



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
District of Columbia Auditor

002:01:DW:DKN

**Review of the Financial Transactions
and Activities of Advisory Neighborhood
Commission 8D
for the Period October 1, 1997 through August 31, 2000.**

October 27, 2000



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
District of Columbia Auditor

002:01:DW:DKN

Winifred Freeman, Chairperson
Advisory Neighborhood Commission 8D
153 Galveston Place, SW. Suite #5
Washington, D.C. 20032

Letter Report: Audit of the Financial Transactions and
Activities of Advisory Neighborhood Commission 8D for the
Period October 1, 1997 Through August 31, 2000

Dear Commissioner Freeman:

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

The objective of this audit was to determine whether ANC 8D's financial operations and related activities 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 October 1, 1997 through August 31, 2000. The Auditor reviewed ANC 8D's canceled checks, checkbook, bank statements, lease agreements, quarterly financial reports, public meeting minutes, invoices, and other related documents. The Auditor also interviewed ANC 8D's chairman, treasurer, and other ANC 8D commissioners.

Advisory Neighborhood Commission 8D is composed of seven single member districts (SMD). During the audit period, 6 of the 7 single member districts were occupied by elected commissioners. However, SMD 8D07, which encompasses the Naval Air Station and Bolling Air Force Base, has been vacant for over three years.

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

FINDINGS

NONPARTICIPATION BY A MAJORITY OF ANC 8D COMMISSIONERS OFTEN RESULTED IN THE LACK OF A QUORUM AT ANC 8D PUBLIC MEETINGS DURING WHICH OFFICIAL BUSINESS WAS IMPROPERLY CONDUCTED

During the period under audit, the Auditor found that chronic absenteeism among ANC 8D's commissioners often resulted in the failure to establish and maintain a quorum at the Commission's monthly public meetings. At times during public meetings that lacked a quorum, the chairman improperly conducted official business that required a vote of a majority of the Commissioners. The Auditor found that three or fewer of the six¹ elected commissioners attended 15, or 68%, of the 22 ANC 8D public meetings held between October 1997 and April 2000.² It appeared that when a quorum of Commissioners was not present official business was conducted. For example, during the meeting held on October 29, 1998, despite the absence of a quorum, the commissioners present approved the 2nd, 3rd, and 4th quarters' fiscal year 1998 quarterly financial reports and subsequently submitted those reports to the District of Columbia Auditor which triggered the release of approximately \$9,844.35. Further, during fiscal years 1999 and 2000, the Commission's chairman and treasurer disbursed funds for expenditures that were not approved by a majority of Commissioners in a public meeting at which a quorum was present, or for routine operating expenditures that were contained in an approved budget.

D. C. Code, Section 1-262(b) stated, in relevant part, that:

“. . . A Commission may declare a quorum and take official action if a majority of elected representatives of the Commission is present, provided that a majority of the single member districts have representatives on the Commission. . . .”

From October 1997 through December 1998 except for April 1998, ANC 8D had 5 elected and 1 appointed ANC commissioner representing 6 of the 7 single member districts. During this period of time, a minimum of four commissioners were needed to constitute a quorum at 11 of the 12 ANC 8D public meetings. Of the 12 public meetings held from October 1997 through December 1998, four of the meetings were attended by enough commissioners to establish a quorum, and 8 of the meetings were not attended by a quorum of commissioners.

¹ Between January 1999 and May 1999, only 5 of the 7 single member districts were occupied by a commissioner.

² ANC 8D has not submitted approved minutes of public meetings to the Auditor's Office for May, June, July, or August 2000.

During the period January 1999 through May 1999, five commissioners filled single member district seats while two of the seats were vacant, therefore, a minimum of three commissioners were required to constitute a quorum at public meetings. Of the 4 meetings held during this period, two of the meetings were attended by enough commissioners to constitute a quorum, and 2 of the meetings were not attended by enough commissioners to establish a quorum.

From June 1999 through August 2000, six commissioners filled single member district seats while one seat remained vacant, therefore, a minimum of four commissioners were required to constitute a quorum at public meetings. Table I presents the number of filled single member district seats during the audit period, the number of commissioners present at each public meeting held by the ANC , the number of Commissioners required to establish a quorum, and the nature of official business conducted during each meeting.

TABLE I
Advisory Neighborhood Commission 8D
Commissioner Attendance at Meetings
For the Period October 1997 Through August 2000

Date Of Public Meeting	Single Member Districts Represented	Number of Commissioners	Number of Commissioners Present At ANC 8D Public Meetings	Number Required For A Quorum	Quorum Outcome	Official Action Taken and/or Amount of Disbursements Made During the Month
October 23, 1997*	8D01/8D04	6	2	4	No Quorum	\$89.14 Disbursed During the Month
November 20, 1997*	8D01/8D04	6	2	4	No Quorum	\$2,296.12
December 1997	No Meeting Held					\$678.73
January 22, 1998*	8D01/8D04/8D05	6	3	4	No Quorum	\$1,915.23
February 26, 1998	8D01/8D04/8D05/8D06	6	4	4	Quorum	4 th Qtr FY 97 & 1 st Qtr FY 98 Reports Approved and \$843.51 Disbursed
March 26, 1998*	8D01/8D04/8D05	6	3	4	No Quorum	\$442.64
April 23, 1998*	8D01/8D04/8D05	5	3	3	Quorum	\$2,364.00
May 28, 1998	8D01/8D04/8D05/8D02	6	4	4	Quorum	\$657.29
June 25, 1998*	8D01/8D04/8D05	6	3	4	No Quorum	\$459.07
July 23, 1998*	8D01/8D04/8D05	6	3	4	No Quorum	\$1,761.00
August 1998	No Meeting Held					
September 24, 1998	8D01/8D04/8D05/8D06/8D0	6	5	4	Quorum	\$405.55
October 29, 1998*	8D01/8D04/8D02	6	3	4	No Quorum	2 nd , 3 rd , and 4 th Qtr FY 98 Reports Approved and \$2,098.37 Disbursed
November 1998	No Minutes Prepared and Approved by the Commission					\$0
December 19, 1998*	8D01/8D04/8D05	6	3	4	No Quorum	\$0
January 21, 1999	8D01/8D04/8D02	5	3	3	Quorum	1 st Qtr FY 99 Report Approved and \$2,236.59 Disbursed

February 25, 1999*	8D01/8D04	5	2	3	No Quorum	\$306.22
March 25, 1999**	8D01/8D04/8D05/8D03	5	4	3	<i>Quorum</i>	\$126.90
April 22, 1999*	8D01/8D04	5	2	3	No Quorum	\$1,367.93
May 1999	No Minutes Prepared and Approved by the Commission					\$929.96
June 24, 1999***	8D01/8D04/8D05/8D06	6	4	4	<i>Quorum</i>	\$201.17
July 22, 1999	8D01/8D04/8D05/8D06	6	4	4	<i>Quorum</i>	\$2,706.61
August 1999	No Meeting Held					\$572.17
September 199	No Minutes Prepared and Approved by the Commission					\$491.90
October 28, 1999*	8D01/8D04/8D02	6	3	4	No Quorum	\$1,665.00
November 1999	No Minutes Prepared and Approved by the Commission					\$0
December 1999	No Minutes Prepared and Approved by the Commission					\$522.14
January 2000	No Minutes Prepared and Approved by the Commission					\$3,586.54
February 24, 2000*	8D01/8D04/8D05	6	3	4	No Quorum	\$313.12
March 23, 2000*	8D01/8D04	6	2	4	No Quorum	\$189.79
April 27, 2000	8D01/8D04/8D05/8D02	6	4	4	<i>Quorum</i>	\$1,801.54
May 2000						\$208.65
June 2000						\$104.63
July 2000						\$2,100.84
Total	<i>ANC 8D did not submit approved minutes to the D.C. Auditor covering this period of time.</i>					\$33,442.35

Source: ANC 8D public meeting minutes and the Office of the D.C. Auditor

*A quorum was not present at these ANC 8D public meetings.

**Commissioner Ijames was sworn into office at this meeting.

***Commissioner Jackson was sworn into office at this meeting.

The Auditor found that numerous important official decisions, particularly those affecting the ANC's finances including the approval of quarterly financial reports subsequently filed with the Office of the District of Columbia Auditor, should have been approved by a majority of ANC 8D Commissioners. Instead, they were improperly considered and put into effect by three commissioners: the Chairperson, the Treasurer, and one other commissioner. Moreover, the Auditor found that:

- (i) the chairperson and treasurer expended approximately \$33,442.35 in local District revenue allocated to the ANC during the audit period, most of which was disbursed without the approval of a majority of ANC 8D commissioners; and
- (ii) the previous ANC chairperson, who is its current treasurer, improperly renegotiated and signed a two-year lease agreement in the ANC's name for office space at a cost of \$555 per month without presenting it to ANC 8D commissioners for their consideration and vote in a public meeting at which a quorum was present. As a result of this lapse, approximately \$13,370 in improper disbursements have been made from the ANC's account for unauthorized lease payments during the audit period through August 2000.

The commissioner for single member district 8D03 has attended only one public ANC meeting since his election in November 1998. Single member district commissioner 8D06 attended only two ANC public meetings between October 1997 through December 1998. SMD 8D06 was vacant until June 1999 when a new commissioner was appointed. The new commissioner for 8D06 was sworn into office in June 1999, attended the July 1999 meeting, and has not attended another ANC public meeting through August 2000.

The Auditor's review of available minutes of public ANC meetings revealed that only one action was taken to address persistent absenteeism. The then-ANC 8D Chairperson, at its February 1998 public ANC meeting, presented to the ANC a motion to declare SMD 8D02 vacant. The Chairperson's motion was seconded and carried unanimously. A resolution, dated March 23, 1998, to declare SMD 8D02 vacant was sent to the Board of Elections and Ethics (BOEE). During May 1998, another Commissioner was appointed by the BOEE to fill the SMD02 seat. The SMD 8D02 commissioner attended only three public ANC 8D meetings, or 30%, of the 10 public meetings held during 1998.

The primary responsibility of Advisory Neighborhood Commissions is to “conduct programs for the welfare of the people . . .”and “advise the District government on matters of public policy including decisions regarding planning, streets, recreation, social service programs, health, safety, and sanitation within the ANC” [Auditor’s Emphasis]. Long term vacancies and a lack of consistent participation in the operation of the ANC by all ANC 8D commissioners undermines the proper governance of the ANC and deprives citizens of effective representation and a voice in securing a better future for their community.

RECOMMENDATIONS

1. All unapproved disbursements from the ANC’s checking account made without the approval of a majority of ANC 8D commissioners must be ratified in a public meeting at which a quorum is present.
2. If a majority of the commissioners fail or refuse to ratify the expenditures, the Auditor will disallow the amount of such expenditures from ANC 8D’s future quarterly allotments, and the unauthorized expenditures must be reimbursed to the Commission by the commissioners who signed or countersigned checks disbursing such amounts.
3. If the commissioners who signed or countersigned checks making unauthorized disbursements fail or refuse to reimburse the Commission, the Corporation Counsel of the District of Columbia must immediately initiate the appropriate legal action to recover the improperly disbursed funds from the responsible commissioners.
4. Advisory Neighborhood Commission 8D should take immediate action, at its next scheduled public meeting, against single member district commissioners who are habitually absent from ANC public meetings by petitioning the District of Columbia Board of Elections and Ethics, after proper notice to the affected commissioners and adoption of a resolution, to immediately declare vacancies within those single member districts in ANC 8D. The D. C. Auditor will follow-up on this recommendation within 90 days after the date of this report.

VACANCY IN SMD 8D07 CONTRIBUTED TO ANC 8D’S INABILITY TO CONDUCT BUSINESS AND EFFECTIVELY REPRESENT WARD 8 RESIDENTS

D.C. Code, Section 1-251(b) stated³, in relevant part, that:

“ . . . Elections for members of each Advisory Neighborhood Commission shall be nonpartisan, and shall be administered by the Board of Elections and Ethics. Advisory Neighborhood Commission members shall be elected from single-member districts within each neighborhood commission area by the registered qualified electors of such district. . . ”

Further, D.C. Code, Section 1-254(b) stated, in relevant part, that:

“The Council [of the District of Columbia] shall, by act after public hearing by the Council’s Committee of the Whole, make adjustments in the boundaries of the Advisory Neighborhood Commission areas as are necessary as a result of population shifts and changes. Such adjustments shall be made in a timely manner following the receipt of alternative plans from the ward task forces on Advisory Neighborhood Commissions. . . .” (Auditor’s Emphasis)

Advisory Neighborhood Commission 8D’s single member district (SMD) 8D07 has not been represented by an elected commissioner for over three consecutive years, and actions taken by the remaining ANC 8D commissioners or the Board of Elections and Ethics have failed to fill this vacancy. D. C. Code, Section 1-257(d)(1), stated, in relevant part, that:

- (1) Whenever a vacancy exists in the office of a Commissioner, and the vacancy does not occur within the 6-month period prior to a general election, the vacancy shall be filled pursuant to paragraph (6) of this subsection. . . .
- (2) For purposes of this section, a vacancy is deemed to exist upon the publication of a notice of the vacancy in the District of Columbia Register.
- (3) Within 90 days of the date that the Board declares a vacancy, the members of the Advisory Neighborhood Commission area where the vacancy exists shall fill the vacancy pursuant to paragraph (6) of this subsection.
- (4) Each person appointed or elected to fill a vacancy shall meet the qualifications set forth in §§ 1-256(a).
- (5) Each person appointed or elected to fill a vacancy shall serve until a successor has been certified and sworn in pursuant to subsection (b) of this section.

³The Advisory Neighborhood Commission Act of 1975 was amended by the Comprehensive Advisory Neighborhood Commissions Reform Act of 2000, which became effective June 27, 2000. The activities reviewed by the Auditor occurred under the prior ANC law. Therefore, the Auditor applied the prior law where appropriate .

(6) (A) Within 5 days (excluding Saturdays, Sundays, and legal holidays) after the date that the Board declares a vacancy, the Board shall make available petitions for the purpose of obtaining the signatures of registered qualified electors within the affected single-member district.

Further, D.C. Code, Section 1-257(f)(2), stated, in relevant part, that:

When a vacancy occurs on an Advisory Neighborhood Commission and no letter of resignation is submitted as required by paragraph (1) of this subsection, the respective Advisory Neighborhood Commission shall petition the District of Columbia Board of Elections and Ethics, by a resolution signed by the Chairman and the secretary of the Advisory Neighborhood Commission, to declare the vacancy. The resolution shall be considered by the Commission at a public meeting of the Commission. Prior to the meeting, the Commission shall make a good faith effort to notify, in writing, the Commissioner who is the subject of the resolution. Notice of the meeting shall be sent to the Commissioner no later than 20 days prior to the meeting by certified mail, return receipt requested, and shall provide that the Commissioner shall have an opportunity to rebut the alleged vacancy. The resolution, accompanied by minutes of the meeting at which the resolution was adopted and a list of those attending the meeting, shall be sent to: (A) The District of Columbia Board of Elections and Ethics, (B) the Council of the District of Columbia, and the Mayor, and (C) the Commissioner, whenever the vacancy is due to removal or failure to continue the qualifications for office under § 1-256(a).

RECOMMENDATION

The Commissioners of ANC 8D should promptly use the procedure provided in D.C. Code, Section 1-257(d) to appoint a commissioner to represent SMD 8D07.

ANC 8D MADE A \$300 GRANT AWARD WITHOUT APPROVAL OR DOCUMENTATION

D.C. Code, Section 1-264(m) stated:

“A grant approved by a Commission shall provide a benefit that is public in nature and that benefits persons who reside or work within the Commission area. 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. . .”

Advisory Neighborhood Commission 8D violated the provisions of D. C. Code, Section 1-264(m). At an October 28, 1999 public meeting of ANC 8D, with three commissioners present, the

ANC Treasurer made a motion to donate \$300 to Patterson Elementary School's Reading is Fundamental program. The motion was seconded and carried. The minutes did not reveal that the grantee had presented a request for the grant in the ANC 8D public meeting. Further, while a motion to donate \$300 to Patterson Elementary School's Reading is Fundamental program was made by a commissioner, the minutes did not indicate the purpose or intended use of the \$300 grant.

The Auditor reviewed ANC 8D's files and discussed this grant award with ANC 8D's Treasurer. There was no grant request letter or any other documentation in the files of the ANC in support of the \$300 grant. Further, a review of ANC 8D's checkbook log, bank statements, and canceled checks revealed that the \$300 check, made payable to Patterson Elementary School, had not cleared the bank as of July 1, 2000. The check, numbered 002382, was dated January 12, 2000. The Auditor inquired of the Treasurer as to why this check, written seven months earlier, had not cleared the bank, and what action if any, he had taken to follow-up on the outstanding check. The Treasurer stated that ANC 8D's Chairperson would have to provide information regarding the outstanding check and the grant award. A later review of canceled checks revealed that the \$300 check cleared the bank on July 20, 2000, approximately two weeks after the Auditor's initial discussion of this grant award with the Treasurer. As of the date of this audit report, ANC 8D's chairperson had not provided any written documentation pertaining to the \$300 grant award.

The canceled check was the only documentation available to the Auditor in support of this disbursement. Absent a grant proposal, the Auditor could not determine the public purpose or nature of the \$300 grant, or the basis for the ANC's consideration and award of the grant.

ANC 8D's Chairperson and Treasurer could not provide grant award guidelines used by the ANC to consider and award this or any other grant. As a result, the Auditor could not discern how grantees were selected, how grant amounts were determined, or identify the specific public purposes that the ANC considered worthy of grant awards. By letter dated May 2, 1994, the District of Columbia 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. . . . Failure to comply with the revised procedures will result in this office recommending disallowance of grant expenditures not supported by the appropriate documentation.

The \$300 grant award to Patterson Elementary School is disallowed by the District of Columbia Auditor and will be deducted from ANC 8D's next quarterly allotment. Further, until

grant disbursements are made in strict compliance with the ANC law by ANC 8D, any future grant disbursements will be disallowed by the Auditor.

RECOMMENDATION

ANC 8D commissioners award grants in accordance with D.C. Code, Section 1-264(m). The D. C. Auditor will follow-up within 90 days from the date of this audit to ensure implementation of this recommendation.

ANC 8D's CURRENT LEASE AGREEMENT WAS NOT PRESENTED TO OR VOTED ON BY A MAJORITY OF ANC 8D COMMISSIONERS

D.C. Code, Section 1-262(b)(2), and Section 1-264(f), states, in relevant part, that:

1-262(b)(2) “. . . Each Commission shall, at its public meetings, consider and make recommendations on matters before the Commission . . .”

1-264(f) “. . . No expenditure of any amount shall be made without the specific authorization of the Commission.”

Advisory Neighborhood Commission 8D's previous chairperson orally renegotiated and signed a two-year lease for the Commission's current office space at 153 Galveston Place, SW. without bringing the matter before the Commission for consideration, discussion, and a vote of approval by a majority of Commission members. Commission minutes reviewed by the Auditor covering the period from November 1998 through April 2000 did not reveal any discussion, motion, or vote approving the lease during the audit period.

Under the circumstances, the Auditor questions the legality of the current lease agreement. Further, the Auditor's review of the lease revealed that it was apparently put together haphazardly and without attention to specific details. Instead of re-typing a new lease with agreed upon lease terms spelled out, a previously expired lease was utilized. The signatures and dates covering the expired lease were marked through and new dates and signatures were penned in with a notation that the "agreement continued - verbal, November 5, 1998". This notation was initialed with "T.R." and what appeared to be "O.V.J". The ANC 8D commissioner stated the initials were his and those of the landlord. The commissioner was the chairperson of ANC 8D as of November 5, 1998, and signed this marked-up lease agreement. The Auditor found that at the time the then-Chairperson executed the 25-month lease, ANC 8D had six appointed single member district commissioners.

Further, the lease terms required the Commission to expend \$555 each month, beginning November 5, 1998. The lease agreement runs until December 31, 2000. The Auditor found that the monthly lease payments of \$555 were routinely paid quarterly by the ANC 8D Treasurer to the landlord three months in advance of the date the monthly rent was due. The Commission's Treasurer listed rent payments on the Commission's quarterly financial reports. Also, ANC 8D check number 2297, dated January 7, 1998 in the amount of \$1,725, was recorded as lease payments for the period January, February, and March 1998. This quarterly payment also included an additional \$60 that, according to the ANC 8D Treasurer, was for a rent increase of \$5 each month. Again, ANC 8D minutes covering this 21- month period did not include any acknowledgment, discussion, or vote approving the lease, the quarterly disbursements for the lease, or the increase in the monthly lease cost.

D.C. Code, Section 1-261(n) states:

(n) Each Commission shall develop an annual fiscal year spending plan budget for the upcoming fiscal year within 60 days of notification of the amount of the Commission's annual allotment. Prior to adoption of the budget at a public meeting, the Commission shall present the budget at a public meeting of the Commission to elicit comments from the residents of the Commission area.

ANC 8D commissioners did not approve an annual budget to include funds budgeted for lease payments and other operating expenses such as utilities, local transportation, and equipment leases. Therefore, the quarterly lease payments, including any increases, must be approved by a majority of Commission members at a public meeting prior to disbursement by the ANC 8D Treasurer in accordance with established law.

RECOMMENDATION

Advisory Neighborhood Commission 8D's Chairperson must have the current lease agreement and all quarterly payments retroactively approved immediately by a majority of ANC 8D commissioners and recorded in the ANC minutes. Failure to have the lease and quarterly lease payments approved will result in a disallowance by the D.C. Auditor of lease payments for the 21- month period in question.

ANC 8D VIOLATED PETTY CASH GUIDELINES

D.C. Code, Section 1-264(f), (g), and (h) stated, in relevant part, that:

(f) Any expenditure of funds by a Commission shall be authorized in writing by the treasurer or chairman and recorded by the treasurer in the Commission's books of accounts. No expenditure of any amount shall be made without the specific authorization of the Commission . . .[Auditor's Emphasis]

(g) 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. The approval shall be recorded in the minutes of the Commission meeting. Any personal service payment shall name the person who is to receive the payment, the rate of compensation, and the maximum hours of service, if less than full-time compensation.

(h) Each Commission may establish a petty cash fund not to exceed \$50 at any 1 time in accordance with procedures established for imprest funds by the D.C. Controller. The fund shall be reimbursed by the treasurer upon presentation of appropriate supporting documentation. The treasurer may disburse to another Commission member . . . an amount not in excess of \$50 . . . [Auditor's Emphasis]

ANC 8D's current chairperson and treasurer violated regulations pertaining to its petty cash fund by issuing four checks, over a period of 12 days and each for \$50, to ANC 8D's current chairperson as presented in Table II. The four checks were signed by the chairperson and treasurer, and were denoted as "petty cash". The chairperson endorsed the checks on the back for either deposit to an account, or to cash. Checks numbered 2344 and 2345 were issued on the same date. The Auditor's review of petty cash receipts did not reveal supporting documentation for the four \$50 checks issued as petty cash. The ANC 8D Treasurer stated that the funds were used to reimburse another commissioner for travel and supplies.

Procedures for the expenditure of petty cash funds, as presented in the Advisory Neighborhood Commissioners Manual states, in relevant part, that:

1. Each time cash is taken from the fund, a petty cash slip showing the date, amount, and purpose are held with the fund together with supporting receipts for cash purchasing.
2. The total of petty cash slips and the cash still in the fund should always equal the total amount of the fund.

3. When the fund runs short of cash, a voucher should be prepared for the total amount of petty cash slips in the fund. The petty cash slips and cash receipts should be attached to the voucher. A check should be written for the amount of the voucher.
4. When the check is cashed, the fund will be back to its original amount.
5. For ease in reporting, petty cash slips should be replaced by cash in the fund at the end of each quarter. By doing this, all expenses will be accounted for and the amount of the fund will be the approved amount.

It appeared that the Treasurer made out \$50 checks to commissioners and labeled them as petty cash expenditures which violated the guidelines. The treasurer must instead cash a check for \$50 when the fund is depleted, and use the proceeds to reimburse for petty cash expenditures upon presentation of supporting receipts for purchases. Cash in the fund and petty cash slips for reimbursement should not exceed \$50 at any one time.

Also, the ANC 8D Treasurer provided 12 copies (no originals) of receipts, dated January 11, 1999 through January 24, 2000, including three receipts with unclear date stamps. The Treasurer stated that these were all the petty cash receipts he had, and that there was no cash in the petty cash fund at this time. The Treasurer did not have any prepared vouchers with petty cash slips showing the date, amount, and purpose for any cash disbursements from the petty cash fund. Further, the Auditor could not reconcile the twelve receipts to any of the 7 petty cash checks presented in Table II. For example, there was a petty cash receipt for \$50 signed by the SMD 8D02 commissioner, dated October 29, 1999. Table II shows that two \$50 checks were written to the Treasurer, Commissioner Johnson; one dated September 29, 1999 and the other dated January 12, 2000. A lack of supporting documentation prevented the Auditor from reconciling the \$50 checks issued as petty cash.

TABLE II

**Petty Cash Checks Written
During the Period October 1997 Through July 2000**

Check Number	Date on Check	Check Made Payable To	Amount of Check	Purpose of the Payment	ANC Officials Who Signed Check
2307	04/16/98	Secretary	\$ 50.00	No petty cash receipt	Then-Chairperson & Secretary
2344	04/01/99	Chairperson	50.00	No petty cash receipt	Chairperson & Treasurer
2345	04/01/99	Chairperson	50.00	No petty cash receipt	Chairperson & Treasurer
2348	04/07/99	Chairperson	50.00	No petty cash receipt	Chairperson & Treasurer
2349	04/12/99	Chairperson	50.00	No petty cash receipt	Chairperson & Treasurer
2375	09/29/99	Treasurer	50.00	No petty cash receipt	Chairperson & Treasurer
2385	01/12/00	Treasurer	50.00	No petty cash receipt	Chairperson & Treasurer
TOTAL			\$ 350.00		

Source: ANC 8D files, checkbook register, and bank records.

RECOMMENDATIONS

1. Advisory Neighborhood Commission 8D's Chairperson must have the seven payments reflected in Table II retroactively approved by a majority of ANC 8D commissioners and recorded in the ANC minutes, and provide complete documentation in support of the expenditures. Failure to have the petty cash checks approved will result in a disallowance of the \$350 by the D.C. Auditor. The D. C. Auditor will follow-up in 90 days from the date of this audit to ensure implementation of this recommendation.
2. ANC 8D immediately adhere to established regulations and guidelines concerning petty cash usage, including, but not limited to, maintaining adequate documentation to support all expenditures.

ANC 8D NEEDS TO IMPROVE ITS INTERNAL CONTROLS OVER THE EXECUTION OF TRANSACTIONS

Advisory Neighborhood Commission Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor states, in relevant part, that:

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

- a. An original invoice or receipt from the supplier of goods and services.
- b. A signed statement must be attached to the invoice or written on the 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 paid and check number must be entered on the original invoice.
- d. All vouchers must be filed in check number sequence.

All voucher packages must be retained for a period of at least seven years."

The ANC 8D Treasurer failed to (i) prepare voucher packages before disbursing ANC funds, (ii) maintain all original invoices or receipts, (iii) sign statements stating that goods or services were properly received, (iv) certify that goods or services were properly received, (v) write the date and check number on invoices or receipts, and (vi) maintain an adequate filing system for voucher documentation of ANC expenditures. This made for a protracted audit in trying to verify reported ANC 8D expenditures between October 3, 1997 and July 1, 2000, as presented in Appendix I. For

example, ANC 8D's Treasurer could not provide the Auditor with original invoices or receipts for check number 2312 written March 30, 1998 to the Metropolitan Police Department's 7th District's general fund for community outreach tickets. There was no record of the number of tickets purchased or who received the tickets. Additionally, there was no invoice or receipt to support a \$500 payment to the postal service as reflected on check number 002311.

RECOMMENDATIONS

Advisory Neighborhood Commission 8D's Treasurer must begin immediately to adhere to Advisory Neighborhood Commission Act of 1975 (ANC law), as amended, Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor, the Advisory Neighborhood Commissioner's Manual, and legal opinions issued by the Office of the Corporation Counsel in maintaining adequate documentation, such as original invoices, receipts, contracts, minutes, and other supporting documentation, in addition to preparing voucher packages for all ANC disbursements.

CONCLUSION

The Auditor found that the residents of Advisory Neighborhood Commission 8D are not being adequately and consistently represented by a majority of the commissioners from the seven single member districts (SMDs) which make up ANC 8D. The Auditor found an SMD that has had no representation for over three years, in addition to chronic absenteeism by commissioners from several other SMDs. The lack of regular participation by SMD commissioners resulted in the affairs of ANC 8D, including the expenditure of yearly allotments, being determined largely by only three commissioners.

Further, the financial accounts and operations of ANC 8D were not in adequate 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 the Advisory Neighborhood Commissioner's Manual. The Auditor found deficiencies in ANC 8D's internal accounting controls and a lack of accountability for ANC 8D's appropriated funds that resulted in questionable disbursements and unsupported expenditures.

The Auditor found that ANC 8D's officers had: (1) entered into a questionable two-year lease agreement without presenting it at a public meeting or submitting it to a vote; (2) exceeded the

authorized limit in its petty cash fund, and failed to maintain documentation in support of petty cash disbursements; (3) made a \$300 grant award without adequate supporting documentation, and (4) failed to maintain adequate supporting documentation for ANC 8D expenditures.

The Auditor will disallow questionable lease payments of approximately \$13,370 and unsupported petty cash payments of \$350 unless these expenditures are approved by a majority of ANC 8D commissioners within 90 days after the date of this report. The \$300 grant awarded to Patterson Elementary School is disallowed for the reasons stated above.

Section 16(d)(3) of the "Comprehensive Advisory Neighborhood Commissions Reform Amendment Act of 2000" states:

"In a case in which an Auditor's report details a violation of this act, the affected Commission shall, within 90 days, provide in writing to the Auditor, its response to each of the alleged infractions. If the audited Commission fails to respond within 90 days, its next scheduled quarterly allotments shall be forfeited until the response has been filed."

The Office of the District of Columbia Auditor will conduct a follow-up review within 120 days to determine the quality of the ANC's compliance with the provisions of the Advisory Neighborhood Commission Act of 1975, as amended, and the implementation of the Auditor's recommendations.

Respectfully submitted,



Deborah K. Nichols,
District of Columbia Auditor

APPENDIX I

**ADVISORY NEIGHBORHOOD COMMISSION 8D
RECORD OF FINANCIAL EXPENDITURES
FOR THE PERIOD
OCTOBER 3, 1997 THROUGH JUNE 30, 2000**

CHECK NUMBER	AMOUNT	DATE ON CHECK	PAYEE AND PURPOSE
2406	\$61.99	07/07/00	Bell Atlantic - Telephone Services
2405	\$52.60	07/07/00	PEPCO - Electric Services
2404	\$1,665.00	07/07/00	Thomas Ruffin - Office Rent
2403	\$78.68	07/01/00	PEPCO - Electric Services
2402	\$128.12	07/01/00	Bell Atlantic - Telephone Services
2401	\$114.45	07/01/00	District Cablevision - Cable Service
2400	\$104.63	06/29/00	Staples
2399	\$29.21	05/15/00	Lanier - Copier repair
2398	\$68.27	05/08/00	PEPCO -Electric service
2397	\$49.51	05/08/00	District Cablevision -Cable service
2396	\$61.66	05/08/00	Bell Atlantic - Telephone service
2395	\$100.00	04/20/00	Postmaster - Bulkrate renewal
2394	\$36.54	04/13/00	Staples - Office Supplies
2393	\$1,665.00	04/10/00	Thomas Ruffin - Office rent
2392	\$66.00	03/12/00	ANC Security Fund
2391	\$59.51	03/12/00	District Cablevision - Cable se vice
2390	\$64.28	03/12/00	Bell Atlantic - Telephone Services
2389	\$71.18	02/23/00	PEPCO
2388	\$122.92	02/23/00	Bell Atlantic
2387	\$119.02	02/23/00	District Cablevision-8495240080205658
2386	\$483.75	01/24/00	Lanier - Inv. #61009860/Acct. # 2278439
2385	\$50.00	01/12/00	O. V. Johnson (ANC Treasurer) - Petty Cash
2384	\$426.85	01/06/00	Lanier - Inv. #201245849
2383	\$660.94	01/04/00	Staples - Office supplies
2382	\$300.00	01/04/00	Grant - Patterson Elementary School

2381	\$1,665.00	01/04/00	Thomas Ruffin - rent for Jan., Feb., Mar., 2000
2380	\$73.58	12/20/99	AT&T- Acct. #055023-5984001
2379	\$88.67	12/20/99	PEPCO - Acct. # 0107786311
2378	\$186.36	12/20/99	Bell Atlantic - Acct. #202562019123954
2377	\$173.53	12/20/99	District Cablevision
2376	\$1,665.00	10/01/99	Thomas Ruffin - Office rent/Oct., Nov., Dec., 1999
2375	\$50.00	09/29/99	O. V. Johnson - Petty Cash
2374	\$114.02	09/29/99	District Cablevision
2373	\$61.36	09/29/99	Bell Atlantic
2372	\$102.30	09/29/99	PEPCO
2371	\$164.22	09/29/99	Lanier - Copier repair #24250
2370	\$58.44	08/23/99	Staples - Office Supplies
2369	\$245.73	08/17/99	Staples - Office Supplies
2368	\$130.79	08/10/99	Bell Atlantic - (202)562-0191 (23954)
2367	\$82.70	08/10/99	PEPCO - Acct. #0107786311 - 19
2366	\$54.51	08/10/99	District Cablevision
2365	\$200.51	07/07/99	Staples - Office Supplies
2364	\$114.02	07/01/99	District Cablevision
2363	\$65.36	07/01/99	Bell Atlantic
2362	\$106.72	07/01/99	PEPCO
2361	\$2,220.00	07/01/99	Thomas Ruffin- rent / June, Jul., Aug., Sept./99
2360	\$154.77	06/23/99	Lanier - Inv. # 57316242/serial # 24250
2359	\$46.40	06/10/99	D.C. Treasurer - Zoning case transcript 98-16C
2358	\$83.34	05/11/99	Staples - Office Supplies
2357	\$50.00	05/11/99	Thomas Ruffin - Paint for Office
2356	\$54.51	05/07/99	District Cablevision
2355	\$143.79	05/07/99	Bell Atlantic
2354	\$43.32	05/07/99	PEPCO
2353	\$555.00	05/07/99	Thomas Ruffin - May 99 Rent
2352	\$22.98	04/19/99	Staples - Office Supplies
2351	\$100.00	04/19/99	Postmaster - Permit # 02460
2350	\$38.22	04/19/99	PEPCO
2349	\$50.00	04/12/99	Winifred Freeman (8D-chair) Petty Cash

2348	\$50.00	04/07/99	Winifred Freeman - Petty Cash
2347	\$555.00	04/07/99	Thomas Ruffin - April 99 rent
2346	\$451.73	04/06/99	Staples - Office Supplies
2345	\$50.00	04/01/99	Winifred Freeman - Petty Cash
2344	\$50.00	04/01/99	Winifred Freeman - Petty Cash
2343	\$37.11	03/29/99	PEPCO
2342	\$26.03	03/29/99	District Cablevision
2341	\$63.76	03/29/99	Bell Atlantic
2340	This check was payable to Lanier for \$154.77 - lost and replaced by Ck. # 2360		
2339	\$43.97	02/22/99	PEPCO
2338	\$133.25	02/22/99	Bell Atlantic
2337	\$129.00	02/22/99	ANC Security Fund #2066701090623
2336	CHECK VOIDED - ATTACHED TO CHECK STUB IN CHECK BOOK		
2335	\$1,665.00	01/02/99	Thomas Ruffin - Jan., Feb., Mar., 99 rent
2334	\$133.45	01/02/98	Bell Atlantic
2333	\$87.51	01/02/98	PEPCO
2332	\$350.63	01/02/98	District Cablevision
2331	CHECK VOIDED - ATTACHED TO CHECK STUB IN CHECK BOOK		
2330	\$119.60	10/29/98	Bell Atlantic (202) 562-0191
2329	\$116.35	10/29/98	PEPCO
2328	\$96.00	10/26/98	Postmaster - 3 rolls of stamps at \$32 each
2327	\$101.42	10/15/98	Staples - Office Supplies
2326	\$1,665.00	10/02/98	Thomas Ruffin - rent for Oct., Nov., Dec., 1998
2325	\$71.55	09/21/98	Staples - Office Supplies
2324	\$124.18	09/03/98	PEPCO
2323	\$209.82	09/03/98	District Cablevision
2322	\$96.00	07/11/98	Postmaster -Stamps
2321	\$1,665.00	07/06/98	Thomas Ruffin - rent for Jul., Aug., Sept., 1998
2320	\$215.00	06/16/98	A to Z Typewriter Com., Repair of IBM Typewriter
2319	\$26.00	05/28/98	The Washington Informer - Subscription
2318	\$88.80	05/28/98	PEPCO
2317	\$210.02	05/28/98	District Cablevision
2316	\$117.49	06/22/98	Staples - Office Supplies

2315	\$126.58	06/09/98	PEPCO
2314	\$197.65	05/28/98	Bell Atlantic
2313	\$134.82	05/28/98	Bell Atlantic
2312	\$120.00	03/30/98	7 th District General Fund - Comm. Outreach tickets
2311	\$500.00	04/20/98	Postmaster - Bulk renewal & Postal fees.
2310	\$1,665.00	04/08/98	Thomas Ruffin - rent for Apr., May, June, 1998
2309	\$30.00	03/27/98	ANC Security Fund - Jan. through Dec., 98.
2308	\$149.00	04/24/98	Lanier - Office copier repair
2307	\$50.00	04/16/98	Thelma McArthur (Cash) - Petty Cash
2306	\$62.38	03/06/98	Bell Atlantic
2305	\$87.26	03/06/98	PEPCO
2304	\$143.00	03/06/98	District Cablevision
2303	\$96.00	02/05/98	Postmaster - Postage stamps
2302	\$66.60	02/04/98	District Cablevision
2301	\$41.77	02/04/98	PEPCO
2300	\$133.11	02/04/98	Bell Atlantic
2299	\$506.03	02/04/98	Lanier - Case (10) of Toner for office Copier
2298	\$190.23	01/16/98	Staples - Office supplies
2297	\$1,725.00	01/07/98	Thomas Ruffin - Rent for Jan/Feb/Mar/ 98
2296	\$187.73	12/19/97	Lanier - Office Copier service
2295	\$84.10	12/08/97	PEPCO
2294	\$138.19	12/08/97	District Cablevision
2293	\$268.71	12/08/97	Bell Atlantic
2292	\$2,200.00	11/10/97	Thomas Ruffin - Rent for Sept/Oct/Nov/Dec., 1997
2291	\$96.12	11/10/97	PEPCO
2290	\$89.14	10/03/97	District Cablevision
Total	\$33,442.35		

Source: ANC 8D records and the Office of the D. C. Auditor.