within the filing deadline and 20% were filed soon after the filing deadline. ANC 7B exceeded the number of public meetings required to be held annually. Minutes of meetings held were maintained in the ANC's files. Appropriate budgets were established and disbursements were approved by a majority of Commissioners at public meetings. Bank statements were reconciled to the checkbook balance.

The Auditor also found that the following areas of the ANC's financial operations need improvement in that they were not in compliance with D.C. Official Code §§ 1-309.13 (f), and 1-309.13 (j) (1). The deficiencies included:

1. ANC 7B Commissioners and staff persons routinely made purchases with their personal funds for the ANC, especially without the Commission's prior approval;
2. Supporting documentation was missing for 6% of expenditures/disbursements made during audit period;
3. Some checks were issued with only one signature; and
4. Some checks were not issued in consecutive order.

Pursuant to D.C. Official Code, §1-309.13 (d) (3), ANC 7B 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 7B's next scheduled quarterly allotment until a response is filed.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor

APPENDIX

Advisory Neighborhood Commission 7B
Disbursements Without Supporting Documentation
For the Period October 1, 2000 Through June 30, 2004

Check #	Date	Payee	Amount	Expense Category #	Purpose of Expenditure
4000	10-23-00	A. Foster	\$ 218.39	1	Payroll
4003	10-23-00	IRS	133.34	4	Quarterly Fed Tax
4004	10-23-00	DC DOES	13.94	6	Unemployment Tax
4005	10-23-00	DC Treasurer	9.70	5	DC Withholding
4009	11-02-00	A. Foster	63.72	1	Payroll
4010	11-06-00	DC Treasurer	11.50	5	DC Withholding
4011	11-16-00	A. Foster	185.90	1	Payroll
4015	12-01-00	A. Foster	201.35	1	Payroll
4018	12-18-00	DC Treasurer	18.80	5	DC Withholding
4019	12-21-00	A. Foster	120.14	1	Payroll
4022	12-21-00	Montgomery Ward	776.94	16-B	Office Equipment (Furniture)
	12-22-00	Riggs Bank	100.00	22	Debit Memo
4032	03-08-01	A. Foster	42.48	1	Payroll
4033	03-08-01	A. Foster	145.10	1	Payroll
4034	03-08-01	A. Foster	159.94	1	Payroll
4035	03-08-01	A. Foster	209.37	1	Payroll
4037	03-08-01	DC Treasurer	10.20	5	DC Tax Withholdings
4040	03-09-01	DC treasurer	6.60	5	February Withholdings
4042	03-19-01	A. Foster	152.02	1	Payroll
4043	03-19-01	A. Foster	110.22	1	Payroll
4046	04-06-01	DC Treasurer	12.90	5	State Taxes
4056	04-24-01	DC Treasurer	41.50	5	Form FR 900M
4069	07-01-01	DC Treasurer	32.68	5	Employer's Tax Withholdings
4163	06-15-02	J. Rosa	35.00	21	Room set-up & cleaning

4208	01-31-03	M. Ashby	121.61	1	Salary
4213	01-29-03	US Treasury (IRS)	55.30	6	Employment Tax
Total Expenditures			\$ 2,988.64		

Source: ANC 7B quarterly financial reports