



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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Deborah K. Nichols
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**Audit of Advisory Neighborhood Commission 5C
For Fiscal Years 1999, 2000, 2001, and 2002, Through
June 30, 2002**

November 18, 2002



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Commissioner James D. Berry, Jr.
Chairperson
Advisory Neighborhood Commission 5C
680 Rhode Island Avenue, NE, #H-4
Washington, D.C. 20002

**Letter Report: Audit of Advisory Neighborhood Commission 5C
For Fiscal Years 1999, 2000, 2001, and 2002, Through June 30, 2002**

Dear Commissioner Berry:

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) 5C.

OBJECTIVES, SCOPE AND METHODOLOGY:

The objectives of the audit were to determine whether ANC 5C'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 properly safeguarded.

The audit covered fiscal years 1999, 2000, 2001 and 2002 through June 30th. The Auditor reviewed available canceled checks, bank statements, receipts, invoices, quarterly financial reports, minutes of public meetings, and other documentation supporting ANC 5C's disbursements and related financial activities during the audit period. ANC 5C's chairperson and treasurer were interviewed to obtain additional information and insight regarding the ANC's financial operations.

**STATEMENT OF BALANCES IN ANC 5C'S CHECKING AND SAVINGS ACCOUNTS AND
PETTY CASH FUND AS OF JUNE 30, 2002**

Table I presents a statement of ANC 5C's cash balances as of June 30, 2002.

TABLE I

**ANC 5C's Statement of Cash/Bank Balances
As of June 30, 2002**

Petty Cash on Hand	\$ 200.00
Cash in Checking Account	69,460.22 ¹
Cash in Savings Account	<u>38,263.20</u>
Total Available Cash	\$107,923.42

(1) Bank balances were obtained from ANC 5C's checking and savings account statements as of June 30, 2002.

¹In preparing a spreadsheet of ANC 5C's financial activity during 1999, the treasurer identified a discrepancy of \$8,445 between the actual amount of funds in ANC 5C's checking and savings accounts and the amount reported on the 1st Quarter FY 1999 Quarterly Financial Report. The District of Columbia Auditor was informed of this error and the \$8,445 was reflected in the ANC's 2nd Quarter FY 1999 Quarterly Financial Report.

FINDINGS

ANC 5C MAINTAINED ADEQUATE DOCUMENTATION TO SUPPORT 91% OF EXPENDITURES MADE DURING THE AUDIT PERIOD

During fiscal years 1999, 2000, 2001, and 2002, through June 30, 2002, ANC 5C maintained the required documentation to justify and support approximately \$28,689.24, or 91%, of expenditures totaling \$31,681. The ANC did not provide documentation to support \$2,991.76, or 9%, of disbursements made during the audit period. ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor state, in relevant part, that:

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

- i. An original invoice or receipt from the supplier of goods and services.
- ii. A signed statement should 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.”

- iii. The date paid and check number must be entered on the invoice.
- iv. All vouchers must be filed in check number sequence.

All vouchers must be retained for a period of at least five years.

During the audit period, ANC 5C was in substantial compliance with this provision of the Financial Management Guidelines. However, during the third quarter of fiscal year 2002, the ANC's treasurer did not complete voucher packages and did not submit receipts to support \$786.73 in expenditures listed in the quarterly financial report for the third quarter of fiscal year 2002. This was a noticeable departure from the normal practice used by ANC 5C's former treasurers. Table II presents disbursements made during the audit period that were not supported by adequate documentation.

Table II
Disbursements Not Supported by Adequate Documentation

Check #	Amount	Payee	Purpose
2527	\$80.00	Security Technology	Monitoring Service (June, July, Sept)
2528	\$200.00	Edgewood Civic Assn.	Grant for Halloween Trip to Adventure World
2529	\$10.00	J.R. Paul	Reimbursement - Moving expenses, gas, travel
2599	\$1,700.00	Walton & Green Consultants	Computer equipment reconditioning Edgewood Yth. Dev.Ctr.
2601	\$44.22	D.C. Public Schools	Use of Noyes Elementary School
2609	\$70.56 ²	Bell Atlantic	Telephone Service
1307	\$100.00	D.C. Treasurer	Use of Noyes Elementary School
1322	\$152.75	Cleopatra Jones	Petty Cash Reimbursement
1323	\$90.88 ³	Bell Atlantic	Telephone Service
1329	\$28.00	J. R. Paul	Transportation
1330	\$100.15	Verizon	Telephone Service
1331	\$24.81	Deer Park	Water
1332	\$14.79	Deer Park	Water
1333	\$96.87	Verizon	Telephone Service
1334	\$98.71	PEPCO	Electric Service
1338	\$180.00	C. Jones	Replenish Petty Cash
Total	\$2,991.76		

Source: Cancelled checks, minutes, and other relevant ANC 5C documentation.

RECOMMENDATIONS

1. ANC 5C's current treasurer continue the practice of completing voucher packages consistent with the ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor.

² Although \$161.65 was paid, receipts were available to support only \$91.09 of the disbursement.

³ Although \$192.55 was paid, receipts were available to support only \$101.67 of the disbursement.

2. The Deputy Chief Financial Officer for Financial Operations and Systems deduct \$2,991.76 from ANC 5C's next quarterly allotment if within 60 days of the date of this report the ANC does not provide the Auditor with documentation to support the disbursements listed in Table II.

\$180.61 In ANC Funds Used to Purchase Refreshments for Community Summit on McMillan Reservoir

ANC 5C Commissioners authorized the expenditure of \$180.61 to purchase refreshments for a community summit on the McMillan Reservoir. D.C. Code, Section 1-309.13(1)(1), authorizes ANCs to expend their funds to purchase nominal refreshments "at Commission meetings."

The \$180.61 expenditure on refreshments for the community summit did not qualify as a Commission meeting within the purview of D.C. Code, Section 1-309.13(1)(1). Further, the Office of the Corporation Counsel issued an opinion dated March 11, 1992, which states, in relevant part, the following:

Your next question concerns the "at Commission meetings" part of the nominal refreshments exception...

The Committee Report on Bill 8-626 does not address the Council's intent as to the meaning of this phrase. However, when the Advisory Neighborhood Councils Act of 1975 elsewhere uses the term "Commission meetings," it is in reference to the regularly scheduled public meetings that each ANC is required to hold annually... Therefore, I construe the Council's intent to be that the nominal refreshments authorized by §16(1) may be served only at regularly scheduled public meetings of the ANC. [Auditor's Emphasis]

RECOMMENDATIONS

1. The Deputy Chief Financial Officer for Financial Operations and Systems deduct \$180.61 from ANC 5C's next quarterly allotment.
2. ANC 5C Commissioners use ANC funds to purchase nominal refreshments served only at regular public meetings of the ANC.

ANC 5C DID NOT PROPERLY ESTABLISH THE COMMISSION'S CHECKING ACCOUNT UNTIL MAY 2001

D.C. 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]

ANCs were required to comply with this provision by October 27, 2000, however, very few had complied by January 2001. Thus, on January 27, 2001, the District of Columbia Auditor informed all ANC chairpersons and treasurers that ANCs that had not changed their bank accounts and checks to reflect the phrase "District of Columbia Government" by March 1, 2001, would be held accountable by having disbursements issued after March 31, 2001, from noncompliant accounts on noncompliant checks disallowed from future quarterly allotments.

A review of ANC 5C's bank statements for its checking and savings accounts and canceled checks issued between October 1, 1998, and June 30, 2002, revealed that the accounts and checks did not comply with D.C. Code, Sections 1-309.13(b)(2) and (f), until May 15, 2001, after which the phrase "District of Columbia Government" appeared on the face of the ANC's checks and in the checking and savings account name. Between March 31, 2001, and May 15, 2001, ANC 5C officers disbursed \$425.70 from a non-compliant account on non-compliant checks in violation of D.C. Code, Sections 1-309.13(b)(2) and (f).

RECOMMENDATION

The Deputy Chief Financial Officer for Financial Operations and Systems deduct \$425.70 from ANC 5C's next quarterly allotment.

ANC 5C COMMISSIONERS CONDUCTED OFFICIAL BUSINESS IN COMMITTEE OF THE WHOLE MEETINGS THAT DID NOT COMPLY WITH THE NOTICE PROVISION SET FORTH IN D.C. CODE, SECTION 1-309.11

D. C. Code, Section 1-309.11, states in relevant part the following:

(b)(1) 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. The Commission may declare a quorum and take official action if a majority of single-member district Commissioners of the Commission is present...

(c) Each Commission shall give notice of all meetings or convocations to each Commissioner, individuals with official business before the Commission, and residents of the Commission area no less than 7 days prior to the date of such meeting. Shorter notice may be given in the case of an emergency or for other good cause. Notice of regular and emergency meetings must include, but is not limited to, at least 2 of the following: [Auditor's Emphasis]

- (1) Posting written notices in at least 4 conspicuous places in each single-member district within the Commission area;
- (2) Publication in a city or community newspaper;
- (3) Transmitting or distributing notice to a list of residents and other stakeholders in the community; and
- (4) In any other manner approved by the Commission.

The Auditor's review of available minutes revealed that, pursuant to D.C. Code, Section 1-309.11(b)(1), ANC 5C conducted one or more Committee of the Whole meetings every month in its office as well as a regular monthly public meeting at another location designated by the Commission. Minutes indicate that during Committee of the Whole meetings the Commissioners present conducted official business, including the approval of expenditures, grant awards, and quarterly financial reports. Expenditures, quarterly reports, and grants approved in Committee of the Whole meetings were generally not subsequently discussed and approved in a regular public meeting of the ANC.

According to relevant accounting records and several of the ANC's officers, notice of ANC 5C's regular public meetings was provided by distributing flyers to residents and other stakeholders in the community as well as publication in a community newspaper. According to the ANC's Chairperson, notice of the ANC's Committee of the Whole meeting was provided on the agenda of the regular meeting and on the ANC's telephone answering machine.

For the purpose of declaring a quorum, conducting official business, and taking official action, the notice methods used by the ANC for Committee of the Whole meetings did not comply with D.C. Code, Section 1-309.11. As a consequence, official actions taken in Committee of the Whole meetings were invalid unless subsequently approved in a regular public meeting of the Commission for which notice was given pursuant to D.C. Code, Section 1-309.11(c).

The Auditor determined that ANC 5C Commissioners approved at least \$17,146.10, or 54%, of the \$31,681 in expenditures made during the audit period in Committee of the Whole meetings without subsequent approval in a regular public meeting of the ANC. Table III presents examples of grants and expenditures approved by the ANC in Committee of the Whole meetings that were not subsequently approved in regular public meetings of the ANC.

TABLE III
Expenditures Approved in Committee of the Whole Meetings
Without Subsequent Approval in a Regular Public Meeting

Check #	Amount	Date	Payee	Purpose
2525	\$300.00	10/7/98	Eula Mae Linder	Community Festival
2528	\$200.00	10/5/98	Edgewood Civic Assn.	Halloween Trip (Halloween Scream) Adventure World
2542	\$300.00	4/16/99	Edgewood Civic Assn.	Stationery Stamps
2571	\$200.00	12/9/99	Franklin Commons Tnt & Cvc Assn	To buy books for RIF Program
2572	\$300.00	12/9/99	All Nations Baptist Church	Donation of Printer to Computer Program
2573	\$400.00	12/9/99	Columbia Court Reporting	Court Reporting 5C10 Meeting
2599	\$2,805.00	5/9/00	Walton & Green Consultant	Computer, equipment, reconditioning Edgewood Yth Dev. Ctr
2612	\$1,703.00	7/29/00	Judgment Graphic & Tech Printing	Grant Uniforms & Printing
2613	\$286.30	7/29/00	Kornay Board AID's, Inc.	Equipment, Basketball
2641	\$1,000.00	2/20/01	Sherman, Meehan, Curtan	Lawyer's Fees
1306	\$1,200.00	8/13/01	Edgewood Civic Association	School Supplies
Total	\$8,694.30			

Source: ANC 5C minutes and canceled checks.

Table IV below presents examples of quarterly financial reports approved by ANC 5C in Committee of the Whole meetings that were not subsequently approved in a regular public meeting of the ANC.

**Table IV
Quarterly Financial Reports Approved in
Committee of the Whole Meetings**

Quarterly Financial Reports Approved in Committee of the Whole	Committee of the Whole Meeting Date
2 nd Quarter Financial Report for Fiscal Year 1999	July 1, 1999
4 th Quarter Financial Report for Fiscal Year 1999	November 23, 1999
1 st Quarter Financial Report for Fiscal Year 2000	March 1, 2000
3 rd Quarter Financial Report for Fiscal Year 2000	September 25, 2000
3 rd Quarter Financial Report for Fiscal Year 2001	September 10, 2001
4 th Quarter Financial Report for Fiscal Year 2001	January 10, 2002

Source: ANC 5C Minutes

After this deficiency was brought to the Commission’s attention on November 6, 2001, efforts were undertaken to approve in a regular public meeting most of the disbursements previously approved in Committee of the Whole meetings. However, further action as recommended below must be taken by the ANC.

RECOMMENDATIONS

1. The Commissioners of ANC 5C should approve all expenditures, grant awards, and quarterly reports previously approved in a Committee of the Whole meeting in a duly noticed regular meeting of the ANC at which a quorum is present within 90 days of the date of this report, and provide adequate documentation to the Auditor showing the Commission’s approval of each disbursement. Should the ANC fail to implement this recommendation the Auditor will recommend that the Deputy Chief Financial Officer for Financial Operations and Systems deduct \$17,146.10 from future ANC 5C quarterly allotments.

2. Commissioners of ANC 5C take official action only in regular public meetings for which notice has been given consistent with the requirements of D.C. Code, Section 1-309.11(c), and in which a quorum of Commissioners is present.

A SIGNIFICANT NUMBER OF ANC 5C's EXPENDITURES WERE NOT SPECIFICALLY APPROVED AS REQUIRED BY THE ANC LAW

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

...No expenditure of any amount shall be made without the specific authorization of the Commission....[Auditor's Emphasis]

Further, D.C. Code, Section 1-309.10(n), states:

Each Commission shall develop an annual fiscal year [October 1st through September 30th] spending plan budget for the upcoming fiscal year within 60 days of notification of the amount of the Commission's annual allotment. [Auditor's Emphasis] 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.

The Auditor's review of ANC 5C's minutes indicated that the ANC approved a spending plan budget for fiscal year 1999 in its regular meeting on February 16, 1999. The ANC did not approve a fiscal year 2000 spending plan budget, and did not approve a fiscal year 2001 spending plan budget until May 1, 2001. While the ANC developed a "calendar" year 2002 budget, it had not approved this budget as of June 30, 2002. As a consequence, all of the ANC's expenditures, including those for ongoing operating expenses such as telephone and electric service, should have been specifically authorized by Commissioners during periods when an approved fiscal year spending plan was not in effect.

The Auditor also found that the Commission's treasurer did not consistently provide a monthly treasurer's report and the Commission generally approved blanket motions to "...pay all outstanding debts of the Commission" without the treasurer detailing the specific expenditures and amounts being approved for payment. Further, most of these disbursements were not covered by an approved fiscal year spending plan budget. By using a blanket motion to "...pay all outstanding debts of the Commission," the treasurer of the ANC did not properly disclose the ANC's disbursements and detail the nature and extent of the ANC's "outstanding debts." Conducting the ANC's financial affairs in this manner did not provide the level

of public disclosure and accountability contemplated by the ANC Law’s requirement that expenditures receive the “specific authorization of the Commission.” Table V presents examples of expenditures that were approved using this blanket motion.

TABLE V
Examples of Expenditures Not Specifically Approved and
Not Covered by an Approved Budget

Date	Amount	Payee	Purpose
3/25/99	\$119.24	Bell Atlantic	Telephone Service
4/17/99	\$226.91	Office Depot	Printing Flyers & Office Supplies
5/27/99	\$152.56	Bell Atlantic	Telephone Service
10/9/99	\$109.06	PEPCO	Electric Service
11/23/99	\$261.14	Bell Atlantic	Telephone Service
5/23/00	\$149.35	Office Depot	Office Supplies
TOTAL	\$1,018.26		

Source: ANC 5C minutes and canceled checks.

RECOMMENDATION

Each fiscal year, within 60 days of notification of the amount of the Commission’s annual allotment, the Commission must approve a fiscal year spending plan budget for the period October 1st through September 30th. The ongoing operating expenses approved in the spending plan budget must be itemized and budgeted based upon historical expenditure levels. Until an annual fiscal year spending plan budget is approved, the Commission must specifically authorize all expenditures including ongoing operating expenses.

ANC 5C IS NOT MAINTAINING STRICT ADHERENCE TO THE CHECK SIGNATURE REQUIREMENT IN D.C. CODE, SECTION 1-309.13(f)

D.C. Code, Section 1-309.13(f), provides that any expenditure made by check must be signed by at least 2 officers of the ANC, one of whom must be the treasurer or chairperson. The Auditor reviewed 163 checks written during the audit period totaling \$31,681. The Auditor found that ANC 5C’s officers substantially complied with D.C. Code, Section 1-309.13(f) by ensuring that ANC 5C checks generally were signed by two officers of the ANC, one of which was the chairperson or treasurer. However, the Auditor documented two checks totaling \$242.40 signed by only one officer, thus violating D.C. Code, Section 1-309.13(f). Checks containing only one signature are listed in Table VI.

TABLE VI
ANC 5C Checks
Not Signed by Two Officers

Date	Check #	Payee	Purpose of Expenditure	Amount	Signed By
2/12/99	2531	J. Berry	Reimbursement for printing of meeting announcements for October, November, and December 1999 ANC meetings.	\$180.00	J. R. Paul
2/12/99	2532	Office Depot	Payment for printing of meeting announcement flyers for January ANC Meeting 1999.	\$62.40	J. R. Paul
Total				\$242.40	

Source: ANC 5C's canceled checks, check stubs, and minutes.

RECOMMENDATIONS

1. ANC 5C comply with D.C. Code, Section 1-309.13(f), requiring the signature of two officers, one of which must be that of the treasurer or chairperson, on all ANC checks.
2. The Deputy Chief Financial Officer for Financial Operations and Systems deduct \$242.40 from ANC 5C's next quarterly allotment for violating D.C. Code, Section 1-309.13(f).

ANC 5C AWARDED SOME GRANTS THAT WERE NOT IN COMPLIANCE WITH THE ANC LAW, RELEVANT CORPORATION COUNSEL OPINIONS, AND PRINCIPLES OF FEDERAL APPROPRIATIONS LAW

The Auditor reviewed 15 grants awarded by ANC 5C during the audit period. All grants awarded by ANC 5C are presented in Appendix I.

D.C. Code, Section 1-309.13(m), as amended by D.C. Law 13-135, the "Advisory Neighborhood Commissions Reform Amendment Act of 2000," authorizes ANCs to award grants to organizations for public purposes within the Commission's boundaries. The Auditor found that ANC 5C awarded seven grants during the audit period for purposes prohibited under the ANC Law, as interpreted by the Office of the Corporation Counsel. Funds appropriated to Advisory Neighborhood Commissions may not, directly or indirectly, be used to purchase food, entertainment, or to support festivals. Opinions issued by the Corporation Counsel have also determined that grants cannot be awarded or issued to

individuals in that D.C. Code, Section 1-309.13(m)(1), states: “...A Commission may approve grants only to organizations that are public in nature and benefit persons who reside or work within the Commission area....” Further, grants cannot duplicate existing governmental programs and cannot be used to support the operation of other organizations. Table VII presents grants awarded by ANC 5C Commissioners in violation of these standards.

TABLE VII
Grants Awarded By ANC 5C
That Violated the ANC Law and Applicable Standards

Date	Check #	Payee	Purpose	Amount
10/7/98	2525	Eula Mae Linder	Disc Jockey for July 4 th Community Day Celebration	\$300
10/12/98	2528	Edgewood Civic Association	Assistance in payment for trip to Adventure World for students	\$200
2/19/99	2530	North Capital Business Assn.	Purchase of uniforms for TANF workers who clean up neighborhood	\$600
4/16/99	2542	Edgewood Civic Association	Assist with postage, office supplies and associations seal	\$300
6/17/99	2552	Edgewood Civic Association	Costs of signs for automobiles riding in community festival and balloons for the festival	\$287
5/9/00	2599	Edgewood Youth Development Center	Refurbish computer and install software for computer literacy program at Youth Development Center	\$2,805
7/29/00	2612 2613	The Park Flava Foundation	Purchase of basketball uniforms and equipment for youth league	\$1,989
Total				\$6,481

Source: Books and Accounts of ANC 5C.

RECOMMENDATIONS

1. ANC 5C must strictly adhere to the ANC Law and opinions issued by the Office of the Corporation Counsel regarding the consideration and award of grants for permissible public purposes.
2. The Deputy Chief Financial Officer for Financial Operations and Systems deduct \$6,481 from ANC 5C’s next quarterly allotment as a consequence of awarding grants for prohibited purposes.

SOME ANC 5C COMMISSIONERS IMPROPERLY REQUESTED AND VOTED ON GRANTS FOR ORGANIZATIONS IN WHICH THEY WERE OFFICERS OR FOUNDERS

Of the 15 grants awarded by ANC 5C, the Auditor found that six of the grants were requested by ANC 5C Commissioners who were either the organization’s founder or president. A list of the six grants and the amounts awarded are shown in Table VIII below.

**TABLE VIII
Grant Proposals Presented by Commissioners
Who Did Not Recuse Themselves from the Approval Process**

Date	Check No.	Commissioner	Grantee	Commissioner’s Position in Grantee Organization at Time of Grant Request and Award	Amount of Grant
4/16/99	2542	Deborah L. Smith 5C10	Edgewood Civic Association	President	\$300
6/17/99	2552	Deborah L. Smith 5C10	Edgewood Civic Association	President	\$278
12/9/99	2571	Gwen Southerland 5C05	Franklin Commons Tenant and Civic Association	President	\$200
5/9/00	2599	Marshall Phillips 5C09	Edgewood Youth Development Center	Original Founder	\$2,805
12/5/00	2628	Gwen Southerland 5C05	Franklin Commons Tenant and Civic Association	President	\$375
8/13/01	1306	Deborah L. Smith 5C10	Edgewood Civic Association	President	\$1,200
Total					\$5,158

Source: ANC 5C minutes, grant records, and accounting records.

The Office of the Corporation Counsel has determined that Commissioners presenting a grant request to the ANC on behalf of an organization in which they hold an office or have an interest must recuse themselves from voting or debating on the matter in order to avoid any possible appearance of a conflict of interest. In reviewing ANC 5C’s monthly meeting minutes, the Auditor was unable to document a single

instance, in the above cited cases, where interested Commissioners requesting a grant abstained from debating or voting on the approval of the grant that they were requesting.

The Auditor also found that the \$375 check written to the Franklin Commons Tenant and Civic Association was endorsed and apparently cashed by the Commissioner requesting the grant on behalf of the grantee. (See Appendix I) The Auditor discourages this practice in that it creates the appearance that the funds may not have reached the treasury of the grantee, may not have been used for its intended purpose, or may have been misused. Further, the \$2,805 grant to the Edgewood Youth Development Center to refurbish computers and install software for a computer literacy program was not adequately described in writing prior to the ANC's approval of the award. Further, the request was supported, after the fact, only by a statement submitted by the Commissioner who requested the funds along with an unsigned hardware maintenance agreement for \$1,105 leaving the disposition of \$1,700 unaccounted for. The check disbursing the \$2,805 was co-signed by the Commissioner requesting the funds. Of all the checks reviewed by the Auditor for the audit period, this was the only check co-signed by this particular Commissioner. (See Appendix II)

RECOMMENDATIONS

1. ANC 5C Commissioners presenting a grant request on behalf of organizations in which they are officers or directors must recuse themselves from debating the merits of the grant request and voting on the request in order to avoid any real or perceived conflict of interest.
2. Commissioners requesting grant funds on behalf of other organizations should refrain from handling grant funds or participating in the transaction.
3. The Commissioner who requested the \$375 grant on behalf of the Franklin Common Tenants and Civic Association and endorsed the check disbursing the grant funds repay those funds to ANC 5C within 90 days of the date of this report. Failure to repay these funds will result in the matter being referred to the Office of the Corporation Counsel to initiate the appropriate legal action to recover the funds.
4. The Commissioner who requested the \$2,805 grant on behalf of Edgewood Youth Development Center and co-signed the check disbursing the grant funds repay \$1,700 of

those funds to ANC 5C within 90 days of the date of this report. Failure to repay these funds will result in the matter being referred to the Office of the Corporation Counsel to initiate the appropriate legal action to recover the funds.

5. The Inspector General investigate all grants awarded by ANC 5C to Edgewood Civic Association, Franklin Common Tenants and Civic Association, and the Edgewood Youth Development Center.

ANC5C IS NOT FOLLOWING PROCEDURAL REQUIREMENTS FOR MAKING GRANT AWARDS

The District of Columbia Auditor encourages ANCs to adopt guidelines for the consideration and award of grants. Further, D.C. Code, Section 1-309.13(m)(2) through (4), states the following:

(2) An applicant for a grant must submit an application in writing to the Commission. The application shall contain:

- (A) A description of the proposed project for which the grant is requested;
- (B) A statement of expected public benefits; and
- (C) The total cost of the proposed project, including other sources of funding, if any.

(3) Within 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.

(4) Grant disbursements shall be included in quarterly financial reports submitted to the Auditor.

The Auditor reviewed all 15 grants awarded by ANC 5C during the audit period. The Auditor found that 14 of the grants were approved by the Commission in a Committee of the Whole meeting. Only 8 of the 15 grantees submitted a written grant request outlining the proposed project and the expected public benefits. Four of the 15 grantees verbally requested a grant and provided supporting invoices after the ANC's approval but prior to disbursement of the grant. Additionally, the Auditor found that one grant had no supporting documentation whatsoever. When questioned about the grant of \$200 in support of the Edgewood Civic Association's sponsorship of a trip to Adventure World for neighborhood children, the Commission's representative stated that the grant request and supporting documentation had been misplaced by the treasurer, and the civic association no longer had copies.

The Auditor was unable to document a single grantee that had submitted to the Commission a statement as to the use of the funds as required by the ANC law.⁴ Additionally, the Auditor could not document in any of the Commission's meeting minutes whether the Commission had followed up with the grantee to ensure that the grant awards had been used in a manner consistent with the grant request and award. For example, the Auditor's review of a \$1,989 grant awarded to the Park Flava Foundation, a New York based non-profit organization, revealed that the ANC failed to obtain a statement from the grantee and that the ultimate purpose of the grant was not realized. Further, the ANC could not account for the disposition or whereabouts of equipment and uniforms purchased with the grant funds.

RECOMMENDATIONS

1. ANC 5C must strictly adhere to the ANC law regarding the consideration and award of future grants. Failure to comply with the ANC Law will result in the disallowance of non-compliant grant disbursements from ANC 5C's future quarterly allotments.
2. ANC 5C Commissioners refrain from using their elected positions to obtain public funding to support the operations and non-public purpose activities of organizations in which they are officers, directors, or founders.
3. The Inspector General investigate the grant awarded by ANC 5C to the Park Flava Foundation.

ANC 5C COMMISSIONERS ROUTINELY USED THEIR PERSONAL FUNDS TO PAY VENDORS THAT PROVIDED GOODS AND SERVICES TO THE ANC

The Office of the District of Columbia Auditor has advised, under its financial management guidelines for ANCs, that ANCs 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. This procedure should be used sparingly in extraordinary or emergency circumstances. The ANC must pay its vendors, including individuals distributing flyers, directly with ANC funds.

⁴D.C. Law 13-135, effective June 27, 2000, amended D.C. Code 1-309.13(m), which now requires that within 60 days of the issuance of the grant, the grant recipient must forward to the Commission a statement as to the use of the funds consistent with the grant application, and must include receipts which support the expenditures.

Table IX presents reimbursements to Commissioners for goods and services purchased on behalf of the ANC.

TABLE IX
ANC 5C Commissioners Paying
For Services from Personal Funds

Date	Check Number	Payee	Purpose	Amount
9/30/98	2524	Deborah Smith	Reimbursement for computer monitor	\$199.99
2/20/99	2531	James Berry	Reimbursement for printing of flyers for ANC meetings	\$180.00
7/29/99	2557	Deborah Smith	Reimbursement for Print Cartridge	\$31.49
10/9/99	2566	Deborah Smith	Reimbursement for money order and fee paid to Noyes Elementary School for ANC meeting	\$34.41
10/9/99	2564	Deborah Smith	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$48.00
12/9/99	2570	Sondra Jefferson	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$30.00
3/1/00	2586	Joyce Robinson-Paul	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$30.00
3/1/00	2587	Sondra Jefferson	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$30.00
4/18/00	2594	Sondra Jefferson	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$30.00
5/16/00	2602	Deborah Smith	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$60.00
5/16/00	2604	Sondra Jefferson	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$60.00
7/18/00	2611	Sondra Jefferson	Reimbursement of funds paid to neighborhood youth for distribution of meeting flyers	\$30.00
Total				\$763.89

Source: ANC 5C accounting records.

RECOMMENDATION

ANC 5C Commissioners cease the practice of paying vendors that provide goods and services to the ANC from their personal funds. The ANC should issue a check directly to the vendor or person(s) providing the goods and services to the ANC.

DURING THE AUDIT PERIOD, ANC 5C FILED SEVEN QUARTERLY FINANCIAL REPORTS MORE THAN 30 DAYS AFTER THE FILING DEADLINE

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 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.”⁵

The Auditor found that ANC 5C approved quarterly financial reports in Committee of the Whole meetings rather than in regular, duly noticed public meetings of the ANC. As previously noted, approving quarterly financial reports in Committee of the Whole meetings violated the ANC Law.

The Auditor found that of the quarterly financial reports filed for fiscal years 1999, 2000 and the 1st quarter of fiscal year 2001, ANC 5C filed 8 of the 9 quarterly reports with the Office of the District of Columbia Auditor more than 30 days after the due date, with two reports filed in excess of 120 days. With the exception of one report filed 19 days after the due date, the ANC substantially improved the timeliness of filing its quarterly financial reports beginning with the 2nd quarter financial report for fiscal year 2001 through the 3rd quarter financial report for fiscal year 2002. Table X presents ANC 5C’s quarterly financial report filing history during the audit period.

⁵Prior to June 27, 2000, D.C. Code, Section 1-309.13(j)(1), stated: “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 30 days of the end of the quarter. A copy of the approved financial report, signed by the Chairman, the secretary, and the treasurer, shall be filed, along with a record of the vote adopting the report with the Auditor within 7 days of approval.”

TABLE X
Quarterly Reports Filed by ANC 5C

Quarter	Due Date	Date Received By The District of Columbia Auditor	Number of Days Late
1 st Qtr. 99	02/22/99	10/20/99	238
2 nd Qtr 99	05/24/99	10/20/99	146
3 rd Qtr 99	08/23/99	10/20/99	57
4 th Qtr 99	11/22/99	12/16/99	24
1 st Qtr 00	03/14/00	04/11/00	27
2 nd Qtr 00	06/13/00	05/30/00	-13 (Early)
3 rd Qtr 00	09/12/00	10/25/00	43
4 th Qtr 00	12/12/00	01/27/01	45
1 st Qtr 01	03/1/01	03/20/01	19
2 nd Qtr 01	05/30/01	05/31/01	1
3 rd Qtr 01	08/29/01	09/18/01	19
4 th Qtr 01	11/29/01	11/29/01	0
1 st Qtr 02	03/1/02	03/4/02	3
2 nd Qtr 02	05/30/02	06/4/02	4
3 rd Qtr 02	08/29/02	09/5/02	6

Source: Office of the District of Columbia Auditor

RECOMMENDATION

ANC 5C comply with the quarterly financial reporting requirement of D.C. Code, Section 1-309.13(j)(1). Failure to file quarterly financial reports as required by the ANC Law may result in delays in recommending the release of quarterly allotments or the loss of quarterly allotments that the Auditor cannot recommend for release by the end of the fiscal year.

CONCLUSION

During fiscal years 1999, 2000, 2001, and 2002, through June 30, 2002, ANC 5C maintained the required documentation to justify and support approximately \$28,689, or 91%, of expenditures totaling \$31,681. The ANC did not provide documentation to support \$2,991.76, or 9%, of disbursements made during the audit period.

As a result of the examination of ANC 5C's books and records, the Auditor determined that ANC 5C was in substantial compliance with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, and the Financial Management Guidelines and Procedures issued by the Office of the District of Columbia Auditor. Overall, the Auditor found that ANC 5C maintains a very organized recordkeeping system and adequate internal controls were in place to produce reliable financial information and substantially ensure that its assets were properly safeguarded. However, the Auditor recommends that ANC 5C Commissioners improve adherence to established control policies and procedures.

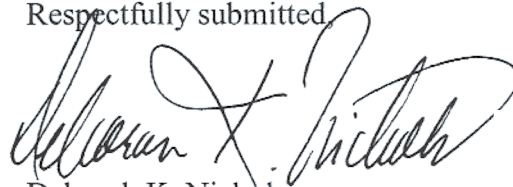
The Auditor's review of available minutes revealed that ANC 5C conducted one or more Committee of the Whole meetings every month in its office and a regular monthly public meeting at another location designated by the Commission. Minutes indicate that during Committee of the Whole meetings the Commissioners present conducted official business, including the approval of expenditures, grant awards, and quarterly financial reports. Expenditures, quarterly reports, and grants approved in Committee of the Whole meetings were generally not subsequently discussed or approved in a regular public meeting of the ANC. Official business conducted and votes taken by Commissioners in Committee of the Whole meetings were invalid unless subsequently approved in a duly noticed regular public meeting of the Commission at which a quorum was present.

The Auditor documented two additional areas in which the ANC should improve their operations. The first is in the area of grant awards and accountability. ANC 5C should fully comply with the law regarding grants awarded by the ANC and establish grant guidelines and procedures. Strict adherence to these guidelines and procedures should be followed to ensure that the ANC does not forfeit future quarterly allotments or incur a reduction in allotments for awarding grants that are prohibited by the ANC Law. Further, within 60 days following the grant, the ANC should ensure that grant recipients forward to the Commission a statement as to the use of grant funds complete with valid, legible receipts which support the expenditures.

The second area involves Commissioners' expenditure of their personal funds to make purchases of goods and services on behalf of the ANC, in most cases without the ANC's prior authorization. ANC 5C Commissioners should discontinue the practice of routinely using their personal funds to pay for goods or services obtained on behalf of the ANC and then requesting reimbursement from the Commission. Although the Auditor found that all the purchases by Commissioners were subsequently approved by the ANC, guidelines established by the Office of the District of Columbia Auditor discourages this practice. All payments to person(s) or vendors providing goods and services to the ANC should be specifically authorized by the Commission in advance and paid directly to the person(s) or vendor(s) with ANC funds.

Pursuant to D.C. Code, Section 1-309.13(d)(3), ANC 5C is required to file a response to any infraction alleged herein within 90 days of the date of this report. The failure to do so may result in the next quarterly allotment being withheld until a response is received.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Nichols", written in a cursive style.

Deborah K. Nichols

District of Columbia Auditor

APPENDICES

APPENDIX I

**Grants Awarded By ANC 5C
Between Fiscal Years 1999 and 2002 Through June 30th**

Date	Check Number	Payee	Grantee	Purpose of Grant	Grant Amount
10/7/98	2525	Eula Mae Linder	ANC 5C08	D.J. for Community Festival	\$300.00
10/12/98	2528	Edgewood Civic Association	Edgewood Civic Association	Assistance in payment for trip to Adventure World for students	\$200.00
2/19/99	2530	North Capitol Business Association	North Capitol Business Association	Purchase of uniforms for TANF workers who clean up neighborhood	\$600.00
3/29/99	2541	Metropolis View Civic Association	Metropolis View Civic Association	Purchase of orange hats for community patrol	\$90.00
4/16/99	2542	Edgewood Civic Association	Edgewood Civic Association	Assist with postage, office supplies and associations seal	\$300.00
6/17/99	2552	Edgewood Civic Association	Edgewood Civic Association	Purchase of balloons and vehicle stickers for grand opening parade	\$287.00
12/09/99	2571	Franklin Commons Civic Association	Franklin Commons Civic Association	Purchase of books for RIF program	\$200.00
12/09/99	2572	All Nations Baptist Church	All Nations Baptist Church	Purchase of printer for computer training program	\$300.00
1/20/00	2581 2582 2583	Zainy Braine, Comp USA, and B. Dalton Booksellers	St. George Episcopal Church	Purchase of educational software and books for after school program at local church	\$222.88 \$69.99 \$86.30 <u>\$379.17</u>
5/3/00	2598	Dorsey's Nursery	ANC 5C02	Plants & flowers for neighborhood beautification project 5C02	\$500.00
5/9/00	2599	Walton & Green Consultants	Walton & Green Consultants	Refurbish computer and install software for computer literacy program at Youth Development Center	\$2,805.00
5/31/00	2606	Donald E. Gerald, Inc.	ANC 5C04	Purchase of mulch for neighborhood beautification project 5C04	\$145.10
7/29/00	2612 2613	Judgement Graphic & Korney Board Aids, Inc.	The Park Flava Foundation	Purchase of basketball uniforms and equipment for youth league	\$1,703.00 \$286.35 <u>\$1,989.35</u>
12/5/00	2628	Franklin Commons Tenant and Civic Association	Franklin Commons Tenant and Civic Association	Purchase of books for RIF program	\$375.00
8/13/01	1306	Edgewood Civic Association	Edgewood Civic Assoc.	For school supplies given away during community event	\$1,200.00
Total					\$9,670.62

Source: Canceled Checks and Related Records of ANC 5C

2021-32-1965 DC Lic # 216-50-3922 exp 12/01

2597

ADVISORY NEIGHBORHOOD COMMISSION 5-C
WASHINGTON, DC 20001

DATE 3/23/2000

15-952
540

PAY TO THE ORDER OF

Office Depot

\$ 149.35

One Hundred forty nine

25/100

DOLLARS



INDUSTRIAL BANK NA
WASHINGTON, D.C. 20011

FOR Office Supply

Sandra L. Jeffers

002597 054000959 0187399 0000014935

ADVISORY NEIGHBORHOOD COMMISSION 5-C
WASHINGTON, DC 20001

2598

PAY TO THE ORDER OF

DATE 5/3/2000

15-952
540

Dorsey's Nursery (Dorsey's)

\$ 200.00

Two Hundred

100

DOLLARS



INDUSTRIAL BANK NA
WASHINGTON, D.C. 20011

OR purchase flowers, etc.

Sandra L. Jeffers

002598 054000959 0187399 0000050000

ADVISORY NEIGHBORHOOD COMMISSION 5-C
WASHINGTON, DC 20001

2599

DATE 5/9/2000

15-952
540

Walton and Green Center

\$ 2,805.00

Two thousand, eight hundred, five

00/100

DOLLARS



INDUSTRIAL BANK NA
WASHINGTON, D.C. 20011

Walton + Green (Eg. Yorki Rev. Center)

Marshall B. Phillips SR
Sandra L. Jeffers

002599 054000959 0187399 0000280500

ENRMS# 152

Associate 67454 05/23/00 21:16
Store #0191 Reg #001 Tran #1056
SALE POS Version 4.03
RTE 054000959/13
BAN 0187399
CHK# 0025977
CHECK 149.35
Approval CODE 0350 | A B
OFFICE DEPT 40191
DEPOSIT ONLY #3750626663

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

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MARK DE AHER (CA, MA, WA)
M55467387 & L4965 98 TWS
000837M026663 05/25/00

3610700727

KS99

Security Features listed below, as well as those not listed, exceed industry guidelines.
Security Features:
Microprint Signature Line
Small type in signature line appears as dotted line when photocopied
Features or symbols appear with

Security Features listed below, as well as those not listed, exceed industry guidelines.
Security Features:
Microprint Signature Line
Small type in signature line appears as dotted line when photocopied
Features or symbols appear with

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RCPC 0520-0027-8
RCPC 05-09-00

The security features listed below, as well as those not listed, exceed industry guidelines.
Security Features:
Microprint Signature Line
Small type in signature line appears as dotted line when photocopied
Features or symbols appear with

55620006 RICH
RFD, VA P.O.
514005494 RFB
0515220000

KS98

0337 44663

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RESERVED FOR FINANCIAL INSTITUTION USE *

ENDORSE HERE
PAY TO THE ORDER OF
1ST UNION BANK
FOR DEPOSIT ONLY
TAMRAPPALLI CORP.
A/C #20500005688266

RCPC 0520-0027 8
RCPC 05-11-00
220417482
220417482

0566704
056681079
ALEXANDRIA, VA
DIRECTOR BANK

KS99

WALTON & GREEN CONSULTANTS
FOR DEPOSIT ONLY

OR SIGN BELOW THIS
INSTITUTION USE *

ENDORS