



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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Deborah K. Nichols  
District of Columbia Auditor  
015.02.SB:GK

April 25, 2002

**Audit of Advisory Neighborhood Commission 6A  
For the Period  
July 1, 1998 Through September 30, 2001**



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Mr. Keith Jarrell, Chairperson  
Advisory Neighborhood Commission 6A  
316 G Street, N.E.  
Washington, D.C. 20002

**Letter Report:** Audit of Advisory Neighborhood  
Commission 6A for the Period of July 1, 1998 through  
September 30, 2001

Dear Commissioner Jarrell:

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) 6A.

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

The objectives of the audit were to determine whether ANC 6A'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 audit covered the period July 1, 1998 through September 30, 2001. The Auditor reviewed available cancelled checks, bank statements, receipts, invoices, quarterly financial reports, minutes of public meetings, and other documentation that supported ANC 6A's disbursements and related financial activities during the audit period. ANC 6A's former chairperson and secretary were interviewed to obtain additional information and insight regarding ANC 6A's financial activities.

## FINDINGS

### STATEMENT OF ANC 6A's CASH BALANCES IN CHECKING AND SAVINGS ACCOUNTS AS OF SEPTEMBER 30, 2001

Table I presents a statement of ANC 6A's cash balances as of September 30, 2001.

**TABLE I**

**ANC 6A's Statement of Cash Balances  
In Checking and Savings Accounts  
As of September 30, 2001**

Cash in Checking Account*	\$ 10,307.88
Cash in Savings Account*	<u>4,041.15</u>
<b>Total Cash Balances</b>	<b>\$ 14,349.03</b>

\* Checking and savings account balances were obtained from the bank statement as of September 30, 2001.

### ANC 6A HELD TWENTY SEVEN PUBLIC MEETINGS DURING THE 39-MONTH AUDIT PERIOD

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 nine (9) times per year..." ANC 6A held 12 public meetings during fiscal year 1999 (October 1, 1998 to September 30, 1999), 10 public meetings during fiscal year 2000 (October 1, 1999 to September 30, 2000), and five (5) public and five (5) special meetings during fiscal year 2001 (October 1, 2000 to September 30, 2001). The Auditor found that by meeting at least nine times during fiscal years 1999 and 2000, ANC 6A complied with D.C. Code, Section 1-309.11(b)(1). However, ANC 6A was not in compliance with D.C. Code, Section 1-309.11(b)(1), during fiscal year 2001.

### RECOMMENDATION

Advisory Neighborhood Commission 6A must hold at least 9 public meetings each year as required by D.C. Code, Section 1-309.11(b)(1).

**\$26,501.56, OR 44%, OF ANC 6A's DISBURSEMENTS WERE INADEQUATELY SUPPORTED BY DOCUMENTATION AND \$31,703.14, OR 52%, IN DISBURSEMENTS APPARENTLY WERE NOT APPROVED BY THE COMMISSION**

During the audit period, ANC 6A did not maintain sufficient documentation to justify and support \$26,501.56, or 44%, in disbursements of ANC funds. Also, ANC 6A officers did not establish adequate procedures to ensure that all financial documentation was properly obtained and maintained in the ANC's files. Further, the Commission's secretary, or another duly appointed Commissioner, failed to document in the minutes of public meetings the Commission's approval of \$31,703.14, or 52%, of disbursements reviewed by the Auditor.

**ANC 6A Did Not Maintain Documentation to Justify and Support \$26,501.56, or 44%, of Disbursements Made During the Audit Period**

ANC 6A did not comply with ANC Financial Management Guidelines 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 213 checks totaling \$60,694.33 and other available records, the Auditor found that \$26,501.56, or 44%, of the disbursements made between July 1, 1998 and September 30, 2001, lacked any supporting documentation, including invoices, receipts and other relevant documents. For example, disbursements for salary payments to ANC 6A's office

assistant and office manager were not supported by time sheets or other relevant documentation evidencing days and time worked, or the review and approval of time sheets by an officer of ANC 6A. While ANC 6A Commissioners approved spending plans for fiscal years 1999 and 2000 that included wages for an office assistant, preparation of time sheets was still required to support disbursements for time worked as well as to document the review and verification of time reported by an ANC officer specifically assigned to carry out this responsibility.

Throughout the audit period, telephone expenditures constituted another major category of disbursements made by ANC 6A's treasurer that the Auditor could not review because telephone bills were missing from the ANC's files. Further, throughout fiscal year 2001 not only did telephone expenditures lack supporting documentation, they also lacked the Commissioners' specific approval in light of the ANC's failure to approve a fiscal year 2001 spending plan to cover ongoing operating expenses such as telephone service. The Auditor determined that \$3,948.52 in telephone expenditures made by ANC 6A's treasurer during the audit period either lacked supporting documentation or lacked the Commissioners' approval. In some cases, disbursements for telephone expenditures lacked supporting documentation and the Commissioners' approval.

**ANC 6A's Minutes Did Not Document the Specific Approval of \$31,703.14 in Expenditures by a Majority of ANC 6A Commissioners**

Advisory Neighborhood Commission 6A Commissioners did not comply with D.C. Code, Section 1-309.13(f), which states, in relevant part, that:

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

Further, ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor state that:

All expenditures by the ANC should be approved first by a majority of the Commissioners in a public meeting of the ANC.

All ANC disbursements must be approved by the Commission in a public meeting at which a quorum of Commissioners is present and recorded in the minutes for that meeting.<sup>1</sup> [Auditors Emphasis]

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<sup>1</sup>According to Robert's Rules of Order (revised), pages 247-250: "The record of the preceding of a deliberative assembly is usually called minutes...The essentials of the record are as follows: a) the kind of meeting; b) name of the assembly; c) date of the meeting and place, when it is not always the same, d) the fact of the presence of the regular chairman and

The available minutes reviewed by the Auditor of ANC 6A's public meetings held during the audit period indicated that ANC 6A Commissioners specifically authorized only \$28,981.19, or 48%, of the \$60,684.33 disbursed by the ANC's treasurer and chairperson. Moreover, the Auditor's review indicated that \$31,703.14, or 52%, of disbursements were not authorized by ANC 6A Commissioners or recorded in the minutes of an ANC 6A meeting. On many occasions, Commissioners approved the monthly treasurer's report, the expenditures reported therein, and their approval was recorded in the minutes of the public meeting. However, approving the treasurer's report and the expenditures contained therein after-the-fact is not equivalent to having all expenditures first approved by a majority of ANC 6A's Commissioners in a public meeting of the ANC prior to expending ANC funds, and its does not constitute "...the specific authorization of the Commission...".

Table II presents a list of ANC 6A's disbursements during the audit period that were inadequately supported by documentation and were not specifically approved by a majority of Commissioners in a public meeting and recorded in the minutes of the public meeting in which the approval occurred.

**TABLE II**  
**ANC 6A Disbursements Made Without Adequate Supporting Documentation And**  
**Disbursements Made Without the Approval of a Majority of Commissioners**

Date	Check No.	Payee	Purpose	Amount	No Supporting Documents	Approval Not Documented In Minutes
7/2/98	1604	D. Bacote	Employee Salary	\$199.28	x	
7/10/98	1605	D. Bacote	Employee Salary	\$154.62	x	
7/23/98	1607	D. Bacote	Employee Salary	\$194.78	x	
7/24/98	1608	D. Bacote	Employee Salary	\$118.81	x	
7/31/98	1609	USPS	Postage	\$64.00	x	
7/31/98	1610	D. Bacote	Employee Salary	\$203.78	x	
7/31/98	1611	Bell Atlantic	Telephone	\$304.00	x	
8/17/98	1614	D. Bacote	Employee Salary	\$197.03	x	

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secretary, or in their absence the names of the substitutes; e) whether the minutes of the previous meeting were approved ...; f) all the main motions and points of order and appeals, whether sustained or lost, and all other motions that were not lost or withdrawn; and g) usually the hour of meeting and adjournment, when the meeting is solely for business. ”

<b>Date</b>	<b>Check No.</b>	<b>Payee</b>	<b>Purpose</b>	<b>Amount</b>	<b>No Supporting Documents</b>	<b>Approval Not Documented In Minutes</b>
8/17/98	1615	D. Bacote	Employee Salary	\$190.62	x	
8/21/98	1616	D. Bacote	Employee Salary	\$194.78	x	
8/28/98	1617	D. Bacote	Employee Salary	\$194.78	x	
8/28/98	1618	D. Bacote	Employee Salary	\$83.29	x	
9/3/98	1619	D. Bacote	Employee Salary	\$169.69	x	x
9/3/98	1620	IRS	Quarterly Taxes	\$354.03		x
9/3/98	1621	DC Treasurer	Unempl't Taxes	\$132.75		x
9/11/98	1622	D. Bacote	Employee Salary	\$169.69	x	x
9/17/98	1623	D. Bacote	Employee Salary	\$121.32	x	x
9/25/98	1624	D. Bacote	Employee Salary	\$194.78	x	x
10/2/98	1625	D. Bacote	Employee Salary	\$169.69	x	
10/12/98	1626	Bell Atlantic	Telephone	\$358.43	x	
10/12/98	1627	D. Bacote	Employee Salary	\$154.62	x	
10/16/98	1628	D. Bacote	Employee Salary	\$127.81	x	
10/29/98	1630	D. Bacote	Employee Salary	\$295.93	x	
11/30/98	1633	D. Bacote	Employee Salary	\$182.70	x	
12/3/98	1634	D. Bacote	Employee Salary	\$140.51	x	
12/3/98	1635	Bell Atlantic	Telephone	\$157.85	x	
12/3/98	1636	IRS	Quarterly Taxes	\$39.57	x	
12/12/98	1637	D. Bacote	Employee Salary	\$132.31	x	
12/29/98	1639	D. Bacote	Employee Salary	\$201.91	x	x
12/29/98	1640	NCCI	Workmans Comp.	\$211.00	x	
2/17/99	1645	DC Treasurer	Withholding	\$129.10	x	x
2/11/99	1646	Bell Atlantic	Telephone	\$80.63		x
2/19/99	1647	IRS	Quarterly Taxes	\$252.83	x	x
3/4/99	1648	Savin Corp.	Copier Maint.	\$133.65		x
3/9/99	1649	Viking	Office Supplies	\$91.25		x
3/17/99	1650	Liberty Mutual	Workers Comp.	\$34.00		x

Date	Check No.	Payee	Purpose	Amount	No Supporting Documents	Approval Not Documented In Minutes
3/8/99	1651	Viking	Office Supplies	\$113.00		x
3/9/99	1653	IRS	Tax Penalty	\$76.67		x
4/1/99	1654	Bell Atlantic	Telephone	\$132.88		x
5/20/99	1655	USPS	Postage	\$495.00		x
5/25/099	1656	Kinkos	Xerox	\$40.71		x
6/8/99	1657	Fabulous Gifts	Flowers	\$124.26		x
7/1/99	1658	Bell Atlantic	Telephone	\$143.69		x
9/25/99	1660	Office Depot	Office Supplies	\$165.88		x
10/26/99	1661	Staples	Office Supplies	\$200.58		x
4/21/00	1666	USPS	Stamps	\$528.00	x	x
6/2/00	1667	Bell Atlantic	Telephone	\$253.78		x
5/5/00	1670	Petty Cash	Petty Cash	\$50.00	x	x
5/26/00	1677	NCCI	Workers Comp.	\$245.00		x
5/31/00	1678	Capital Sign	Office Sign	\$130.00		x
6/2/00	1679	F. Wardrick	Employee Salary	\$118.37	x	x
6/10/00	1681	Pay Chex	Payroll Proc.	\$8.13		x
6/12/00	1682	F. Wardrick	Employee Salary	\$286.53	x	x
6/26/00	1683	Viking	Office Supplies	\$1,221.60		x
6/16/00	1684	F. Wardrick	Employee salary	\$264.36	x	x
6/16/00	1685	Deer Park	Water	\$299.00	x	x
6/16/00	1686	Fireman's Ins.	Insurance	\$68.00	x	x
6/16/00	1688	Cash	Copier Maint.	\$669.37		x
6/18/00	1689	COMPUSA	Comp Equipment	\$892.58		x
6/22/00	1690	F. Wardrick	Employee Salary	\$264.36	x	x
7/1/00	1691	Staples	Office Supplies	\$1,128.01		x
7/11/00	1692	F. Wardrick	Employee Salary	\$264.36	x	x
7/19/00	1695	IRS	Quarterly Taxes	\$316.88	x	x
7/25/00	1696	DC Treasurer	Unempl't Taxes	\$31.53	x	x

<b>Date</b>	<b>Check No.</b>	<b>Payee</b>	<b>Purpose</b>	<b>Amount</b>	<b>No Supporting Documents</b>	<b>Approval Not Documented In Minutes</b>
7/7/00	1697	F. Wardrick	Employee Salary	\$264.36	x	x
7/7/00	1698	Pay Chex	Payroll Proc.	\$29.32	x	x
7/7/00	1700	NCCI	Workers Comp.	\$245.00		x
7/7/00	1701	Deer Park	Water	\$56.69	x	x
7/19/00	1702	Bell Atlantic	Telephone	\$87.80		x
7/19/00	1703	F. Wardrick	Employee Salary	\$256.36	x	x
7/5/00	1704	Viking	Office Supplies	\$151.41		x
7/23/00	1705	USPS	Stamps	\$122.00	x	x
7/21/00	1706	F. Wardrick	Employee Wages	\$256.36	x	x
7/25/00	1708	Effectivity	Maintenance	\$90.00	x	
7/25/00	1709	Viking	Office Supplies	\$293.98		x
8/1/00	1710	F. Wardrick	Employee Salary	\$264.98	x	x
8/4/00	1712	DC Treasurer	Taxes	\$40.75	x	x
8/4/00	1713	F. Wardrick	Employee Salary	\$264.36	x	x
9/11/00	1714	Pay Chex	Payroll Proc.	\$46.28	x	x
8/4/00	1715	Bell Atlantic	Telephone	\$964.81		x
9/11/00	1716	Effectivity	Maintenance	\$90.00	x	
8/4/00	1717	F. Wardrick	Employee Salary	\$264.36	x	x
8/20/00	1718	Deer Park	Water	\$31.00	x	x
8/18/00	1719	F. Wardrick	Employee Salary	\$256.36	x	x
8/25/00	1720	F. Wardrick	Employee Salary	\$264.36	x	x
9/11/00	1721	Viking	Office Supplies	\$682.14		x
8/30/00	1723	F. Wardrick	Employee Salary	\$264.36	x	x
9/15/00	1724	Effectivity	Maintenance	\$180.00	x	
9/8/00	1725	F. Wardrick	Employee Salary	\$248.36	x	x
9/8/00	1726	Pay Chex	Payroll Proc.	\$39.09	x	x
9/9/00	1727	IRS	Quarterly Taxes	\$1,039.51	x	x
9/15/00	1728	F. Wardrick	Employee Salary	\$264.26	x	x

<b>Date</b>	<b>Check No.</b>	<b>Payee</b>	<b>Purpose</b>	<b>Amount</b>	<b>No Supporting Documents</b>	<b>Approval Not Documented In Minutes</b>
9/15/00	1729	Deer Park	Water	\$23.25	x	x
9/22/00	1730	F. Wardrick	Employee Salary	\$256.36	x	x
9/29/00	1731	F. Wardrick	Employee Salary	\$264.36	x	x
10/1/00	1733	F. Wardrick	Employee Salary	\$39.09	x	x
10/7/00	1734	F. Wardrick	Employee Salary	\$264.36	x	x
10/3/00	1736	USPS	Postage	\$99.00	x	x
10/5/00	1738	Effectivity	Maintenance	\$180.00	x	
10/5/00	1739	Viking	Office Supplies	\$277.40	x	x
10/13/00	1742	F. Wardrick	Employee Salary	\$264.36	x	x
10/13/00	1743	Deer Park	Water	\$15.50	x	x
10/20/00	1745	F. Wardrick	Employee Salary	\$264.36	x	x
10/19/00	1746	Effectivity	Maintenance	\$90.00	x	
10/27/00	1747	F. Wardrick	Maintenance	\$264.36	x	x
11/1/00	1748	Verizon	Telephone	\$477.16	x	x
11/1/00	1749	Pay Chex	Payroll Proc.	\$46.28	x	x
11/3/00	1750	F. Wardrick	Employee Salary	\$264.36	x	x
11/10/00	1751	F. Wardrick	Employee Salary	\$264.36	x	x
11/19/00	1752	F. Wardrick	Employee Salary	\$264.36	x	x
11/24/00	1753	F. Wardrick	Employee Salary	\$264.36	x	x
12/1/00	1754	F. Wardrick	Employee Salary	\$264.36	x	x
12/8/00	1756	F. Wardrick	Employee Salary	\$264.36	x	x
12/16/00	1757	F. Wardrick	Employee Salary	\$264.36	x	x
12/22/00	1758	F. Wardrick	Employee Salary	\$264.36	x	x
12/18/00	1759	Deer Park	Water	\$21.50	x	x
12/29/00	1762	USPS	Postage	\$102.00	x	x
12/29/00	1763	F. Wardrick	Employee Salary	\$264.36	x	x
1/5/01	1766	Pay Chex	Payroll Proc.	\$71.82	x	x
1/5/01	1767	Verizon	Telephone	\$413.41	x	x

Date	Check No.	Payee	Purpose	Amount	No Supporting Documents	Approval Not Documented In Minutes
1/12/01	1768	F. Wardrick	Employee Salary	\$264.36	x	x
1/5/01	1769	F. Wardrick	Employee Salary	\$264.36	x	x
1/12/01	1771	Deer Park	Water	\$46.50	x	x
1/12/01	1772	Pay Chex	Payroll Proc.	\$39.09	x	x
1/19/01	1773	F. Wardrick	Employee Salary	\$264.36	x	x
1/26/01	1774	F. Wardrick	Employee Salary	\$264.36	x	x
1/16/01	1775	IRS	Quarterly Taxes	\$900.09	x	x
2/2/01	1777	F. Wardrick	Employee Salary	\$264.36	x	x
2/9/01	1780	F. Wardrick	Employee Salary	\$264.36	x	x
2/16/01	1782	F. Wardrick	Employee Salary	\$264.36	x	x
2/21/01	1783	Staples	Office Supplies	\$485.38	x	x
3/23/01	1784	F. Wardrick	Employee Salary	\$264.64	x	x
3/2/01	1785	F. Wardrick	Employee Salary	\$264.64	x	x
3/6/01	1786	F. Wardrick	Employee Salary	\$264.64	x	x
3/16/01	1787	F. Wardrick	Employee Salary	\$264.64	x	x
3/6/01	1788	Verizon	Telephone	\$330.00	x	x
3/6/01	1790	Pay Chex	Payroll Proc.	\$21.99	x	x
3/6/01	1791	Deer Park	Water	\$15.50		x
3/6/01	1792	Savin Corp.	Copier Maint.	\$623.52	x	x
3/23/01	1793	F. Wardrick	Employee Salary	\$290.00	x	x
3/30/01	1799	F. Wardrick	Employee Salary	\$290.00	x	x
4/6/01	1800	F. Wardrick	Employees Salary	\$629.00	x	x
5/1/01	1801	G. Ferrell	Reimbursement	\$100.00		x
5/10/01	1802	Pay Chex	Payroll Proc.	\$60.28		x
5/15/01	1804	IRS	Quarterly Taxes	\$704.64	x	x
5/15/01	1805	DC Treasurer	Unempl't Tax	\$74.20	x	x
5/15/01	1806	DC Treasurer	Unempl't Tax	\$31.53	x	x
5/15/01	1807	IRS	Quarterly Tax	\$795.24	x	x

Date	Check No.	Payee	Purpose	Amount	No Supporting Documents	Approval Not Documented In Minutes
5/15/01	1808	DC Treasurer	Unempl't Tax	\$83.47	x	x
4/10/01	1809	Verizon	Telephone	\$244.08		x
5/11/01	1811	Deer Park	Water	\$9.50		x
5/15/01	1812	USPS	Postage	\$92.82		x
5/15/01	1813	USPS	P.O. Box	\$87.00		x
<b>Total</b>	<b>153</b>				<b>\$26,501.56</b>	<b>\$31,703.14</b>

Source: ANC 6A quarterly reports, canceled checks, and check book

**CHECK NUMBER 1657 ISSUED FOR \$124.26 BY ANC 6A's TREASURER AND CHAIRPERSON WAS AN INAPPROPRIATE DISBURSEMENT OF FUNDS**

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

..A Commission shall expend funds received through the annual allocation received pursuant to subsection (a) of this section, or other donated funds, for public purposes within the Commission area or for the functioning of the Commission office...

On June 8, 1999, ANC 6A's treasurer and chairperson issued check number 1657 for \$124.26 payable to Fabulous Gifts. The invoices from Fabulous Gifts indicated that the goods purchased were flowers for funeral services of two individuals. This expenditure did not serve a public purpose or benefit the residents and businesses within the Commission area. Further, minutes of ANC 6A's public meetings reviewed by the Auditor did not reflect the Commissioners' specific approval of the disbursement. Because this expenditure did not serve a public purpose or benefit the residents of the Commission area, and the expenditure was not approved by a majority of ANC 6A Commissioners, the expenditure was inappropriate and will be deducted from the ANC's next quarterly allotment.

**RECOMMENDATIONS**

1. All expenditures of any amount must first be approved by a majority of Commissioners in a public meeting in which there is a quorum. Disbursements for ongoing expenses such as utilities, rent, and telephone service may be made without the Commissioners' specific approval only if authorized as part of an approved annual spending plan or budget prior to disbursement. The

Commissioners' authorization must be reflected in the minutes of the public meeting in which the vote was taken. These disbursements must still be supported by adequate documentation that is available for review.

2. The \$31,703.14 in unapproved expenditures must be specifically ratified by ANC 6A Commissioners, and the approval recorded in the ANC's minutes. The ANC's treasurer and chairperson must present the expenditures in question to the Commission in a public meeting for ratification within 60 days of the date of this report. Failure to do so will result in the disallowance of the entire \$31,703.14 in expenditures from the ANC's future quarterly allotments.
3. ANC 6A's treasurer must develop and maintain a voucher package for each disbursement as recommended by the Auditor's Financial Management Guidelines for ANCs. The voucher package must be maintained in the ANC's office files for a period of not less than five years.
4. ANC 6A's treasurer must maintain documentation, including voucher packages, in the ANC's files to support all ANC 6A disbursements. The documentation must include invoices, receipts, bank statements, cancelled checks, executed contracts, grant request letters, and other relevant financial records.
5. ANC 6A's secretary must maintain minutes of all ANC 6A public meetings. The minutes must reflect the specific authorization of each ANC expenditure and/or the approval of a spending plan or budget each fiscal year for ongoing operating expenses such as rent, utilities, telephone service, and equipment leases.
6. ANC 6A's next quarterly allotment will be reduced by \$124.26 because the expenditure by ANC 6A's treasurer and chairperson for flowers served no legitimate public purpose and did not benefit the residents within ANC 6A's Commission area.

**ANC 6A DID NOT COMPLY WITH THE ANC LAW AND ANC FINANCIAL MANAGEMENT GUIDELINES FOR ISSUING AND ACCOUNTING FOR ALL PRE-NUMBERED CHECKS**

**ANC 6A Did Not Issue Checks in Consecutive Order**

D.C. Code, Section 1-309.13(f), requires that all ANC checks be issued in consecutive order. Also, the ANC Financial Management Guidelines state that: "...All checks should be issued by the ANC in consecutive order on pre-numbered checks..."

During fiscal year 2001, Advisory Neighborhood Commission 6A's treasurer did not comply with the ANC Law or the ANC Financial Management Guidelines with regard to issuing checks in consecutive order. The Auditor could not account for 15 checks that were not present within the canceled checks or other records reviewed by the audit team. The Auditor's review determined that, at the time of our field work, the 15 checks had not been presented to ANC 6A's bank. Further, the checks in question were not present in the ANC's checkbook as unissued or voided checks. The Auditor could not determine from a review of the bank statements or other available records whether ANC 6A's chairman or vice-chairman had requested the ANC's bank to stop payment on the checks.

At the time of our field work, the former chairperson and treasurer believed that the checks in question were voided and had not been issued. However, they could not be absolutely certain of the status of the checks because a significant number of ANC 6A's books, financial records and supporting documentation for the last quarter of fiscal year 1998 and all of fiscal years 1999, 2000 and 2001 could not be located. ANC 6A's former chairperson indicated that the Commission planned to establish a new checking account for fiscal year 2002. The Auditor had to obtain copies of bank records from ANC 6A's banking institution in order to complete the audit.

On September 14, 2001, the Auditor requested ANC 6A to turn over its checkbook to the Office of the District of Columbia Auditor. This action was necessary because, despite repeated requests to do so, ANC 6A had not provided for the Auditor's review the first, second, and third quarter financial reports for fiscal year 2001. As a consequence of not providing quarterly financial reports to the Auditor, ANC 6A was not in compliance with the ANC Law. The Auditor currently has ANC 6A's checkbook.

### **ANC 6A Did Not Retain All Voided Checks**

ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor state the following with regard to voided or spoiled checks:

“Voided or spoiled checks should be mutilated to preclude subsequent use. These checks must be securely maintained in the ANC’s files for the purpose of accounting for all consecutively numbered checks belonging to the ANC.”

During fiscal years 1999 and 2000, ANC 6A’s treasurer did not comply with the ANC Financial Management Guidelines recommended by the Office of the District of Columbia Auditor with regard to retaining all voided or spoiled checks. The Auditor could not account for 10 checks that were indicated as voided by ANC 6A’s treasurer in quarterly financial reports submitted for the Auditor’s review. The aforementioned voided checks were not present in the ANC’s checkbook, canceled checks, and other records reviewed by the Auditor and apparently had not been issued or presented to ANC 6A’s bank.

### **ANC 6A Issued a Check Payable to Cash**

ANC 6A’s treasurer and vice-chairperson issued check number 1688 on June 16, 2000 for \$669.37 payable to “cash”. A copy of the cancelled check and the quarterly financial report indicated that this check was issued to pay for ANC 6A’s copier service maintenance/warranty contract, which was overdue according to ANC 6A financial records. The check was cashed by ANC 6A’s treasurer. The treasurer then apparently purchased a cashiers check for \$659.37 (plus a \$10 service fee to equal the issued check amount of \$669.37) payable to Bank One. According to the former chairperson of ANC 6A, in order to purchase the maintenance and warranty contract for the copier, the cashiers check was necessary because the invoice was severely overdue. This justification did not free the ANC’s officers of their responsibility to comply with D.C. Code, Section 1-309.13(f), which requires that no check may be made payable to “cash”. Further, the ANC Financial Management Guidelines issued by the Office of the District of Columbia Auditor also state that:

The practice of writing checks to “Cash” or “Bearer” is prohibited.

## **RECOMMENDATIONS**

1. All disbursements of ANC 6A funds must be made on pre-numbered checks.
2. All voided or spoiled checks must be retained by the treasurer for at least five years for the purpose of accounting for all pre-numbered checks.
3. In order to ensure that unaccounted for checks are not charged to the ANC's account, the current treasurer and chairperson should immediately place a stop payment order on these checks or close the existing checking account and open a new account.
4. ANC 6A officers must not issue any ANC checks made payable to "cash" or "bearer". This practice is strictly prohibited.

## **ANC 6A COMPLIED WITH THE ANC LAW AND PROCEDURES GOVERNING GRANT DISBURSEMENTS**

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. During the audit period, the ANC Law required that the grant application must 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 funds, if any.

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

...A grant may not be awarded unless the grant is awarded pursuant to a vote of the Commission at a public meeting following the public presentation of the grant request...

Additionally, D.C. Code, Section 1-309.13(m)(3) states, in relevant part, the following:

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...

Table III presents grants awarded by ANC 6A during the audit period.

**TABLE III**  
**ANC 6A Grant Expenditures**

Check #	Amount	Date Issued	Payee	Approved in Public Meeting
1699	\$1,850	7/10/2000	Rogers Athletic Equipment	Yes
1707	\$650	7/7/2000	Football America	Yes

Source: ANC 6A check book, cancelled checks, bank statements and quarterly financial reports

The grants complied with the ANC Law in that they were presented to the Commission at a public meeting of the Commission, awarded pursuant to a vote of the Commission at the public meeting, met the public benefit criteria of the ANC Law, and the grant recipients supported the use of funds with receipts and other relevant documentation.

**ANC 6A FAILED TO SUBMIT TO THE OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR FISCAL YEAR 2001 FIRST AND FOURTH QUARTER 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 6A has not complied with D.C. Code, Section 1-309.13(j)(1), with regard to filing its first and fourth quarter fiscal year 2001 financial reports, which were due March 1, 2001, and December 1, 2001, respectively. The fiscal year 2001 second and third quarter financial reports were received by the Auditor on July 24, 2001. The second quarter report was approximately

five months late. The fiscal year 2001 first and fourth quarter financial reports had not been received by the District of Columbia Auditor as of the date of this report.

No quarterly allotments have been, or will be, authorized for release to ANC 6A until all outstanding quarterly financial reports are received, reviewed and approved by the Auditor.

### **RECOMMENDATION**

ANC 6A immediately comply with the quarterly financial reporting requirement of D.C. Code, Section 1-309.13(j), as amended.

### **CONCLUSION**

As a result of the examination of ANC 6A's books and records, the Auditor determined that ANC 6A was not in substantial compliance with relevant provisions of the Advisory Neighborhood Commissions Act of 1975, as amended, and the Financial Management Guidelines issued by the Office of the District of Columbia Auditor.

During fiscal years 1999 and 2000, ANC 6A held the minimum nine public meetings required by D.C. Code, Section 1-309.11(b)(1). During fiscal year 2001, ANC 6A did not hold the minimum nine public meetings per year required by D.C. Code, Section 1-309.11(b)(1). ANC 6A did not comply with the record keeping provisions of the Financial Management Guidelines issued by the Office of the District of Columbia Auditor. The Auditor also found that ANC 6A did not ensure that: (1) all disbursements were specifically approved by a majority of ANC 6A Commissioners in a public meeting before the funds were disbursed; and (2) failed to record the Commission's approval of disbursements in the Commission's minutes.

Further, the fiscal year 2001 first and fourth quarter financial reports, which were due on March 1, 2001, and December 1 2001, respectively, have not been submitted to the Auditor as of the date of this report. As a result of the Commission's failure to file the first and fourth quarter financial reports for fiscal year 2001, no further quarterly allotments have been, or will be, approved until all outstanding quarterly financial reports are submitted to, reviewed, and approved by the D.C. Auditor.

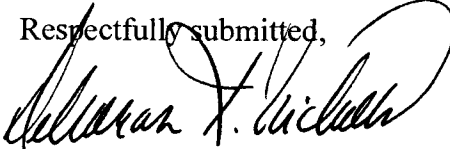
ANC 6A's record keeping measures were wholly inadequate. As a consequence, the ANC lacked the necessary supporting documentation to ensure that \$26,501.56, or 44%, of its disbursements were properly justified, approved, and supported by adequate documentation. In

addition, \$31,703.14 in disbursements were made without the specific authorization of the Commission and were not recorded in the minutes of the ANC's public meetings. As a result of these deficiencies, the Auditor recommends that the treasurer or chairperson present the expenditures to the Commissioners for ratification within 60 days of the date of this report or the expenditures will be disallowed from the ANC's future quarterly allotments. Also, the Commission must establish an effective accounting and record keeping system and ensure that records are properly secured, made accessible for Commissioners' review, and retained for a minimum of five years. The Auditor also recommends that ANC 6A's next quarterly allotment be reduced by \$124.26 as a result of the inappropriate disbursement of public funds for the purchase of flowers.

ANC 6A did not comply with the ANC Law and Financial Management Guidelines issued by the Office of the District of Columbia Auditor for maintaining its checkbook during the audit period. Checks were not issued in consecutive order, and voided or spoiled checks were not retained in the ANC's records.

Pursuant to D.C. Code, Section 1-309.13(d)(3), ANC 6A must respond in writing to each of the alleged infractions detailed herein within 90 days of the date of this report. If no response is received within that time, all future quarterly allotments will be withheld until a response is filed.

The Auditor will conduct a follow-up audit of ANC 6A's financial operations within 120 days of this report to determine the implementation status of recommendations made herein.

Respectfully submitted,  
  
Deborah K. Nichols  
District of Columbia Auditor