



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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004:02:SB:VH

**Audit of Advisory Neighborhood Commission 2A
For Fiscal Years 1999, 2000 and 2001
(10/1/1998 Through 9/30/2001)**

January 17, 2002



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Ms. Elizabeth B. Elliot, Chairperson
Advisory Neighborhood Commission 2A
532 20th Street, N.W.
Washington, D.C. 20006

Letter Report: Audit of Advisory Neighborhood
Commission 2A for Fiscal Years 1999, 2000 and
2001 (10/1/1998 through 9/30/2001)

Dear Commissioner Elliot:

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) 2A.

OBJECTIVES, SCOPE, AND METHODOLOGY:

The objectives of the audit were to determine whether ANC 2A'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, 2000, and 2001. The Auditor reviewed available cancelled checks, bank statements, receipts, invoices, quarterly financial reports, minutes of public meetings, and other documentation that supported ANC 2A's disbursements and related financial activities during the audit period. ANC 2A's former chairperson and current treasurer were interviewed to obtain additional information and insight regarding ANC 2A's financial activities.

FINDINGS

STATEMENT OF ANC 2A's CASH POSITION AS OF SEPTEMBER 30, 2001

Table I presents a statement of ANC 2A's cash position as of September 30, 2001.

TABLE I

**ANC 2A's Statement of Cash/Bank Balances
As of September 30, 2001**

Petty Cash on Hand	\$	0.00
Cash in Checking Account		20,076.06
Cash in Savings Account		0.00
Total Available Cash	\$	20,076.06

(1) Checking account balance was obtained from the bank statement as of September 30, 2001.

ANC 2A HELD 31 PUBLIC MEETINGS DURING THE THREE-YEAR AUDIT PERIOD

D.C. Code, Section 1-309.11(b)(1), states: "Each Commission shall meet in public session at regular intervals at least nine (9) times per year..."[Auditor's Emphasis] ANC 2A's minutes indicated that 31 public meetings were held during the three-year audit period. ANC 2A held 10 public meetings during fiscal year 1999, 11 public meetings during fiscal year 2000, and 10 public meetings during fiscal year 2001. ANC 2A was, therefore, in full compliance with D.C. Code, Section 1-309.11(b)(1), and exceeded the number of public sessions required by law.

ANC 2A's FINANCIAL RECORDS AND DISBURSEMENTS SUBSTANTIALLY COMPLIED WITH APPLICABLE GUIDELINES AND PROCEDURES

During fiscal years 1999, 2000 and 2001, ANC 2A maintained sufficient documentation to justify and support 98% of ANC funds disbursed. Also, ANC 2A officers had established adequate procedures to ensure that all financial documentation was properly obtained and maintained in the ANC's files.

ANC 2A Maintained Adequate Documentation to Justify and Support 98% of the Disbursements Made During the Audit Period

ANC 2A is in compliance with ANC Financial Guidelines and Procedures recommended 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 124 checks totaling \$33,230.98, and other relevant records, the Auditor found that 98% of the disbursements made from October 1, 1998 through September 30, 2001, were supported by adequate documentation, including voucher packages. The ANC's records contained invoices, contracts, receipts and other documentation supporting the purchase of goods and services in the amount of \$13,384.82 (57 checks) for fiscal year 1999, \$12,342.21 (32 checks) for fiscal year 2000, and \$6,998.59 (24 checks) for fiscal year 2001 for a total of \$32,725.62 (112 checks).

ANC 1C substantially complied with ANC Financial Guidelines and Procedures recommended by the Office of the District of Columbia Auditor during the three-year audit period.

ANC 2A DID NOT FULLY COMPLY WITH THE FINANCIAL MANAGEMENT GUIDELINES SUGGESTED BY THE AUDITOR REGARDING THE ROUTINE USE OF COMMISSIONERS' PERSONAL FUNDS TO PAY FOR GOODS AND SERVICES NEEDED BY THE ANC

ANC 2A failed to comply with the ANC Financial Guidelines and Procedures recommended by the Office of the District of Columbia Auditor, which state the following:

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

Table II details the reimbursement of funds to Commissioners who appeared to routinely used their personal funds to purchase goods needed by the ANC 2A.

TABLE II
ANC 2A REIMBURSEMENTS

Check #	Amount	Date Issued	Purpose
1082	\$133.94	10/29/98	Office Supplies
1093	\$65.03	12/16/98	Office Supplies
1100	\$3.17	1/20/99	Postage/Metro Fare
1101	\$658.62	1/20/99	Copying
2005	\$2.00	3/24/99	Copy Toll Survey
2006	\$28.26	3/24/99	Copies of Hearing
2007	\$97.89	3/24/99	Copying/Postage
2008	\$9.95	3/24/99	Film\Postage
2010	\$32.22	4/21/99	Office Supplies
2017	\$21.00	6/1/99	Copies Qtr. Rpt.
2018	\$31.95	6/16/99	Postage
2021	\$162.18	6/16/99	Office Supplies
2022	\$28.54	7/21/99	Office Supplies
2025	\$33.00	9/15/99	Postage
2026	\$25.91	9/15/99	Office Supplies
2028	\$33.00	9/29/99	Postage
2030	\$210.08	10/20/99	Office Supplies
2031	\$41.25	10/20/99	Office Supplies
2033	\$48.58	12/15/99	Office Supplies
2041	\$25.34	3/15/00	Office Supplies
2042	\$126.89	3/15/00	Office Supplies
2043	\$31.92	4/12/00	Office Supplies
2050	\$16.90	5/16/00	Office Supplies

Check #	Amount	Date Issued	Purpose
2054	\$28.01	7/19/00	Office Supplies
2056	\$111.03	7/19/00	Office Supplies
2057	\$5.28	7/19/00	Office Supplies
1104	\$131.69	9/20/00	Office Supplies
1105	\$38.04	9/20/00	Copies GW Plan
1107	\$149.31	12/5/00	Toner Cartridge
1001	\$127.72	3/24/01	Toner Cartridge
1005	\$21.67	4/24/01	Copying
1009	\$49.09	5/15/01	Copying
1014	\$137.46	8/8/01	Toner Cartridge
1015	\$34.00	8/8/01	Postage
TOTAL	\$2,700.92		

Source: ANC 2A check book, cancelled checks, bank statements and quarterly financial reports

RECOMMENDATIONS

1. ANC 2A Commissioners must discontinue the practice of routinely paying vendors that provide goods and services to the ANC 2A from their personal funds and then requesting a reimbursement from the ANC. The ANC must make arrangements to pay vendors directly for goods and services needed by the ANC.
2. ANC 2A should consider establishing a petty cash fund in accordance with D.C. Code, Section 1-309.13(h), not to exceed \$200 at any one time, in accordance with imprest fund procedures (See Attachment A) established by the D.C. Controller.

ANC 2A SUBMITTED ALL FISCAL YEAR 1999, 2000 AND 2001 QUARTERLY FINANCIAL REPORTS DURING THE AUDIT PERIOD

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 2A fully complied with D.C. Code, Section 1-309.13(j)(1), with regard to filing its quarterly financial reports and in a timely manner during the audit period.

CONCLUSION

As a result of the examination of ANC 2A's books and records, the Auditor determined that ANC 2A was substantially in compliance with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, and the Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor.

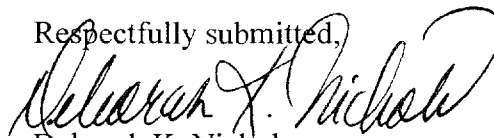
During fiscal years 1999, 2000 and 2001, ANC 2A exceeded the minimum nine public meetings per year required by D.C. Code, Section 1-309.11(b)(1).

ANC 2A's overall recordkeeping measures were adequate. As a result, the ANC had the necessary supporting documentation to ensure that 98% of its disbursements were properly justified, approved, and supported. The Commission has established an effective recordkeeping system and the records were properly secured and retained.

All quarterly financial reports for fiscal years 1999, 2000, and 2001 were filed by ANC 2A in a timely manner. Thus, the ANC fully complied with financial reporting requirements set forth in D.C. Code, Section 1-309.13(j)(1).

ANC 2A was not in compliance with the provisions of the Financial Guidelines and Procedures issued by the Office of the District of Columbia Auditor with regard to Commissioners spending personal funds on behalf of ANC 2A and then requesting reimbursement. The Auditor has discouraged the routine use of Commissioners' personal funds to pay ANC vendors, except in extraordinary emergency circumstances. Thus, the Auditor has reiterated that Commissioners discontinue the practice of routinely paying vendors with their personal funds for goods and services needed by ANC 2A. A petty cash fund was also recommended as an alternative to Commissioners using personal funds to pay vendors and then requesting reimbursement.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor