



Deborah K. Nichols  
District of Columbia Auditor

026:01.SB

# **OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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## **Audit of Advisory Neighborhood Commission 1B for Fiscal Years 1999 and 2000 (10/01/98 through 9/30/2000)**

**September 27, 2001**



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Mr. Glenn J. Melcher, Chairperson  
Advisory Neighborhood Commission 1B  
P.O. Box 73710  
Washington, D.C. 20009

**Letter Report:** Audit of Advisory Neighborhood  
Commission 1B for Fiscal Years 1999 and 2000 (10/1/1998  
through 9/30/2000)

Dear Chairperson Melcher:

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

### **OBJECTIVES, SCOPE, AND METHODOLOGY:**

The objectives of the audit were to determine whether ANC 1B's:

1. disbursements complied with the Advisory Neighborhood Commissions Act of 1975 (ANC law), as amended, Advisory Neighborhood Commission 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; and
2. internal controls were adequate to produce reliable financial information and ensure that its assets were safeguarded.

The audit covered fiscal years 1999 and 2000. The Auditor reviewed available cancelled checks, bank statements, receipts, invoices, quarterly financial reports, minutes of public meetings, and other documentation that supported ANC 1B's disbursements and related financial activities during the audit period. ANC 1B's chairperson and treasurer were interviewed to obtain additional information and insight regarding ANC 1B's financial activities.

## **FINDINGS**

### **STATEMENT OF ANC 1B's CASH POSITION** **AS OF SEPTEMBER 30, 2000**

Table I presents a statement of ANC 1B's cash position as of September 30, 2000.

**TABLE I**

#### **ANC 1B's Statement of Cash/Bank Balances** **As of September 30, 2000**

Petty Cash on Hand	\$	0.00
Cash in Checking Account		65,945.48
Cash in Savings Account		0.00
<b>Total Available Cash</b>	<b>\$</b>	<b>65,945.48</b>

(1) Checking account balance was obtained from the bank statement  
as of September 30, 2000

### **ANC 1B HELD EIGHTEEN PUBLIC MEETINGS DURING THE TWO-YEAR AUDIT PERIOD**

ANC 1B complied with D.C. Code, Section 1-309.11(b)(1), which states: "Each Commission shall meet in public session at regular intervals at least nine (9) times per year..." [Auditor's Emphasis] ANC 1B's minutes indicated that 18 public meetings were held during the two-year audit period as required by the ANC law. According to minutes reviewed by the Auditor, ANC 1B held 9 public meetings during fiscal year 1999, and 9 public meetings during fiscal year 2000.

### **ANC 1B's FINANCIAL RECORDS AND DISBURSEMENTS COMPLIED WITH APPLICABLE LAWS, GUIDELINES, AND PROCEDURES**

Overall, during fiscal years 1999 and 2000, ANC 1B maintained sufficient documentation to justify and support 100% of the disbursements of ANC funds. Also, ANC 1B

officers have established adequate procedures to ensure that all financial documentation is properly obtained and maintained in the ANC's files.

**ANC 1B Maintained Documentation to Justify and Support 100% of the Disbursements Made During Fiscal Years 1999 and 2000**

ANC 1B complied with ANC Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor which state:

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 five years.

Based on an examination of 9 checks totaling \$8,300.51, and other relevant available records, the Auditor found that 100% of the disbursements made from October 1, 1998 through September 30, 2000, were supported by adequate documentation, including voucher packages. The ANC's records contained invoices, receipts, and other documentation supporting the purchase of goods and services in the amount of \$456 (4 checks) for fiscal year 1999, and \$7,844.51 (5 checks) for fiscal year 2000 for a total of \$8,300.51 (9 checks).

**ANC 1B Maintained Minutes Documenting the Specific Approval of Expenditures by a Quorum of ANC 1B Commissioners**

Advisory Neighborhood Commission 1B complied with D.C. Code, Section 1-309.13(f), which states, in relevant part, the following:

“... No expenditure of any amount shall be made without the specific authorization of the Commission.”

Further, the ANC Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor state:

“All ANC disbursements must be approved by the Commission in a public meeting and recorded in the minutes for that meeting.” [Auditor’s Emphasis]

During the audit period, the available minutes of ANC 1B’s public meetings indicated the approval of each quarterly financial report by a quorum of ANC 1B Commissioners. The minutes consistently indicated the specific authorization of expenditures by Commissioners at a public meeting of the Commission relative to the \$8,300.51 disbursed by the Commission’s treasurer and chairperson during the audit period.

**ANC 1B DID NOT FULLY COMPLY WITH THE LAW GOVERNING GRANT AWARDS**

Pursuant to D.C. Code, Section 1-309.13(l), ANC expenditures may be in the form of grant awards for public purposes within the Commission area. The Auditor has on file grant guidelines and policies for ANC 1B. According to ANC 1B’s grant guidelines, an applicant for a grant must submit an application in writing to the Commission. The application must contain:

1. the total cost of the proposed project ;
2. a description of the proposed project for which the grant is requested;
3. a statement of expected public benefits; and
4. the name and address of the organization

During the audit period, ANC 1B awarded one grant in the amount of \$7,500 to the Lincoln Theater. ANC 1B provided the Auditor with supporting documentation that complied with the grant guidelines and procedures. For example, the ANC provided: (1) a grant application filed by the grantee; (2) a grantee statement showing how grant funds were to be expended, and (3) other supporting documentation. Table I below lists the grant awarded by ANC 1B during the audit period.

**TABLE I**  
**ANC 1B GRANT EXPENDITURES**

Check #	Amount	Date on Check	Payee	Approved in Public Meeting
1413	\$7,500	6/14/2000	Lincoln Theater	Yes

Source: ANC 1C check book, cancelled checks, bank statements and quarterly financial reports

The purpose of ANC 1B's \$7,500 grant award to the Lincoln Theater was to provide discounted tickets to children in the Commission area to attend live performances of the Washington Bach Consort, with the goal of providing the children with their first theater experience. The grant was to also help subsidize the costs for the Theater to present and staff the program. As noted in previous opinions issued by the Office of the Corporation Counsel, District of Columbia Auditor correspondence, and Principles of Federal Appropriation Law, Chapter 4, Part C, Section 5(d) (at page 4-100):

“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.”

As noted by the Office of the Corporation Counsel, “...there is no statute that specifically authorizes the expenditure of ANC funds for food or entertainment. The one limited statutory exception, which relates only to food is set forth in D.C. Code, Section 1-309.13(l)(1). Under that section, an ANC may use its funds to purchase ‘nominal refreshments’ for consumption at Commission meetings.” Therefore, the Auditor determined that the \$7,500 grant was a use of appropriated funds to purchase entertainment. (See attached letter dated March 14, 2001 to the ANC 1B Treasurer from the Auditor).

The Auditor will request the Chief Financial Officer of the District of Columbia to withhold \$1,875 from each of ANC 1B's future quarterly allotments until the full sum of \$7,500 is reimbursed to the District of Columbia Treasury.

## **RECOMMENDATIONS**

The ANC must refrain from expending appropriated funds, directly or by grants, for food and entertainment purposes, except nominal refreshments for consumption at ANC meetings.

## **ANC 1B SUBMITTED ALL FISCAL YEAR 1999 AND 2000 QUARTERLY FINANCIAL REPORTS**

D.C. Code, Section 1-309.13(j)(1), states: "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 of 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..."

D.C. Code, Section 1-309.13(j)(1), further states that: "Each quarterly report must include copies of cancelled checks, bank statements, grant request letters and grant disbursements, invoices and receipts, executed contracts, details about all contributions received during the time period covered by the quarterly report, and the minutes of the meeting indicating the Commission's approval of disbursements reported in the quarterly report..."

ANC 1B has complied with D.C. Code, Section 1-309.13(j)(1), with regard to filing its quarterly financial reports.

## **CONCLUSION**

As a result of the examination of ANC 1B's books and records, the Auditor determined that ANC 1B was substantially in compliance with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, the Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor, and relevant opinions issued by the Office of the Corporation Counsel.

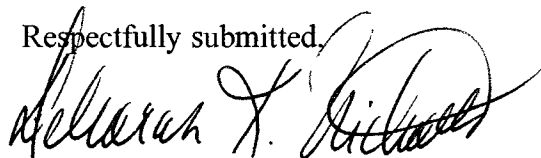
During the audit period, ANC 1B held the minimum nine public meetings per year required by D.C. Code, Section 1-309.11(b)(1). The Auditor also found that ANC 1B did ensure that: (1) all disbursements were specifically approved by a majority of ANC 1B Commissioners in a public meeting before the funds were disbursed; and (2) recorded the Commissioner's approval of disbursements in the Commission's minutes.

Also, the ANC's fiscal year 1999 and 2000 quarterly financial reports were filed substantially in compliance with D.C. Code, Section 1-309.13(j)(1).

ANC 1B's recordkeeping measures were adequate. As a consequence, the ANC maintained the necessary documentation to support 100% of its disbursements. The Commission has established an effective recordkeeping system and secures the records adequately.

Although ANC 1B substantially complied with relevant grant procedures, the Auditor found that the only grant it approved violated rules prohibiting the expenditure of appropriated funds for food and entertainment. As a result, the Auditor will request the Chief Financial Officer of the District of Columbia to withhold \$1,875 from each of ANC 1B's future quarterly allotments until the full sum of \$7,500 is reimbursed to the District of Columbia Treasury.

Respectfully submitted,

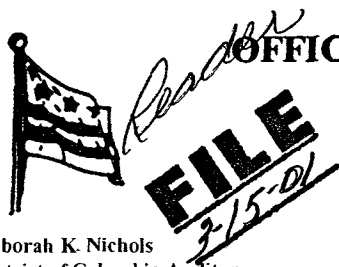
A handwritten signature in black ink, appearing to read "Deborah K. Nichols", written over the typed name.

Deborah K. Nichols

District of Columbia Auditor



## **ATTACHMENT**



Deborah K. Nichols  
District of Columbia Auditor  
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717 14TH STREET N.W., SUITE 900  
WASHINGTON, D.C. 20005  
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March 14, 2001

Commissioner Charles E. Glover  
Treasurer, ANC 1B  
P.O. Box 73710  
Washington, D.C. 20009

Dear Commissioner Treasurer:

The Auditor determined that (\$7,500.00) in the expenditure report on the 3<sup>rd</sup> quarter report for fiscal year 2000 lacked adequate supporting documentation and had not been approved or ratified by a majority of ANC 1B commissioners in a publicly held meeting of the ANC. Further, the expenditure of \$7,500.00 is a grant to purchase tickets for children to attend your ANC area theater was for entertainment, which is a prohibited expenditure. The Auditor concluded, therefore, that the sum of the unauthorized and unsupported expenditures must be deducted from ANC 1B's future quarterly allotments.

The Auditor will request the Chief Financial Officer of the District of Columbia to withhold \$1875.00 from each of ANC 1B's future quarterly allotments, beginning with the 1<sup>st</sup> quarterly allotment for fiscal year 2001, until the full sum of \$7,500.00 is reimbursed to the District of Columbia Treasury.

Should you have any questions or desire additional clarification, please contact me or Torro Y. Crossley, ANC Program Analyst at 202-727-3600.

Respectfully,

Deborah K. Nichols,  
District of Columbia Auditor

cc: Chairperson 1B