



ANC 8B Financial Operations Were Not Fully Compliant with Law

September 30, 2014

Audit Team:

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A Report by the Office of the District of Columbia Auditor
Lawrence Perry, Acting District of Columbia Auditor



September 30, 2014

Included herein is the District of Columbia Auditor's report entitled "ANC 8B Operations Were Not Fully Compliant with the 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 8B 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 8B's commissioners for their assistance and cooperation during this audit. We look forward to working with ANC 8B in the future.

Sincerely,

Lawrence Perry
Acting District of Columbia Auditor

September 30, 2014



ANC 8B 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. We recommend that ANC 8B's Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular commission meetings for the remainder of the calendar year.
2. We recommend that ANC 8B's Commissioners should maintain an approved written record of each public meeting in a secure location.
3. We recommend that ANC 8B's Treasurer should ensure that ANC 8B's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates.
4. We recommend that the ANC 8B Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and that the bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson.
5. We recommend that ANC 8B should establish written policies and procedures detailing the requirements for hiring and approving expenditures for consultants providing personal services and incorporate these procedures into their by-laws.
6. We recommend that ANC 8B should review the current grant policy, improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines.
7. ANC 8B should establish a written records transition policy for Commissioners that are not re-elected or whom are no longer serving as officers.

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

What ODCA Found

ANC 8B 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 8B complied generally with the requirements of the law; however, compliance can be strengthened. Specifically, we found that some expenditures were not properly documented or justified and that several were for purposes not authorized by law.

We further found that ANC 8B did not consistently file the required quarterly reports with the Office of the District of Columbia Auditor in a timely manner. Failure to file these reports on time led to delays in receiving their quarterly allotments.

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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 D.C. Code also provides that the Council of the District of Columbia shall establish single-member districts for each of the ANCs.² 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.

There are 40 ANCs comprised of 296 Single Member Districts (SMD). Each SMD has a population of approximately 2,000 residents represented by an elected ANC Commissioner. 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: \$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), the Office of Advisory Neighborhood Commissions (OANC), *Suggested Financial Management Guidelines* established by the District of Columbia Auditor, and written opinions issued by the District's Office of Attorney General (OAG) provide operational and administrative guidance to ANCs in carrying out their respective functions. The OAG's opinions address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

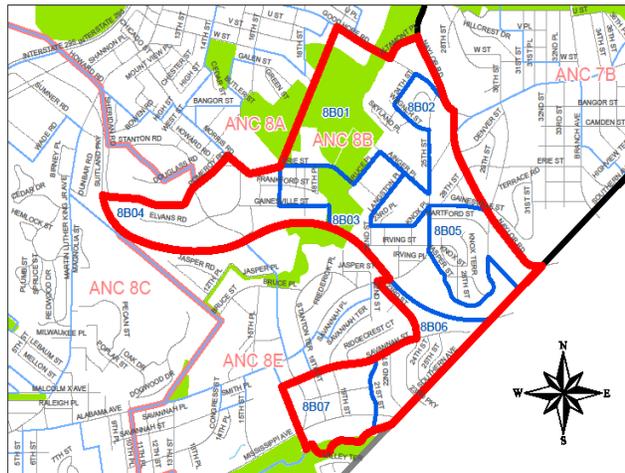
ANC 8B Profile

ANC 8B is located in Ward 8. ANC 8B is comprised of seven SMDs and has seven Commissioners. Figure 1 presents a map of the ANC 8B boundaries.

¹ District of Columbia Code, § 1-309.02 provides that: "there 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 District of Columbia 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..."

Figure 1 ANC 8B Boundaries



Figures 2-5 present the ANC 8B Commissioners and Officers for fiscal years (FY) 2009 through 1st Quarter 2013 (October 1, 2008 through December 31, 2012).

Figure 2 ANC 8B Commissioners and Officers for FY 2009

| SMD | Title | First Name | Last Name |
|------|--------------|------------|--------------|
| 8B01 | Commissioner | Mary | Buckley |
| 8B02 | Chairperson | David | Brewer |
| 8B03 | Secretary | Darrel | Gaston |
| 8B04 | Treasurer | J.B. | Shoatz |
| 8B05 | Commissioner | Tijwana | Phillips |
| 8B06 | Vice Chair | Mitchell | Hawkins, III |
| 8B07 | Commissioner | Von | Pariss |

Figure 3 ANC 8B Commissioners and Officers for FY 2010

| SMD | Title | First Name | Last Name |
|------|--------------|------------|--------------|
| 8B01 | Commissioner | Mary | Buckley |
| 8B02 | Chairperson | David | Brewer |
| 8B03 | Secretary | Darrel | Gaston |
| 8B04 | Treasurer | J.B. | Shoatz |
| 8B05 | Commissioner | Tijwana | Phillips |
| 8B06 | Vice Chair | Mitchell | Hawkins, III |
| 8B07 | Commissioner | Von | Pariss |

Figure 4**ANC 8B Commissioners and Officers for FY 2011**

| SMD | Title | First Name | Last Name |
|------|--------------|------------|--------------|
| 8B01 | Commissioner | Khadijah | Watson |
| 8B02 | Commissioner | David | Brewer |
| 8B03 | Chairperson | Darrel | Gaston |
| 8B04 | Treasurer | J.B. | Shoatz |
| 8B05 | Commissioner | Tijwana | Phillips |
| 8B06 | Commissioner | Mitchell | Hawkins, III |
| 8B07 | Commissioner | Louise | Thorne |

Figure 5**ANC 8B Commissioners and Officers for FYs 2012 and 1st Quarter 2013**

| SMD | Title | First Name | Last Name |
|------|--------------|------------|--------------|
| 8B01 | Commissioner | Khadijah | Watson |
| 8B02 | Commissioner | Unknown | |
| 8B03 | Chairperson | Darrel | Gaston |
| 8B04 | Treasurer | J.B. | Shoatz |
| 8B05 | Commissioner | Tijwana | Phillips |
| 8B06 | Commissioner | Mitchell | Hawkins, III |
| 8B07 | Commissioner | Louise | Thorne |

ANC 8B Annual Appropriations and Disbursements

ANC 8B's appropriated funding for FYs 2009, 2010, 2011, 2012 and the 1st quarter of 2013 totaled \$77,584.72. According to ANC 8B's quarterly reports, they disbursed a total of \$101,657.75 between FY 2009 and 1st quarter FY 2013 1st quarter.³

Figure 6 summarizes, by category, ANC 8B's reported spending between FY 2009 and the first quarter of FY 2013. Note that these amounts were reported by ANC 8B on their required quarterly reports.

³ ANC 8B had a beginning balance of \$49,872.54 (as of October 1, 2008) plus the allotments of \$77,584.72 for a total of \$127,457.26 which was available for disbursements during the audit period.

Figure 6**Disbursements ANC 8B Reported Between FY 2009 and 1st Quarter FY 2013**

| Disbursements | FY 2009 | FY 2010 | FY 2011 | FY 2012 | 1 st Quarter FY 2013 | Grand 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 (Total): | \$0.00 | \$25.00 | \$25.00 | \$0.00 | \$0.00 | \$50.00 | <1% |
| a. Health | / | / | \$0.00 | \$0.00 | \$0.00 | / | / |
| b. Casualty/Property | / | / | \$25.00 | \$0.00 | \$0.00 | / | / |
| Total Federal Wage Taxes Paid | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| Local Income Taxes Paid | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0% |
| Unemployment Insurance Taxes | \$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 | \$0.00 | \$45.00 | \$0.00 | \$0.00 | \$45.00 | <1% |
| Office Rent | \$500.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$500.00 | <1% |
| Telecommunication Services (Total): | \$14,562.13 | \$18,679.32 | \$10,075.02 | \$6,808.06 | \$3,611.15 | \$53,735.68 | 53% |
| a. Landline Telephone | / | / | \$10,075.02 | \$806.25 | \$409.39 | / | / |
| b. Cellular Telephone | / | / | \$0.00 | \$4,711.64 | \$2,860.51 | / | / |
| c. Cable/ Internet Services | / | / | \$0.00 | \$1,290.17 | \$341.25 | / | / |
| Postage and Delivery | \$112.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$112.00 | <1% |
| Utilities | \$109.37 | \$448.12 | \$192.82 | \$0.00 | \$0.00 | \$750.31 | 1% |
| Printing and Duplicating | \$3,150.00 | \$0.00 | \$0.00 | \$518.00 | \$0.00 | \$3,668.00 | 4% |
| Flyer Distribution | \$0.00 | \$0.00 | \$448.00 | \$1,350.00 | \$0.00 | \$1,798.00 | 2% |
| Purchase of Service | \$2,682.40 | \$2,007.40 | \$552.50 | \$0.00 | \$2,884.00 | \$8,126.30 | 8% |
| Office Supplies & Expenses | \$2,714.01 | \$943.18 | \$971.25 | \$1,724.57 | \$1.00 | \$6,354.01 | 6% |
| Office Equipment (Total): | \$380.30 | \$0.00 | \$6003.71 | \$0.00 | \$889.98 | \$7,273.99 | 7% |
| a. Rental | \$0.00 | \$0.00 | \$348.71 | \$0.00 | \$0.00 | \$348.71 | / |
| b. Purchase | \$380.30 | \$0.00 | \$5,655.00 | \$0.00 | \$889.98 | \$6,925.28 | / |
| Grants | \$0.00 | \$0.00 | \$500.00 | \$530.00 | \$2,560.00 | \$3,590.00 | 4% |
| 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 Service Charges | \$73.43 | \$205.30 | \$204.54 | \$324.31 | \$71.55 | \$879.13 | 1% |
| Website/webhosting | / | / | \$0.00 | \$1,250.00 | \$1,450.00 | \$2,700.00 | 3% |
| Other | \$705.98 | \$388.93 | \$1,927.42 | \$92.55 | \$8,960.45 | \$12,075.33 | 12% |
| Total | \$24,989.62 | \$22,697.25 | \$20,945.26 | \$12,597.49 | \$20,428.13 | \$101,657.75 | 100% |

Source: ANC 8B's quarterly financial reports

Note: ANC expenditure 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 miscategorized 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 the Advisory Neighborhood Commission (ANC) 8B.⁴

The objectives of this audit were to determine whether:

1. ANC 8B's financial activities complied with applicable laws and regulations; and
2. Internal controls were established to protect the ANC's assets from fraud, waste and abuse.

Scope

The audit period covered fiscal years (FY) 2009 through 1st Quarter 2013 (October 1, 2008 through December 31, 2012) and included a review of ANC 8B financial records, quarterly financial reports, grant agreements, and other relevant documents.

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

To determine whether internal controls were established to protect ANC 8B assets we examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, contracts and interviewed applicable 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

⁴ District of Columbia 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 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.

Audit Results

Overall, we found that Advisory Neighborhood Commission (ANC) 8B failed to comply with several key requirements of the Advisory Neighborhood Commission Act of 1975, as amended (the Act). This failure to comply with the law resulted in the disallowance of \$13,293.91 of non-supported or non-allowable disbursements during our audit period. Further, we found that ANC 8B did not establish and implement sufficient internal controls to protect District funds from fraud, waste, or abuse.

ANC 8B did not document that the required number of public meetings were held during the audit period

The Act provides that “[e]ach Commission shall meet in public session at regular intervals at least 9 times per year...”⁵ and further provides that one purpose of the Commission meetings is “... to hear the views of residents within the Commission area and other affected persons on problems or issues of concern within the Commission area and on proposed District government actions that affect the Commission area.”⁶

Auditor could not verify that ANC 8B held the required public meetings in FYs 2009, 2010, 2011, and 2012

We could not verify that ANC 8B held the required public meetings in fiscal years (FY) 2009, 2010, 2011, and 2012. In order to determine the number of public meetings held, we reviewed the meeting minutes submitted to the Auditor by ANC 8B or that we found on their website for FYs 2009, 2010, 2011, and 2012 and the first quarter of FY 13. We found evidence that ANC 8B held five meetings in FY 2009, eight in FY 2010, five in FY 2011, nine in FY 2012, and two in the first quarter of FY 13.

In the absence of public meetings, the residents of ANC 8B and other stakeholders may not have had an opportunity to express their views on problems or issues that occurred in FYs 2009, 2010, 2011, and 2012 if public meetings were not held.

Recommendations:

1. ANC 8B’s Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular commission meetings for the remainder of the calendar year.

⁵ D.C. Code § 1-309.11 (b) (1)

⁶ D.C. Code § 1-309.11 (b) (3)

2. ANC 8B's Commissioners should maintain an approved written record of each public meeting in a secure location.

ANC 8B failed to file quarterly reports by the due dates

The Act 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 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.”⁷

ANC 8B consistently filed their quarterly reports late and this delayed the release of their allotments

ANC 8B was required to file 17 quarterly financial reports with the Auditor during the audit period. ANC 8B submitted 9 quarterly reports from 5 days to 75 days after the required due date.

Timely filing of complete and accurate quarterly financial reports ensures that the Auditor has the opportunity to conduct a timely review of the report in order to approve and recommend the release of an ANC’s allotment. This resulted in delays in the release of allotments. Furthermore, the ANC is at risk of having to forfeit future allotments if they do not submit quarterly reports on time.⁸

Recommendations:

3. ANC 8B’s Treasurer should ensure that ANC 8B’s quarterly financial reports are complete, accurate and filed with the Auditor by required due dates.

⁷ D.C. Code § 1-309.13 (j) (1)

⁸ D.C. Code § 1-309.13 (j) (3)

ANC 8B did not properly manage the ANC's bank account and checkbook

The Act provides, among other things, that any expenditure of funds by a Commission shall be recorded by the Treasurer in the Commission's books of accounts and no expenditure of any amount shall be made without the specific authorization of the Commission.⁹ Further, the Act requires that expenditures, made by check, shall be signed by at least two officers of the Commission, one of whom shall be the Treasurer or Chairperson, be pre-numbered, be issued in consecutive order, and bear the name of the Commission and "District of Columbia Government" on its face. *The Auditor's Suggested ANC Financial Management Guidelines* further suggests that the Treasurer should reconcile the bank statement to the checkbook within 15 days of receipt of the bank statement. Additionally, the guidelines provide that the bank statement and the reconciliation should be reviewed by the Chairperson or other officer of the ANC who should indicate their review by initialing the bank reconciliation and bank statement.

We found the following irregularities upon our review of ANC 8B's financial documentation.

- Two checks contained the signing ANC officer's name on the back of the check, where an endorsement signature would normally be found. The payee's name was also on the back of the check, making it difficult to determine exactly what happened in these situations. Further, ANC 8B did not provide adequate supporting documentation for these expenditures. (See Figure 7.)
- There was no indication that bank statements were reconciled or that the bank statements were reviewed by an officer other than the Treasurer.
- Two checks, totaling \$2,875.00, were only signed by one officer. (See Figure 8.)
- In writing checks, ANC 8B frequently wrote checks out of sequence and voided large blocks of checks.

⁹ D.C. Code §§ 1-309.13 (f)(1) through f(2)(A)(i)

Figure 7**ANC 8B Questionable Check Endorsements ¹⁰**

| Check Number | Date | Amount | Payee/Purpose | Endorser |
|--------------|------------|-------------------|---|------------------------|
| 1674 | 10/12/2012 | \$350.00 | Devon Flood/ "Text marks 411" | Payee and Chair |
| 1702 | 12/31/2012 | \$1,800.00 | Noah Harmony Shoatz/Cleaning Contract | Payee and Treasurer |
| Total | | \$2,150.00 | | |

Figure 8**Single Signature Checks**

| Check Number | Date | Amount | Payee/Purpose | Signer |
|--------------|------------|-------------------|---|-----------|
| 1684 | 11/27/2012 | \$875.00 | Document Managers/ Newsletter | Treasurer |
| 1685 | 11/29/2012 | \$2,000.00 | Woodland Tigers/ Community Contribution | Treasurer |
| Total | | \$2,875.00 | | |

ANC 8B's failure to adhere to the financial requirements of the ANC Act and financial management guidelines issued by the District of Columbia Auditor raised the risk of improper or illegal expenditures. It should be noted that the amounts listed in Figures 7, 8, and 9 were withheld from subsequent allotments. In addition, the reputation of ANC 8B and its Commissioners was also placed at risk by this mismanagement.

Recommendations:

4. The ANC 8B Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and that the bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson.

¹⁰ Please see Appendix One for images of these checks.

ANC 8B did not effectively and transparently manage personal services and/or contracted expenditures

The Act states in part that “Disbursements of Commission funds exceeding \$50 for personal service expenditures shall be specifically approved by the Commission at a public meeting prior to the disbursement.”¹¹ Additionally, ANC 8B’s Bylaws state that “Commissioners can only make purchase for less than \$25.00 without prior approval.”

During FYs 2009, 2010 and the 1st quarter of 2013 ANC 8B hired contractors and individuals to provide office cleaning, office support, computer assistance, and flyer distribution. ANC 8B obtained these services either through a signed contract and/or invoice from the company or individual.

We found however the following irregularities regarding personal services expenditures:

- Payments to a specified company were approved at a public meeting however checks for services were written to an individual. (See figure 10)
- No approval was found in meeting minutes prior to expenditures. (See Figure 11)
- A contract was negotiated after payment was made. (see Figure 11)

Figure 9

Contracted Expenditures in FYs 2009-2010¹²

| FY | Check Number | Date | Amount | Payee/Purpose | Irregularities |
|------------------|--------------|--------------|----------------|------------------------------------|--|
| Companies | | | | | |
| 2009 | 1554 | 5/5/2009 | \$900 | Intisar Munir/ Cleaning Service | Contract approved for Maid to Go; check made payable to individual |
| 2010 | 1592 | 1/19/2010 | \$900 | Intisar Munir/ Cleaning Service | Contract approved for Maid to Go; check made payable to individual |
| | | Total | \$1,800 | | |

¹¹ D.C. Code § 1-309.13 (g)

¹² See Appendix Three for a copy of check #1554.

Figure 10

Contracted Expenditures in 1st Quarter 2013

| FY | Check Number | Date | Amount | Payee/Purpose | Irregularities |
|--------------------|---------------------|--------------|-------------------|---|--|
| Companies | | | | | |
| 2013 1st Qtr | 1673 | 10/12/2012 | \$1,134.00 | Smart Signs/Dog Signs | Proper approval language not in minutes |
| 2013 1st Qtr | 1696 | 12/19/2012 | \$1,000.00 | On an On Production/Website | Check written in one month and contract negotiated after payment |
| 2013 1st Qtr | 1702 | 12/31/2012 | \$1,800.00 | Noah Harmony Shoatz/Office Cleaning 1-yr | No supporting documentation |
| | | Total | \$3,934.00 | | |
| Individuals | | | | | |
| 2013 1st Qtr | 1692 | 12/28/2012 | \$100.00 | Kalva Mace/TV Equipment | No supporting documentation |
| 2013 1st Qtr | 1695 | 12/29/2013 | \$350.00 | Devon Flood/ANC 411 | No supporting documentation |
| 2013 1st Qtr | 1697 | 12/13/2012 | \$50.31 | Darrell Jeter/Reimbursement | No supporting documentation |
| 2013 1st Qtr | 1705 | 12/30/2012 | \$80.00 | Kalva Mace/Office Lock | No supporting documentation |
| 2013 1st Qtr | 1706 | 12/31/2013 | \$75.00 | James Litman/News letter Distribution | Proper approval language not in minutes |
| 2013 1st Qtr | 1708 | 12/31/2013 | \$75.00 | Faheemah Shabazz/New sletter Distribution | Proper approval language not in minutes |
| 2013 1st Qtr | 1709 | 12/31/2013 | \$75.00 | Kelso Stewart/New sletter Distribution | Proper approval language not in minutes |
| 2013 1st Qtr | 1710 | 12/30/2012 | \$75.00 | Emanuel Walker/News letter Distribution | Proper approval language not in minutes |
| | | Total | \$880.31 | | |

ANC 8B's failure to adhere to the financial requirements of the ANC Act and financial management guidelines issued by the Office

District of Columbia Auditor raised the risk of improper or illegal expenditures. Further, the ANC had funds withheld from allotments which resulted in a loss of funds. In addition, the reputation of ANC 8B and its Commissioners was also placed at risk by this mismanagement.

Recommendation:

5. ANC 8B should establish written policies and procedures detailing the requirements for hiring and approving expenditures for consultants providing personal services and incorporate these procedures into their by-laws.

ANC 8B failed to properly award grants

The Act provides that “A grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting following the public presentation of the grant request. A Commission may approve grants only to organizations that are public in nature and benefit persons who reside or work within the Commission area. The services provided by the grantee organization must not be duplicative of any that are already performed by the District government.”¹³

The Act also requires that an applicant for a grant must submit an application in writing to the Commission, which includes a description of the proposed project; a statement of expected public benefits; and the total cost of the project.¹⁴ In addition, “[w]ithin 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 consistent with the grant application, complete with receipts which support the expenditures.”¹⁵

**ANC 8B lost
\$3,590 for grants
that were not
properly
administered**

The review found that ANC 8B issued five grants totaling \$3,590.00 but did not correctly follow the grant process. All grants were deducted from ANC 8B’s related allotment.

Figure 12 presents a list of ANC 8B’s grants awarded in FY 2011, 2012 and the 1st quarter of FY 2013 and shows the documentation missing for each one.

Figure 11

ANC 8B Grants Awarded in FY 2011, 2012 and 1st Quarter FY 2013

| No. | Name of Grantee | Check Date | Grant Amount | Grant Application | Receipts/ Statement on Grant Use Provided |
|-----|------------------------------|------------|----------------|-------------------|---|
| 1 | Congress Heights C.A. | 5/17/2011 | \$500 | No | No/No |
| 2 | William Lockridge Foundation | 11/08/11 | \$280 | No | No/No |
| 3 | Total Sunshine | 11/15/11 | \$250 | No | No/No |
| 4 | William Lockridge Foundation | 10/16/12 | \$560 | No | No/No |
| 5 | Woodland Tigers | 11/29/12 | \$2,000 | No | No/Yes |
| | Total | | \$3,590 | | |

Source: ANC 8B Quarterly Reports

¹³ D.C. Code § 1-309.13 (m) (1)

¹⁴ D.C. Code § 1-30.13 (m) (2)

¹⁵ D.C. Code § 1-30.13 (m) (3)

Recommendation:

6. ANC 8B should review the current grant policy, improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines.

ANC 8B did not have a transition plan in place to ensure the safe and secure transfer of financial records and administrative documents

As is well known, ANCs elect new officers each year. In addition, elections are held every two years for all commissioners. As a result, there can be regular turnover of commissioners as well as the officers within each ANC. In order for an ANC to continue functioning properly through such periods of turnover, incoming officers must have ready access to all historical records for the commission.

We found that ANC 8B did not have a written transition plan in place to ensure that records are secure after an election of new commissioners. After the election in 2013, the former commissioner and officers did not turn over the financial records and documents to the newly elected Commissioners and officers.

Failure of outgoing ANC officers to carry out an effective records transition plan inhibits the ability of the ANC to function for the betterment of the community.

Recommendation:

7. ANC 8B should establish a written records transition policy for Commissioners that are not re-elected or whom are no longer serving as officers.

Audit Results Summary

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

| Finding | Recommendation |
|---|--|
| <ul style="list-style-type: none"> ANC 8B did not document that the required number of public meetings were held during the audit period | <ol style="list-style-type: none"> ANC 8B's Commissioners, at their first meeting of each calendar year, should adopt and publish a schedule of regular commission meetings for the remainder of the calendar year. ANC 8B's Commissioners should maintain an approved written record of each public meeting in a secure location. |
| <ul style="list-style-type: none"> ANC 8B failed to file quarterly reports by the due dates | <ol style="list-style-type: none"> ANC 8B's Treasurer should ensure that ANC 8B's quarterly financial reports are complete, accurate and filed with the Auditor by required due dates. |
| <ul style="list-style-type: none"> ANC 8B did not properly manage the ANC's bank account and checkbook | <ol style="list-style-type: none"> The ANC 8B Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and that the bank statement and the reconciliation should be reviewed and approved by the Chairperson or Vice Chairperson. |
| <ul style="list-style-type: none"> ANC 8B did not effectively and transparently manage personal services and/or contracted expenditures | <ol style="list-style-type: none"> ANC 8B should establish written policies and procedures detailing the requirements for hiring and approving expenditures for consultants providing personal services and incorporate these procedures into their by-laws. |
| <ul style="list-style-type: none"> ANC 8B failed to properly award grants | <ol style="list-style-type: none"> ANC 8B should review the current grant policy, improve its internal controls for their grant program and comply with the D.C. Code and the Auditor's Guidelines. |
| <ul style="list-style-type: none"> ANC 8B did not have a transition plan in place to ensure the safe and secure transfer of financial records and administrative documents | <ol style="list-style-type: none"> ANC 8B should establish a written records transition policy for Commissioners that are not re-elected or whom are no longer serving as officers. |

Conclusion

We found that ANC 8B was not fully compliant with the ANC Act 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 expenditures was for an especially large amount, taken together the failure to follow required procedures represents a disturbing trend for ANC 8B. These shortcomings led directly to ANC 8B losing portions of their quarterly allotments on several occasions during the audit period. The residents of ANC 8B were thus denied community benefits that could have resulted if the responsible ANC 8B Commissioners and officers had been more diligent in carrying out their duties.

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



Lawrence Perry,
Acting District of Columbia Auditor

Agency Comments

On September 5, 2014, we submitted a draft version of this report to ANC 8B and requested written comments by September 19, 2014.

The Auditor did not receive any written comments by the deadline given.

Appendix I

ANC 8B Questionable Check Endorsements

Checks 1604 and 1702 contained the signing ANC officer's name on the back of the check, where an endorsement signature would normally be found as well as the payee's name.

10/17/12

[REDACTED]

PNC Online Banking

| Date | Description | Amount | Account |
|------------|-------------|----------|------------|
| 10/16/2012 | Check 1074 | \$350.00 | [REDACTED] |

It is the responsibility of the check, withdrawal check, or deposit holder. Refer to your posted statements to verify the details of this check. For more information about large dollar checks, visit www.pnc.com or in person with a representative at 1-888-PNC-BANK (1-800-766-2262) Monday - Friday, 7 am - 10 pm ET, Saturday & Sunday: 9 am - 6 pm ET.

ADVISORY NEIGHBORHOOD COMM. OF
GOVERNMENT OF DISTRICT OF COLUMBIA
1400 PENNSYLVANIA AVENUE, N.E.
WASHINGTON, DC 20004

1074
ISSUE
NUMBER

Date: Oct 17th 2012

Pay to the order of Dexter Flood \$50.00

Three hundred fifty dollars \$350.00

PNC BANK
NEW YORK, NY

* See on-us check number 1074

NO. ABC 111

[Signature]

[REDACTED]

[REDACTED]

Dexter Flood
 POC for the
 Council of
 Advisors

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[REDACTED]

12

PNC Online Banking

| Date | Description | Amount | Balance |
|------------|-------------|------------|------------|
| 01/03/2010 | Check #1707 | \$1,800.00 | [REDACTED] |

This is an image of a check, a teller's check, or deposit ticket. Please refer to your posted transactions to verify the details of this item. For more information about image delivery check items or to speak with a representative call: 1-888-PNC-BANK (1-888-732-2288) Monday - Friday: 7 a.m. - 10 p.m. ET; Saturday & Sunday: 9 a.m. - 5 p.m. ET.

ADVISORY NEIGHBORHOOD COMM. BY
 GOVERNMENT OF DISTRICT OF COLUMBIA
 1100 GAVINWAY BLDG STE. A
 WASHINGTON, DC 20004

1702

Page 21
Balance

Pay to the Order of Needy Housing Share Inc \$ 1,800

One thousand eight hundred dollars only

PNC BANK

200 1010 Check Control B. at 800.00 10

Account # [REDACTED] Donnelly, Lisa

[REDACTED]

[REDACTED]

Needy Housing Share Inc

DC 20004

1702

[REDACTED]

Appendix II

ANC 8B Counter Checks

Counter checks were obtained and used for the intended purpose of paying an ANC debt. Counter checks, because they are not sequentially numbered, are not an allowable form of payment.



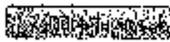
PNC Online Banking

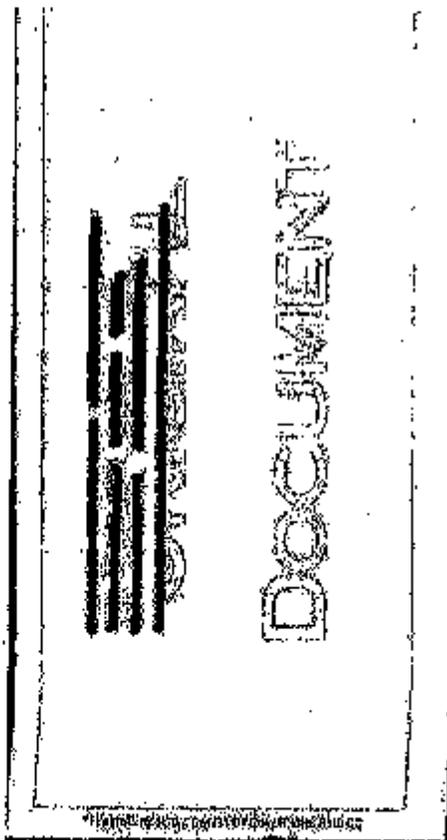
Close Window

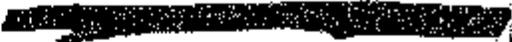
Print or Save Image

Account: [REDACTED]
 Date: 08/17/2010
 Amount: \$3,722.38
 Reference No.: 00479745

These are images of the front and back of a check, substitute check, or deposit ticket. Refer to your posted business hours to verify the status of this item. For more information about image delivery click here or call: 1-800-PNC-3300 (t. 800-742-2969) Monday - Friday: 9 a.m. - 10 p.m. ET Saturday & Sunday: 8 a.m. - 6 p.m. ET.

  1 Back





PNC Online Banking

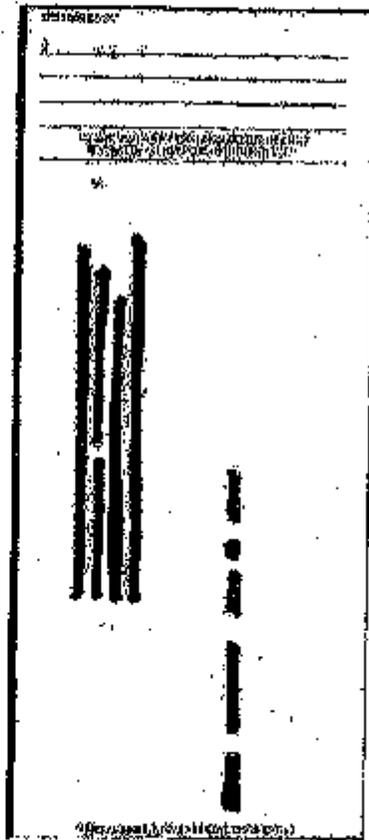
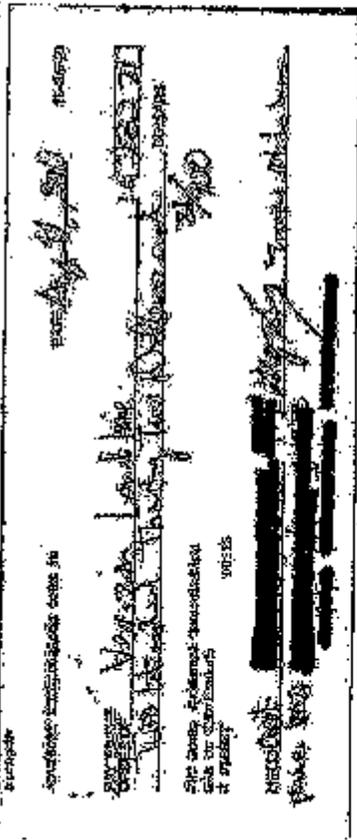
Close Window

Print or Save Image

Account: [REDACTED]
 Date: 03/17/2010
 Amount: \$232.21
 Reference No.: 10126500

These are images of the front and back of a check, not a check, not a deposit ticket. Refer to your posted transactions to verify the status of this item. For more information about image delivery click here or call:
 1-800-PNC-8444 (1-800-712-8222)
 Monday - Friday: 7 a.m. - 10 p.m. ET
 Saturday & Sunday: 8 a.m. - 6 p.m. ET.

[REDACTED] [REDACTED]) Dock





PNC Online Banking

Close Window

Print or Save Image

Account: [REDACTED]
 Date: 08/17/2010
 Amount: \$179.45
 Reference No.: 76842598

These are images of the front and back of a check, substitute check, or deposit ticket. Refer to your printed instructions to verify the status of this item. For more information about image delivery click here or call:
 1-800-PNC-3141 (1-800-762-2205)
 Monday - Friday: 7 a.m. - 10 p.m. ET
 Saturday & Sunday: 8 a.m. - 6 p.m. ET.

[REDACTED] [REDACTED] ; Back

MEMORANDUM
 TO: [REDACTED]
 FROM: [REDACTED]
 SUBJECT: [REDACTED]
 DATE: 08/17/2010

MEMORANDUM TO:
 FROM: [REDACTED]
 SUBJECT: [REDACTED]
 DATE: 08/17/2010



Print Date: 08/17/2010 10:15:15 AM

Appendix III

ANC 8B Checks for Contracts

ANC 8B contracted for cleaning service with Maids to Go, but checks were written directly to Intisar Munir.

