



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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Deborah K. Nichols
District of Columbia Auditor
008:02:DKN:DW:VII

February 13, 2002

Audit of Advisory Neighborhood Commission 8C For
Fiscal Years 2000, 2001, and 2002
through 12/31/01
(10/01/99 through 12/31/01)



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Ms. Mary J. Cuthbert, Chairperson
Advisory Neighborhood Commission 8C
3325 Martin Luther King Jr. Ave., S.E.
Washington, D.C. 20032

Letter Report: Audit of Advisory
Neighborhood Commission 8C For Fiscal
Years 2000, 2001, and 2002 through 12/31/01
(10/01/99 through 12/31/01)

Dear Chairperson Cuthbert:

Pursuant to D.C. Code, Section 1-309.13(d), as amended, the District of Columbia Auditor conducted an audit of the financial operations and activities of Advisory Neighborhood Commission (ANC) 8C.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether ANC 8C's:

1. disbursements complied with the Advisory Neighborhood Commissions Act of 1975 (ANC law), as amended, Advisory Neighborhood Commission Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and legal opinions issued by the Office of the Corporation Counsel; and
2. internal controls were adequate to produce reliable financial information and ensure that its assets were safeguarded.

The scope of the audit covered the period October 1, 1999 through December 31, 2001. In conducting the audit, the Auditor reviewed all of ANC 8C's checks written during the audit period, bank statements, bank signature cards, quarterly financial reports, meeting minutes, vendor invoices, and other related documents. The Auditor also confirmed an inventory of office equipment. Further, the Auditor interviewed ANC 8C's chairperson, treasurer, and other ANC 8C Commissioners.

Advisory Neighborhood Commission (ANC) 8C is composed of eight (8) single member districts (SMD). Seven (7) of the single member districts were occupied by elected Commissioners during the audit period. SMD 8C02 was vacant.

FINDINGS

ANC 8C's CASH POSITION WAS OVERSTATED AS OF DECEMBER 31, 2001 DUE TO ERRONEOUSLY RELEASED ALLOTMENTS

The Auditor found that two quarterly allotments (\$3,877.69 and \$5,816.53) totaling \$9,694.22 were erroneously released to the ANC by the Office of the Chief Financial Officer's Office of Financial Operations and Systems. The improperly released allotments were deposited into ANC 8C's bank account on July 3 and 6, 2001, respectively. The District's Deputy Chief Financial Officer for the Office of Financial Operations and Systems erroneously processed and electronically transferred to ANC 8C's account quarterly allotments belonging to ANC 8E and ANC 4D. Therefore, ANC 8C's cash position as of December 31, 2001 was overstated by \$9,694.22. ANC 8C must reimburse the \$9,694.22 to the District of Columbia Treasury within 30 days of the date of this report and provide proof of the reimbursement to the Office of the District of Columbia Auditor. Table I presents a statement of ANC 8C's adjusted cash balance as of December 31, 2001.

TABLE I

**ANC 8C's Adjusted Cash Balance
As Of December 31, 2001**

Petty Cash on Hand	\$ 0.00
Checking Account Balance	27,734.94
Less Excess Allotments Deposited	(9,694.22)
Savings Account Balance	<u>0.00</u>
Actual Adjusted Available Cash	\$18,040.72

ANC 8C did not have a petty cash fund or a savings account or any other financial accounts other than its checking account held at Riggs Bank.

RECOMMENDATIONS

1. ANC 8C must reimburse \$9,694.22 to the District of Columbia Treasury within 30 days of the date of this report.

2. ANC 8C's Treasurer must immediately report any future excess or questionable bank deposits to the Office of the District of Columbia Auditor.

**ANC 8C DID NOT INCLUDE "DISTRICT OF COLUMBIA GOVERNMENT"
ON ITS BANK ACCOUNT OR THE FACE OF ITS CHECKS**

District of Columbia Code, Section 1-309.13(b)(2), states, in relevant part, that:

Each Commission shall include the phrase "District of Columbia Government" in each account name within 90 days after June 27, 2000. [Auditor's Emphasis]

Further, D. C. Code, Section 1-309.13(f) states, in relevant part, that:

. . . Any check shall be pre-numbered, shall bear the name of the commission and "District of Columbia Government" on its face, and shall be issued in consecutive order. [Auditor's Emphasis]

The Auditor found that ANC 8C's checking account and checks did not contain the phrase "District of Columbia Government" even though the ANC law required that this change be made within 90 days after June 27, 2000.

RECOMMENDATIONS

1. ANC 8C immediately close its current checking account and establish a new account with new checks which include the phrase "District of Columbia Government" on both the account name and on the face of each check. All old checks must be appropriately destroyed. The Auditor will verify compliance with this recommendation within 30 days of the date of this report. Further, until this recommendation is fully implemented, the Auditor will not recommend the release of any further quarterly allotments to ANC 8C.
2. The Office of Financial Operations and Systems must establish a more effective system of internal controls to ensure that funds are not released to ANCs in the absence of a written recommendation from the District of Columbia Auditor; that no duplicate payments are made to ANCs, and that an accounting of all payments made to ANCs is conducted at least quarterly and reconciled to written allotment release recommendations provided by the District of Columbia Auditor.

**ANC 8C's PUBLIC MEETINGS, FINANCIAL RECORDS, AND DISBURSEMENTS
COMPLIED WITH APPLICABLE LAWS, GUIDELINES, AND PROCEDURES**

D.C. Code, Section 1-309.11(b)(1), states, in relevant part, that:

Each Commission shall meet in public session at regular intervals at least 9 times per year at locations that are designed to reasonably accommodate the residents of the Commission area, depending on the issues to be considered by the Commission.

In reviewing the minutes of ANC 8C's publicly held meetings, the Auditor found that ANC 8C met the requirements of D.C. Code, Section 1-309.11(b)(1), during the audit period. Advisory Neighborhood Commission 8C held 12 public meetings during fiscal year 2000 and 12 public meetings during fiscal year 2001 for a total of 24 meetings.

Overall, ANC 8C maintained adequate documentation to justify and support the 65 disbursements totaling \$30,764.77. Also, the expenditures were approved in publicly held meetings by a quorum of Commissioners as required by D.C. Code, Section 1-309.13(f). Discussions with ANC 8C's Chairperson and Treasurer concerning the writing of checks, the security of the checkbook and bank statements, plus a review of its filing system, records, and inventory, indicated that internal controls were adequate.

The Auditor noted that ANC 8C had not signed a new lease agreement with its landlord at the time of the Auditor's field work. The ANC has leased the office space it presently occupies for more than 10 years and currently pays monthly rent of \$700 on a month-to-month basis in the absence of a signed lease agreement. ANC 8C's Chairperson stated that she had contacted the landlord, would sign a lease agreement shortly, and would forward a copy of the agreement to the Auditor. The Auditor cautions ANC 8C's Chairperson that the lease agreement must be approved first by a majority of ANC 8C Commissioners in a public meeting and recorded in the minutes of the meeting.

**ANC 8C MAINTAINED ADEQUATE DOCUMENTATION TO
SUPPORT EXPENDITURES MADE DURING THE AUDIT PERIOD**

Table II presents a complete listing of all checks written by ANC 8C between October 1, 1999 through December 31, 2001. All expenditures were supported by invoices, receipts, contracts, and agreements.

TABLE II
Advisory Neighborhood Commission 8C
Disbursement History
For The Period October 1, 1999 through December 31, 2001

Check #	Amount	Date of Check	Payee	Purpose of Expenditure
1578	\$ 66.60	10/05/99	Lucent Tech.	Phone Services - Check listed as void but cleared the bank on 10/05/99.
1579	1,400.00	11/03/99	Carolyn Forsythe	Office Rent/Nov. & Dec. 1999
1580	107.88	11/03/99	Bell Atlantic	Local Telephone Service
1581	66.60	11/03/99	Lucent Tech.	Annual Service Agreement/Telephone
1582	15.45	11/03/99	AT& T	Long Distance Phone Service
1583	227.28	12/01/99	Staples	Office Supplies
1584	33.30	12/01/99	Lucent Tech.	Annual Service Agreement/Telephone
1585	98.49	12/01/99	Bell Atlantic	Local Telephone Service
1586	33.00	12/01/99	Postmaster	Postage for ANC8C06
1587	33.00	01/03/00	Postmaster	Postage for ANC8C06
1588	35.04	01/01/00	AT & T	Long Distance Phone Service
1589	1,400.00	01/01/00	Carolyn Forsythe	Office Rent/Jan. & Feb. 2000
1590	250.00	01/21/00	Postmaster	Bulk Rate Postage
1591	198.37	02/02/00	Bell Atlantic	Telephone Service(202)562-1188
1592	26.19	02/15/00	Staples	Office Supplies
1593	107.20	02/15/00	Bell Atlantic	Telephone Service
1594	74.00	02/15/00	ANC Security Fund	Participation in Fund
1595	113.45	03/01/00	Lucent Tech.	Service Agreement/Telephone Services
1596	26.19	03/01/00	Staples	Office Supplies
1597	1,400.00	03/01/00	Carolyn Forsythe	Office Rent/ March & April, 2000
1598	500.00	03/01/00	Postmaster	Bulk Rate Postage
1599	152.55	03/02/00	Best Buy	Vacuum Cleaner for Office
1600	68.84	04/05/00	Bell Atlantic	Telephone Services
1601	213.79	04/05/00	Staples	Office Supplies
1602	1,400.00	05/05/00	Carolyn Forsythe	Office Rent/ May and June, 2000

Check #	Amount	Date of Check	Payee	Purpose of Expenditure
1603	76.60	05/05/00	Lucent Tech.	Phone Service
1604	220.07	05/05/00	Staples	Office Supplies
1605	169.63	05/05/00	Bell Atlantic	Telephone Services
1606	500.00	05/12/00	Congr. Hghts. Asso.	Grant (Disallowed by D. C. Auditor)
1607	1,035.00	05/30/00	Xerox Corp.	1/Cartridge 5/dry ink
1608	436.15	05/30/00	Staples	Office Supplies
1609	38.30	05/30/00	Lucent Tech.	Phone Service
1610	296.75	06/21/00	Xerox Corp.	Service on Office Machine
1611	735.27	06/21/00	Staples	Office Supplies
1612	164.46	07/03/00	Affordable Printing	Copy Newsletter
1613	1,400.00	07/25/00	Carolyn Forsythe	Office rent/July and August, 2000
1614	1,435.78	07/25/00	Bell Atlantic	Telephone Services
1615	164.46	07/27/00	Affordable Printing	Copy Newsletter
1616	165.00	08/25/00	Affordable Printing	Copy Newsletter
1617	500.00	08/25/00	Postmaster	Bulk Rate Postage
1618	1,400.00	09/10/00	Carolyn Forsythe	Office Rent/September & October, 2000
1619	182.03	09/10/00	Verizon	Telephone Service
1620	165.00	09/07/00	Affordable Printing	Copy Newsletter
1621	647.22	10/25/00	Staples	Office Color Printer
1622	246.69	10/25/00	Affordable Printing	Copy Newsletter
1623	52.96	11/01/00	Staples	Office Supplies
1624	84.28	11/01/00	Verizon	Telephone Services
1625	83.07	11/01/00	Verizon	Telephone Services
1626	1,400.00	11/17/00	Carolyn Forsythe	Office Rent/Nov. & Dec., 2000
1627	6.06	11/20/00	Vera Abbott	Reimbursement/Stamps & keys
1628	78.78	11/30/00	Affordable Printing	Plaques
1629	164.46	11/30/00	Affordable Printing	Copy Newsletter
1630	1,400.00	04/02/01	Carolyn Forsythe	Office Rent for Jan., Feb., 2001

Check #	Amount	Date of Check	Payee	Purpose of Expenditure
1631	voided	-	-----	Voided check in checkbook
1632	700.00	04/02/01	Carolyn Forsythe	Office Rent for March 2001
1633	252.82	04/02/01	Verizon	Telephone Service
1634	225.50	04/02/01	Com, Safe/Lock	Locks changed/ANC Office
1635	268.76	06/30/01	Verizon	Telephone Service
1636	2,100.00	06/30/01	Carolyn Forsythe	Office Rent/Apr, May, June, 2001
1637	80.00	07/06/01	ANC Security Fund	Bonding for Chairperson/Treasurer
1638	1,000.00	07/07/01	Ward 8-Tennis Cncl.	Grant
1639	2,100.00	07/24/01	Carolyn Forsythe	Office Rent/Jul., Aug., Sept., 2001
1640	273.60	09/05/01	Verizon	Local Telephone Services
1641	248.85	08/30/01	Xerox Corp.	Service Call on Office Copier
1642	120.00	09/20/01	Wash. Informer	Advertising - ANC Meeting
1643	2,100.00	10/10/01	Carolyn Forsythe	Office Rent/Oct., Nov., Dec., 2001
\$30,764.77		TOTAL DISBURSEMENTS		

Source: ANC 8C's checkbook, cancelled checks, and bank statements

**CHECK ISSUED BY ANC 8C DID NOT FULLY COMPLY
WITH THE ANC LAW AND APPLICABLE GUIDELINES**

The Auditor found that check number 1582 for \$15.45, payable to AT&T for long distance telephone service, was signed only by ANC 8C's Treasurer. D.C. Code, Section 1-309.13(f), as amended, states, in relevant part that:

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.

All other checks were signed by the ANC 8C Treasurer and Chairperson.

RECOMMENDATIONS

1. ANC 8C's Chairperson and Treasurer must ensure that all ANC 8C checks are signed by at least 2 officers of the Commission, one of whom must be the Treasurer or Chairperson.
2. The Office of Financial Operations and Systems deduct \$15.45 from ANC 8C's next quarterly allotment in that the \$15.45 was disbursed by a check signed by only one Commissioner which violated D.C. Code, Section 1-309.13(f).

ANC 8C's GRANT OF \$500 TO CONGRESS HEIGHTS COMMUNITY ASSOCIATION DISALLOWED BY THE AUDITOR

ANC 8C Commissioners approved a grant of \$500 to the Congress Heights Community Association on May 12, 2000 to assist the Association in its sponsorship of "Congress Heights Day". The \$500 grant was used by the Association to purchase trophies and refreshments. A quorum of ANC 8C Commissioners approved the award of this grant in a public meeting. However, the Auditor disallowed the \$500 grant based on opinions issued by the Office of the Corporation Counsel, District of Columbia Auditor, and Principles of Federal Appropriations Law, Chapter 4, Part C, Section 5(d), which states in relevant part that:

Just as the entertainment of government personnel is generally unauthorized, the entertainment of non-government personnel is equally impermissible. The basic rule is the same regardless of who is being fed or entertained. Appropriated funds are not available for entertainment, including free food, except under specific statutory authority.

RECOMMENDATION

Advisory Neighborhood Commission 8C must refrain from expending ANC funds, directly or through the award of grants, for food and entertainment purposes, except for nominal refreshments at ANC monthly public meetings.

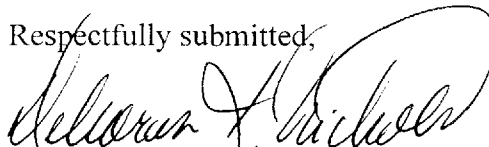
CONCLUSION

As a result of the examination of ANC 8C's books, records, accounts, and inventory, the Auditor determined that ANC 8C substantially complied with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, Financial Management Guidelines issued by the Office of the District of Columbia Auditor, and relevant opinions issued by the Office of the Corporation Counsel.

ANC 8C's cash position as of December 31, 2001 was overstated by \$9,694.22 due to the Office of Financial Operations and Systems erroneously transferring two quarterly allotments to ANC 8C's bank account that the ANC was not entitled to receive. The Auditor recommends that ANC 8C immediately reimburse the \$9,694.22 to the District of Columbia Treasury within 30 days of the date of this report, and provide proof of the reimbursement to the D.C. Auditor.

According to our review of ANC 8C's minutes, the ANC held the required number of public meetings during fiscal years 2000 and 2001, 12 during fiscal year 2000 and 12 during fiscal year 2001. Further, the minutes indicated that all expenditures were approved in public meetings with a quorum of Commissioners present. Overall, the ANC's disbursements complied with applicable laws and guidelines. Further, the Auditor determined that ANC 8C's internal controls were adequate to produce reliable financial information and that the assets of ANC 8C were properly safeguarded.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Nichols", with a large, flowing loop at the end.

Deborah K. Nichols

District of Columbia Auditor