



Office of the District of Columbia Auditor

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**Audit of the Accounts and Operations
of ANC 2D for Fiscal Years 2009
Through 2011**

September 26, 2012

Audit Team:

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A Report by the Office of the D.C. Auditor

Yolanda Branche, D.C. Auditor

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Acknowledgement

For their time, information, insight, and cooperation during the audit process, we want to thank the Advisory Neighborhood Commission (ANC) 2D Commissioners. Additionally, we are grateful to ANC 2D grant recipients for their assistance in providing information to aid the audit process.

Executive Summary

D.C. Code §1-309.02 (2012 ed.) provides for the establishment of District of Columbia Advisory Neighborhood Commission areas. D.C. Code §1-309.03 (2012 ed.) provides that the Council of the District of Columbia shall, by act, establish single-member districts for each of the neighborhood Commission areas.

The ANCs are empowered to advise the District government on matters of public policy, to include decisions relating to planning, streets, recreation, social service programs, sanitation, health, and safety in the respective Commission areas.

Advisory Neighborhood Commission (ANC) 2D is located in Ward 2 and is comprised of two single-member districts (SMDs). For the audit period, ANC 2D had only two Commissioners therefore each Commissioner occupied multiple offices. The Chairperson also served as the Secretary and the Vice Chairperson also served as the Treasurer. The officers remained the same for FY 2009 and FY 2010 and the 1st quarter of FY 2011. Two new ANC 2D Commissioners were elected for 2011. The two new Commissioners replaced the former Commissioners.¹ In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

The objective of this audit was to determine whether ANC 2D Commissioners administered and operated ANC 2D's financial accounts in accordance with applicable District laws and regulations.

The following are key findings from the audit:

1. ANC 2D did not document that the required number of public meetings were held in calendar years 2009 and 2010.
2. ANC 2D did not develop an annual fiscal year spending plan budget for fiscal year (FY) 2009 or FY 2010.
3. ANC 2D failed to participate in the ANC Security Fund or maintain a cash or surety bond in calendar year 2010.

¹ In FY 2009 (October 1, 2008 through September 30, 2009), the Chairperson also served as the Secretary of ANC 2D and the Vice Chairperson also served as the Treasurer. In FY 2010 (October 1, 2009 through September 30, 2010) and the 1st quarter of FY 2011 (October 1, 2010 through December 31, 2010) the same persons that served in FY 2009 continued to serve as Chairperson and Secretary and Vice Chairperson and Treasurer. For 2011, new ANC 2D Commissioners were elected. The new Commissioners replaced the former Commissioners. In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

4. ANC 2D failed to file Quarterly Financial Reports by the due dates.
5. ANC 2D's Treasurer did not properly manage ANC 2D's bank account.
6. ANC 2D failed to properly award grants.
7. ANC 2D did not adequately monitor grants awarded between FY 2009 and FY 2011.
8. ANC 2D did not properly approve FY 2009 and FY 2010 personal service expenditures.
9. ANC 2D's by-laws were not updated.

To address the key audit findings, we recommend the following:

1. ANC 2D's Commissioners/officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year.
2. ANC 2D's Commissioners/officers must continue to take steps to ensure that a written record is prepared and maintained in ANC 2D's files of all public meetings.
3. ANC 2D's Commissioners/officers must continue to comply with D.C. Code § 1-309.10(n) (2012 ed.), by developing an annual fiscal year spending plan budget for each upcoming fiscal year and present the spending plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.
4. ANC 2D's Treasurer and Chairperson must continue to take steps to file a cash or surety bond each year or participate in the ANC Security Fund.
5. ANC 2D's Treasurer should take steps to ensure that ANC 2D's quarterly financial reports are accurate and are filed by required due dates.
6. The ANC 2D Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and ensure that the bank statement and the reconciliation are reviewed and initialed by the Chairperson or Vice-Chairperson.
7. ANC 2D Commissioners/officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) (2012 ed.) when awarding grants.
8. ANC 2D's Commissioners/officers must continue to comply with D.C. Code § 1-309.13(f) (2012 ed.) by ensuring that all ANC checks contain two authorized signatures.
9. Pursuant to D.C. Code § 1-309.13 (f) (1) (2012 ed.), ANC 2D Commissioners must continue to formally document the Commission's approval of all disbursements prior to making disbursements.

10. ANC 2D Commissioners must refrain from voting on grant requests where any appearance of impropriety or any conflict of interest can or does exist.
11. ANC 2D Commissioners/officers should ensure that grantees submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded.
12. ANC 2D's Commissioners/officers must continue to take steps to ensure that any personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in the ANC 2D files.

We found that ANC 2D's officers in 2009 and 2010 could not document that the required number of public ANC meetings were held. Based on our review of meeting minutes, we determined that six meetings were held in 2009 and eight were held in 2010. The officers for FYs 2009 and 2010 did not establish spending plan budgets for FYs 2009 and 2010 and did not participate in the ANC Security Fund in 2010. The ANC Security Fund mitigates the ANC against misappropriation and negligent losses of funds by the ANC Chairperson or Treasurer.

We further found that during 2011, ANC 2D's compliance with the ANC regulations improved. The ANC held the required number of meetings, established a spending plan budget and participated in the ANC Security Fund. Additionally all of the grants awarded in 2011 were approved by the Commission in a public meeting.

ANC 2D filed the required 12 Quarterly Financial Reports with the Auditor for FY 2009 through FY 2011. However, of the twelve Quarterly Financial Reports ANC 2D filed, only one report was filed by the required due date. ANC 2D submitted 11 quarterly reports from 3 days to 222 days after the required due dates.

Finally improvement is needed in the award and monitoring of grants. ANC 2D did not obtain supporting documentation from ten of the eleven grant recipients within 60 days of the grant award. Grant applications for six grants awarded during the audit period were not available in ANC 2D's files. We were able to obtain copies of three of the six missing applications directly from the grantees. However, the ANC should ensure that the applications are maintained in ANC 2D's files.

CONCLUSION

During the audit period, the officers of ANC 2D remained the same for FY 2009, FY 2010 and the 1st quarter of FY 2011. The Chairperson, Vice Chairperson, Secretary and Treasurer retained the same offices. Two new ANC 2D Commissioners were elected for 2011. The two new Commissioners replaced the former Commissioners. In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

We determined that the 2011 officers of ANC 2D made improvements in the operation of the ANC by improving compliance with regulations and by establishing grant guidelines. We look forward to the continued efforts of the officers of ANC 2D to consistently and properly comply with all rules, regulations and laws pertaining to the operation and financial management of Advisory Neighborhood Commission 2D.

Introduction

Pursuant to D.C. Code §1-309.13(d)(2) (2012 ed.), the District of Columbia Auditor (Auditor) conducted a discretionary audit of the financial accounts of the Advisory Neighborhood Commission (ANC) 2D.²

Objective, Scope, and Methodology

The audit objective was to determine whether ANC 2D Commissioners administered and operated ANC 2D's financial accounts in accordance with applicable District laws and regulations.

Audit Scope

The audit period covered Fiscal Years (FY) 2009 through 2011 (October 1, 2008 through September 30, 2011).

Audit Methodology

To accomplish our audit objective, we performed the following:

- examined canceled checks, bank statements, quarterly financial reports, meeting minutes, receipts and invoices, grant applications, and ANC 2D's bylaws;
- interviewed ANC 2D Commissioners, officers and grant recipients;
- conducted site visits to entities that were awarded grants during the audit period; and
- reviewed applicable laws.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

² D.C. Code §1-309.13(d)(2) (2012 ed.), provides that "[t]he Auditor may audit the financial accounts of a Commission, at the discretion of the Auditor . . ."

Background

ANC Establishment and Background – D.C. Code §1-309.02 (2012 ed.) provides for the establishment of District of Columbia Advisory Neighborhood Commission areas. D.C. Code §1-309.03 (2012 ed.) provides that the Council of the District of Columbia shall, by act, establish single-member districts for each of the neighborhood Commission areas.³

The ANCs are empowered to advise the District government on matters of public policy, to include decisions relating to planning, streets, recreation, social service programs, sanitation, health, and safety in the respective Commission areas.

Currently, there are 37 ANCs that are comprised of 286 Single Member Districts (SMD).⁴ Each SMD has a population of approximately 2,000 residents and is represented by an elected ANC Commissioner. ANCs range in size from 2 to 12 SMDs depending on the size of the Commission area.

The District government appropriates funds each year to the ANCs. In FY 2009, FY 2010 and FY 2011, the District's total appropriation to ANCs was: \$850,818 in FY 2009, \$785,216 in FY 2010 and \$683,571.60 in FY 2011.

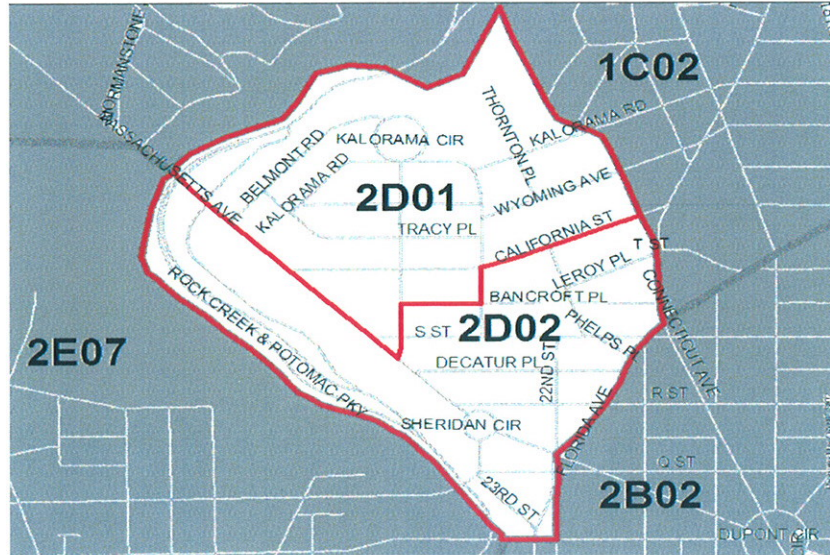
ANC Guidance - The Advisory Neighborhood Commissions Act of 1975, as amended, Suggested Financial Management Guidelines established by the District of Columbia Auditor, written opinions issued by the District's Office of Attorney General (OAG) and the Office of Advisory Neighborhood Commissions provide operational and administrative guidance to ANCs in carrying out their respective functions. The OAG's opinions address common ANC concerns, frequently asked questions, and issues requiring legal review or clarification of ANC laws.

³ District of Columbia Code, § 1-309.02 (2012 ed.) provides that: "there are hereby established in the District of Columbia Advisory Neighborhood Commission areas, the boundaries of which shall be as depicted on the maps of the District of Columbia annexed to and made a part of this part."

⁴ District of Columbia Code, § 1-309.03 (2012 ed.) provides that: "[t]he Council shall, by act, establish single-member districts for each of the neighborhood commission areas. Each single-member district shall have a population of approximately 2,000 people, and shall be as nearly equal as possible. The boundaries of the single-member districts shall conform to the greatest extent possible with the boundaries of the census blocks which are established by the United States Bureau of the Census."

ANC 2D Profile - ANC 2D is located in Ward 2. ANC 2D is comprised of two SMDs and has two Commissioners. Figure 1 presents a map of the ANC 2D boundaries.

Figure 1: ANC 2D boundaries



Source: ANC2D.org

For the audit period, ANC 2D had only two Commissioners therefore each Commissioner occupied multiple offices. ANC 2D's Chairperson also served as the Secretary. ANC 2D's Vice-Chairperson also served as the Treasurer. The officers remained the same for FY 2009 and FY 2010 and the 1st quarter of FY 2011. The Chairperson, Vice Chairperson, Secretary and Treasurer retained the same offices. Two new ANC 2D Commissioners were elected for 2011. The two new Commissioners replaced the former Commissioners.⁵ In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

ANC 2D Allocation and Quarterly Allotments - ANC 2D's total annual funding for FYs 2009 through 2011 was \$10,438.38⁶ (\$3,828.80 in FY 2009, \$3,533.50 in FY 2010, and \$3,076.08 in FY 2011). Each ANC's annual allocation is released in quarterly allotments.

⁵ In FY 2009 (October 1, 2008 through September 30, 2009), the Chairperson also served as the Secretary of ANC 2D and the Vice Chairperson also served as the Treasurer. In FY 2010 (October 1, 2009 through September 30, 2010) and the 1st quarter of FY 2011 (October 1, 2010 through December 31, 2010) the same persons that served in FY 2009 continued to serve as Chairperson and Secretary and Vice Chairperson and Treasurer. For 2011, new ANC 2D Commissioners were elected. The new Commissioners replaced the former Commissioners. In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

⁶ ANC 2D had a checking account balance of \$2,183.79 in FY 2009.

However, for FY 2009 through FY 2011, ANC 2D only received allotments totaling \$6,276.70 (\$1,314.40 in FY 2009, \$3,212.18 in FY 2010 and \$1,750.12 in FY 2011). ANC 2D received \$4,161.68 less than its total funding due to ANC 2D's failure to submit required documentation and ANC 2D's Quarterly Financial Report was submitted to the Auditor ten months and 21 days after the required due date.

ANC 2D's Disbursements - As of September 30, 2011, ANC 2D had a checking account balance of \$1,757.63. ANC 2D did not maintain a petty cash fund or a savings account for the audit period. According to ANC 2D's quarterly reports, ANC 2D disbursed a total of \$7,227.86 between FY 2009 and FY 2011. Table I summarizes, by category, the disbursements ANC 2D reported between FY 2009 and FY 2011, including bank service charges. However, two checks, one for a \$500 grant and another check for \$25 for the ANC Security Fund were never cashed. Therefore, only \$6,702.86 actually cleared ANC 2D's bank account.

Table I - Summary of ANC 2D's Disbursements Between FYs 2009 and 2011

Disbursement Category	FY2009	FY2010	FY2011	Grand Total
Net Salaries & Wages	0.00	0.00	0.00	0.00
Workers Compensation	0.00	0.00	0.00	0.00
Federal Wage Taxes Paid	0.00	0.00	0.00	0.00
Local Income Taxes Paid	0.00	0.00	0.00	0.00
Tax Penalties Paid	0.00	0.00	0.00	0.00
Local Transportation	0.00	0.00	0.00	0.00
Office Rent	0.00	0.00	0.00	0.00
Telephone Service	0.00	0.00	0.00	0.00
Postage and Delivery	0.00	0.00	0.00	0.00
Utilities	0.00	0.00	0.00	0.00
Printing & Duplicating	0.00	0.00	0.00	0.00
Flyer Distribution	0.00	0.00	0.00	0.00
Purchase of Service ⁷	300.00	150.00	0.00	450.00
Office Supplies & Expenses	0.00	0.00	0.00	0.00
Office Equipment - Rental	0.00	0.00	0.00	0.00
Office Equipment - Purchase	0.00	0.00	0.00	0.00
Grants	0.00	3,000.00	3,000.00	6,000.00
Petty Cash Reimbursement	0.00	0.00	0.00	0.00
Bank Service Charges Charges/Refund	176.47	290.03	261.36	727.86
Other ⁸	25.00	0.00	25.00	50.00
Total Disbursements	\$ 501.47	\$ 3,440.03	\$ 3, 286.36	\$ 7,227.86

Source: ANC 2D's quarterly financial reports, check stubs and bank statements.

ANC 2D Grant Awards - ANC 2D awarded 12 grants totaling \$6,000 to seven different entities between FY 2009 and FY 2011. However, one of the grant recipients, *Views from Sheridan Kalorama*, misplaced the original \$500 grant check that was awarded in July 2011. ANC 2D did not issue a replacement check for the grant amount. Therefore, ANC 2D only disbursed \$5,500 for 11 grants between FY 2009 and FY 2011. Table II presents a list of ANC 2D's grants awarded between FY 2009 and FY 2011.

⁷ Purchase of service represents fixed amounts paid for services rendered to the ANC under contract or other written agreement.

⁸ Other represents all other payments disbursed during the quarter. The ANC is to provide detailed explanation and supporting documentation.

Table II - ANC 2D Grants Awarded Between FY 2009 and FY 2011

No.	Name of Grantee	Check Date	Grant Amount
1	Argyle House	7/29/2010	\$500.00
2	Language ETC	12/15/2009	\$500.00
3	Language ETC	7/1/2011	\$500.00
4	Restore Mass Ave	7/29/2010	\$500.00
5	Sheridan-Kalorama Call Box	1/11/2010	\$500.00
6	Sheridan-Kalorama Call Box	7/1/2011	\$500.00
7	Spanish Steps	12/15/2009	\$500.00
8	Spanish Steps	12/30/2010	\$500.00
9	Spanish Steps	7/1/2011	\$500.00
10	Textile Museum	7/1/2011	\$500.00
11	Views from Sheridan Kalorama	7/29/2010	\$500.00
12	Views from Sheridan Kalorama*	7/1/2011	\$500.00
Total			\$6,000.00

Source: ANC 2D quarterly financial reports.

*Check was never cashed therefore no ANC 2D funds were disbursed.

Findings and Recommendations

ANC 2D DID NOT DOCUMENT THAT THE REQUIRED NUMBER OF PUBLIC MEETINGS WERE HELD IN CALENDAR YEARS 2009 AND 2010

D.C. Code § 1-309.11(b)(1) (2012 ed.) provides that “[e]ach Commission shall meet in public session at regular intervals at least nine times per year . . .”

We reviewed the public meeting minutes for ANC 2D for calendar years 2009, 2010 and 2011 and determined that ANC 2D held six meetings in 2009, eight meetings in 2010 and nine meetings in 2011.

The ANC 2D Treasurer for 2009 and 2010, stated that ANC 2D held nine public meetings in calendar years 2009 and 2010 and that the only months in which the ANC did not hold public meetings were July, August and December of 2009 and 2010. However, ANC 2D’s Treasurer for 2009 and 2010 could not provide any documentation to verify that the required nine public meetings were held in calendar years 2009 and 2010.

D.C. Code § 1-309.11(b)(3) (2012 ed.) provides that Commission meetings should be held “. . . to hear the views of residents within the Commission area and other affected persons on problems or issues of concern within the Commission area and on proposed District government actions that affect the Commission area.”

ANC 2D could not document that ANC 2D actually held the required public meetings in calendar years 2009 and 2010. Consequently, there is no documentation to verify that the residents of ANC 2D and other stakeholders had an opportunity to express their views on problems or issues that occurred in calendar years 2009 and 2010.

Recommendations

1. ANC 2D’s Commissioners/officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year.
2. ANC 2D’s Commissioners/officers must continue to take steps to ensure that a written record is prepared and maintained in ANC 2D’s files of all public meetings.

ANC 2D DID NOT DEVELOP AN ANNUAL FISCAL YEAR SPENDING PLAN BUDGET FOR FY 2009 or FY 2010

D.C. Code § 1-309.10(n) (2012 ed.) provides that:

Each Commission shall develop an annual fiscal year spending plan budget for the upcoming fiscal year within 60 days of notification of the amount of the Commission's annual allotment. 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.

ANC 2D developed a 2011 Annual Fiscal Year Spending Plan Budget (Plan). However, in FY 2009, ANC 2D disbursed \$325 (excluding bank service charges) without a FY 2009 Plan and in FY 2010, ANC 2D disbursed \$3,150 (excluding bank service charges) without a FY 2010 Plan.

As a result of ANC 2D's failure to develop Plans in FY 2009 and FY 2010, ANC 2D residents did not have an opportunity to comment on the Plans. Further, ANC 2D's failure to develop Spending Plan Budgets for FY 2009 and FY 2010 resulted in a lack of transparency and accountability.

Recommendation

3. ANC 2D's Commissioners/officers must continue to comply with D.C. Code § 1-309.10(n) (2012 ed.), by developing an annual fiscal year spending plan budget for each upcoming fiscal year and present the Plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.

ANC 2D FAILED TO PARTICIPATE IN THE ANC SECURITY FUND OR MAINTAIN A CASH OR SURETY BOND IN CALENDAR YEAR 2010

In pertinent part, D.C. Code § 1-309.13 (c) (2012 ed.) provides that:

The treasurer and Chairperson shall file with the Auditor and maintain in force during their occupancy of their respective offices, a cash or surety bond in an amount and on a form satisfactory to the Auditor. Participation by a Commission in the Advisory Neighborhood Commission Security Fund established by § 1-309.14 shall satisfy the requirement of a cash or surety Bond . . . ”

The ANC Security Fund (Fund) mitigates the ANC against misappropriation and negligent losses of funds by the ANC Chairperson or Treasurer.

ANC 2D participated in the Fund in calendar years 2009 and 2011. However, in calendar year 2010 ANC 2D did not file a cash or surety bond or participate in the Fund.

D.C. Code § 1-309.13(c) (2012 ed.) states that, “no expenditure shall be made by a Commission during a vacancy in the office of treasurer or at any time when a current and accurate statement and bond or its equivalent are not on file with the Auditor.” As such, in 2010, ANC 2D should not have made any expenditures because neither the Treasurer nor Chairperson satisfied the requirements of D.C. Code § 1-309.13 (c) (2012 ed.). However, in calendar year 2010, ANC 2D disbursed \$2,650 (excluding bank service charges).

As a result of the failure of ANC 2D’s Treasurer and Chairperson to file a cash or surety bond or participate in the Fund in 2010, ANC 2D’s funds were not properly secured against possible misappropriation and negligent losses.

Recommendation

4. ANC 2D’s Treasurer and Chairperson must continue to file a cash or surety bond each year or participate in the ANC Security Fund.

ANC 2D FAILED TO FILE QUARTERLY FINANCIAL REPORTS BY THE DUE DATES

In pertinent part, D.C. Code § 1-309.13 (j)(1) (2012 ed.) provides that:

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 Chairman, the Secretary, and the treasurer, shall be filed, along with a record of the vote adopting the report, with the District of Columbia Auditor within 15 days of approval.

Quarterly Report Commission Approval - ANC 2D's meeting minutes did not provide that four FY 2009 Quarterly Financial Reports and two FY 2010 Quarterly Financial Reports were properly presented to and approved by ANC 2D. According to ANC 2D meeting minutes, ANC 2D presented and received the required approval for two of four ANC 2D FY 2010 Quarterly Financial Reports and all four of ANC 2D FY 2011 Quarterly Financial Reports. Table III presents ANC 2D's approval of Quarterly Financial Reports for FY 2009 through FY 2011.

ANC Officers' Certification - ANC 2D Chairman/Secretary did not properly sign or certify three Quarterly Financial Reports during the audit period. The Reports were for the 4th quarter of 2009 and the 1st and 2nd quarters of 2010. Specifically, we determined that the reports for the three quarters were only signed by the Treasurer and did not contain the Secretary's certification that the reports had been approved by a majority of the Commissioners during a public meeting in which there was a quorum. Table III presents ANC 2D's Certification of Quarterly Financial Reports for FY 2009 through FY 2011.

Late Quarterly Report Submission - Pursuant to D.C. Code § 1-309.13 (j)(1) (2012 ed.), ANC 2D failed to file Quarterly Financial Reports by the due dates. Table III presents ANC 2D's submission of Quarterly Financial Reports for FY 2009 through FY 2011.

Table III ANC 2D's Quarterly Financial Report Submissions for FY 2009 through FY 2011

Quarter & Year	Reported Months	Due Date	Date Received	Days Past Due	Minutes Documenting Approval by ANC	Secretary's Certification
1 st Qtr.09	10/1/2008 – 12/31/2008	3/1/09	4/21/09	51	No	Yes
2 nd Qtr.09	1/1/2009 – 3/31/2009	5/30/09	9/24/09	117	No	Yes
3 rd Qtr.09	4/1/2009 – 6/30/2009	8/29/09	8/18/09	0	No	Yes
4 th Qtr.09	7/1/2009 – 9/30/2009	11/29/09	6/2/10	185	No	No
1 st Qtr.10	10/1/2009 – 12/31/2009	3/1/10	6/2/10	93	No	No
2 nd Qtr.10	1/1/2010 – 3/31/2010	5/30/10	6/2/10	3	No	No
3 rd Qtr.10	4/1/2010 – 6/30/2010	8/29/10	4/8/11	222	Yes	Yes
4 th Qtr.10	7/1/2010 – 9/30/2010	11/29/10	4/8/11	130	Yes	Yes
1 st Qtr.11	10/1/2010 – 12/31/2010	3/1/11	4/8/11	38	Yes	Yes
2 nd Qtr.11	1/1/2011 – 3/31/2011	5/30/11	6/30/11	31	Yes	Yes
3 rd Qtr.11	4/1/2011 – 6/30/2011	8/29/11	9/16/11	18	Yes	Yes
4 th Qtr.11	7/1/2011 – 9/30/2011	11/29/11	1/10/12	42	Yes	Yes

Source: ANC 2D meeting minutes, quarterly financial reports and the ODCA ANC quarterly financial report submission schedule.

ANC 2D filed the required 12 Quarterly Financial Reports with the Auditor for FY 2009 through FY 2011. However, of the twelve Quarterly Financial Reports ANC 2D filed, only one report was filed by the required due date. ANC 2D submitted 11 quarterly reports from 3 days to 222 days after the required due dates.

ANC 2D's Treasurer for FY 2009 and FY 2010 and the 1st quarter of FY 2011 stated that she traveled frequently and as a result ANC 2D failed to file Quarterly Financial Reports by the required due dates. ANC 2D's 2011 Treasurer stated that in some instances the ANC encountered a delay in filing reports because of the ANC's attempts to obtain supporting documentation from grantees. Supporting documentation was required to be filed with the quarterly reports.

D.C. Code, § 1-309.13 (j)(2) (2012 ed.) states that “[n]o quarterly allotment shall be forwarded to a Commission until all reports of financial activity for the quarters preceding the immediate previous quarter are approved by the Auditor”

The failure of ANC 2D to file Quarterly Financial Reports by the due dates prevented the Auditor from performing a timely review of ANC 2D's financial transactions and approving the release of ANC 2D's quarterly allotments. For example, ANC 2D issued checks totaling \$300 in the fourth quarter of FY 2009; however, ANC 2D submitted the corresponding Quarterly Financial Report 185 days after the required date. Further, the late submission of Quarterly Financial Reports hampered the ability of the Auditor to promptly detect and prevent fraud that may occur.

Errors in Quarterly Financial Reports - During our review of ANC 2D's Quarterly Financial Reports we determined that reports for the 4th quarter of FY 2009, and the 1st and 2nd quarters of FY 2010 improperly reported incorrect amounts for bank service charges.

Recommendation

5. ANC 2D's Treasurer should take steps to ensure that ANC 2D's quarterly financial reports are accurate and are filed by required due dates.

ANC 2D's TREASURER DID NOT PROPERLY MANAGE ANC 2D'S BANK ACCOUNT

The Auditor's Suggested ANC Financial Management Guidelines provides that the ANC Treasurer should reconcile the bank statement to the checkbook within 15 days of receipt of the bank statement. Additionally, the guidelines provide that the bank statement and the reconciliation should be reviewed by the Chairperson or Vice-Chairperson of the ANC who should indicate their review by initialing the reconciliation and bank statement.

We reviewed ANC 2D's bank statements, checkbook stubs and related documents submitted by ANC 2D officers. ANC 2D could not provide documentation to verify that ANC 2D's Treasurers for FYs 2009, 2010, and 2011 performed a monthly reconciliation of the bank statements to the checkbook.

ANC 2D's Treasurer for 2011 stated that he reviewed the bank statement each month. However, ANC 2D's 2011 Treasurer did not prepare a written reconciliation because of the small number of checks the ANC issued each month. ANC 2D did not document that the ANC 2D's Chairperson reviewed ANC 2D's bank statements.

ANC 2D's failure to reconcile bank statements to the checkbook and have the bank statement and the reconciliation reviewed and signed by the ANC Chairperson was inconsistent with ANC Financial Management Guidelines.

Recommendation

6. The ANC 2D Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and ensure that the bank statement and the reconciliation are reviewed and initialed by the Chairperson or Vice-Chairperson.

ANC 2D FAILED TO PROPERLY AWARD GRANTS

We determined that ANC 2D did not comply with District regulations when awarding grants.

To determine whether ANC 2D complied with District regulations and guidelines for awarding and monitoring grants, we interviewed six of the seven grant recipients, conducted site visits to three grant recipients and reviewed grant documents. We found that ANC 2D failed to properly award five grants from FY 2009 to FY 2011.

Grant Award Process – In pertinent part, D.C. Code § 1-309.13(m)(1) (2012 ed.) provides that:

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. A Commission may approve grants only to organizations that are public in nature and benefit persons who reside or work within the Commission area. The services provided by the grantee organization must not be duplicative of any that are already performed by the District government.

Further, D.C. Code § 1-309.13 (m)(2) (2012 ed.) provides that:

“[a]n applicant for a grant must submit an application in writing to the Commission.”

Table IV details deficiencies in ANC 2D's grant award process. Specifically, we found that ANC 2D failed to comply with grant requirements regarding:

- Maintaining copies of grant application in ANC files;
- Grant approval by ANC; and
- Receipts/Statements on grant use.

Table IV – Grant Award and Monitoring Deficiencies

No.	Name of Grantee	Grant Application In File	Grant Application Approved by ANC	Receipts/ Statement on Grant Use Provided
1	Argyle House *	No	No	No
2	Language ETC	Yes	Yes	Yes
3	Language ETC	Yes	Yes	Yes
4	Restore Mass Ave	Yes	Yes	Yes
5	Sheridan-Kalorama Call Box	No	Yes	No
6	Sheridan-Kalorama Call Box	Yes	Yes	Yes
8	Spanish Steps	Yes	Yes	No
9	Spanish Steps	Yes	No	Yes
10	Spanish Steps	Yes	Yes	Yes
11	Textile Museum	Yes	Yes	Yes
12	Views from Sheridan- Kalorama	No	No	No
13	Views from Sheridan- Kalorama	Yes	Yes	N/A

* Argyle House did not respond to the Auditor's requests for an interview. ANC 2D awarded a \$500 grant to Argyle House on July 29, 2010.

Grant Approval by the Commission - ANC 2D did not have documentation to verify that three \$500 grants, awarded in 2010, were approved at public meetings.

Additionally, the check for one of the three grants was only signed by the Treasurer. D.C. Code § 1-309.13(f)(2)(A) (2012 ed.) provides that any expenditure made by check must be signed by at least two officers of the Commission, one of whom shall be the Treasurer or Chairperson. According to the Treasurer, the check contained only one signature because the ANC 2D Chairperson resigned in October 2010. Since ANC 2D only had two Commissioners, there was no other Commissioner to sign the check.

Despite the fact that ANC 2D did not have two Commissioners to sign the check, ANC 2D was required to have checks signed by two Commissioners. Without the requisite number of signatures, the grant should not have been awarded.

Conflict of Interest – In 2011, the ANC 2D Chairperson approved a \$500 grant to an entity for which the ANC 2D Chairperson served as President.

According to the District's conflict of interest laws, ANC officials are subject to the Conflict of Interest Statute. *The Office of Campaign Finance Guide*, provides that a conflict of interest exists when any public official in the discharge of his or her official duties is required to take an action or make a decision that would affect directly or indirectly a member of their household (immediate family member), or a business with which the public official or a member of his or her household is associated. Further, under the law, public officials may not influence or participate in the decision-making process on matters where any conflict of interest can or does exist.

While the law was not amended until after the audit scope, to specifically address non-profit organizations, the conflict of interest laws are relevant.

D.C. Code 1-1106.01(a) (LexisNexis 2012), states: “[E]lective and public office is a public trust” Since ANC Commissioners are entrusted with the stewardship of public funds, the Auditor recommends that all ANC Commissioners strive to increase public trust in ANC operations and avoid any appearance of impropriety. In this case, approval by an ANC Commissioner of a \$500 grant to an organization for which the ANC Commissioner served as President, created the appearance of impropriety and may have decreased public trust in ANC operations.

Recommendations

7. ANC 2D Commissioners/officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) (2012 ed.) when awarding grants.
8. ANC 2D's Commissioners/officers must continue to comply with D.C. Code § 1-309.13(f) (2012 ed.) by ensuring that all ANC checks contain two authorized signatures.

9. Pursuant to D.C. Code § 1-309.13 (f) (1) (2012 ed.), ANC 2D Commissioners must continue to formally document the Commission's approval of all disbursements prior to making disbursements.
10. ANC 2D Commissioners must refrain from voting on grant requests where any conflict of interest can or does exist.

ANC 2D DID NOT ADEQUATELY MONITOR GRANTS AWARDED BETWEEN FY 2009 AND FY 2011⁹

In pertinent part, D.C. Code § 1-309.13 (j)(1) (2012 ed.) provides that:

Each quarterly report shall include copies of canceled 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, the minutes of all meetings indicating the Commission's approval of disbursements during the time period covered by the quarterly report, and certification of the Commission's approval of the quarterly report signed by the Commission's Secretary.

D.C. Code, § 1-309.13 (m)(3) (2012 ed.) provides that, "[w]ithin 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."

We found that:

- ANC 2D did not obtain adequate supporting documentation to support grant expenditures for four of eleven FY 2009 and FY 2010 grant recipients.

Some ANC 2D grant recipients submitted invoices to ANC 2D to support grant expenditures, but did not submit additional supporting documentation, such as: cancelled checks, signed receipts or other documentation to verify that the invoices were paid. Without adequate supporting documentation, ANC 2D could not properly assess whether the grant funds were properly disbursed.

⁹ ANC 2D awarded 12 grants; however, one grant recipient lost the grant check and did not receive a replacement check.

- ANC 2D awarded additional grants to three grantees who failed to comply with requirements for previous grants. For the original grant, grantees did not submit receipts or did not submit receipts within 60 days. Also, one grantee used the grant for a purpose other than the purpose stated in the grant application.
- ANC 2D did not obtain supporting documentation from 10 of 11 grant recipients within 60 days of the grant award. According to the ANC's 2011 Treasurer, each applicant was informed of the 60 day requirement when the grant was awarded.
- ANC 2D could not provide a statement on the use of the grant for four of eleven FY 2009 and FY 2010 grant recipients.

Questioned/Disallowed Cost – ANC 2D did not properly award five grants and failed to provide documentation to support expenditures for four grants. As such, we question whether grant expenditures were accurate and proper. Table V provides the deficiency, justification for questioned or disallowed cost, and the monetary value of the questioned or disallowed cost.

Table V – Questioned and Disallowed Costs*

Audit Issue	Requirement	Questioned Cost	Disallowed Cost
Improper Grant Approval			
ANC 2D's Treasurer issued a check in the amount of \$500 with only one signature.	Two signature requirement	-0-	\$500
Award			
ANC 2D did not have applications for six of twelve (50%) grant awards (five grant awards in FY 2009 and FY 2010 and one in 2011). We obtained three of the six missing grant applications (a FY 2009 and FY 2010 award and the FY 2011 award) from the grant recipients.	Grant application requirement	1,500	-0-
ANC 2D did not have documentation to support that three of the twelve grants (25%), awarded in 2010, were approved at a public meeting. The cost associated with these grants is already included in another disallowed or questioned cost category.	Grant approval requirement	-0-	-0-
In 2011, ANC 2D's Chairperson approved a \$500 grant for an entity for which he was the President.	Conflict of Interest statute	-0-	\$500
Grant Monitoring			
ANC 2D did not obtain receipts to support grant expenditures from four of eleven ANC 2D FY 2009 and FY 2010 grant recipients (approximately 36%). \$1,500 of the cost associated with these grants is already included in another disallowed or questioned cost category.	Grant application requirement	\$500	
Two grants were not used as specified in the grant application.	Grant application requirement	\$1,000	-0-
TOTALS		\$3,000	\$1,000

*Some grants were both a questioned cost and a disallowed cost.

ANC 2D Commissioners did not develop and adopt grant guidelines for awarding and monitoring grants in FY 2009 and FY 2010. In FY 2011 ANC 2D developed guidelines for awarding and monitoring grants.

Recommendation

- ANC 2D Commissioners/officers should ensure that grantees submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded.

ANC 2D DID NOT PROPERLY APPROVE FY 2009 AND FY 2010 PERSONAL SERVICES EXPENDITURES

D.C. Code § 1-309.13(g) (2012 ed.) provides that:

Disbursements of Commission funds exceeding \$50 for personal service expenditures shall be specifically approved by the Commission at a public meeting prior to the disbursement. The approval shall be recorded in the minutes of the Commission meeting. . . . If an expenditure is made without the required authorization of the Commission, the expenditure shall be deemed to be a personal expense of the Commissioner who authorized the payment, unless the Commission subsequently approves the expenditure within 90 days. If the Commission fails to approve the expense within 90 days, the Corporation Counsel, upon notification by the Auditor, shall institute any actions necessary to recover Commission funds. (alteration in original) (D.C. Attorney General substituted for Corporation Counsel).

ANC 2D public meetings minutes for FY 2009 and FY 2010 did not state that ANC 2D approved the hiring of a bookkeeper or a consultant. During FY 2009, ANC 2D paid one individual \$150 and in FY 2010, the same individual was paid \$300. The purpose of the \$300 expenditure, as reflected on the quarterly report check listing was bookkeeping and for the \$150 expenditure, the purpose was consultant services. The invoice submitted by the individual in FY 2009 indicated that the services were for the completion of four quarterly reports including preparation, copying and presentation to the ANC for review and approval. The invoice submitted in FY 2010 was for the same services but for the completion of two reports.

D.C. Code § 1-309.13 (o) (2012 ed.) provides that ANCs shall establish position descriptions for employees that shall, at a minimum, broadly identify the qualifications and duties of the employees. However, ANC 2D could not provide a position description or an executed consultant contract for the individual ANC 2D retained to prepare ANC 2D's Quarterly Financial Reports.

According to ANC 2D's Treasurer, ANC 2D hired the individual prior to FY 2009 and that was the reason the approval was not reflected in the FY 2009 and FY 2010 minutes. However, the Treasurer could not provide any documentation that demonstrated that ANC 2D properly hired the individual as either an employee or as a consultant.

Recommendation

12. ANC 2D's Commissioners/officers must continue to ensure that any personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in the ANC 2D files.

ANC 2D'S BY-LAWS WERE NOT UPDATED

D.C. Code § 1-309.11(d) (2012 ed.) provides that "[e]ach Commission shall establish bylaws governing its operation and internal structure." Further, D.C. Code § 1-309.11(d)(3) (2012 ed.) provides that "[a]n up-to-date copy of each Commission's bylaws and all amendments thereto shall be filed with the Council and the Office of Advisory Neighborhood Commissions within 30 days of any amendment to the bylaws." We obtained a copy of ANC 2D's by-laws from the Office of the Advisory Neighborhood Commissions (Office of the ANCs).

We found that ANC 2D's by-laws referenced ANC 1D and not ANC 2D. According to the Office of ANCs, wards were redistricted in 2001 and the ANCs were redistricted in 2002. Because of the redistricting, ANC 1D became ANC 2D in January 2003. However, ANC 2D failed to adopt new bylaws to reflect the effects of the redistricting until January 23, 2012. January 23, 2012 was outside the scope of our audit. According to ANC 2D's Chairperson, during 2011 the ANC worked to update the bylaws and adopted new bylaws in 2012.

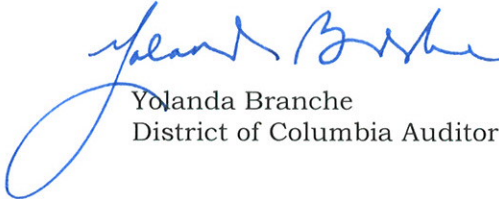
Since ANC 1D exists, ANC 2D's failure to timely amend its by-laws could have resulted in confusion regarding the operation and internal structure of ANC 2D.

Conclusion

During the audit period, the officers of ANC 2D remained the same for FY 2009, FY 2010 and the 1st quarter of FY 2011. The Chairperson, Vice Chairperson, Secretary and Treasurer retained the same offices. Two new ANC 2D Commissioners were elected for 2011. The two new Commissioners replaced the former Commissioners. In January 2011, ANC 2D elected new officers from the newly elected Commissioners.

We determined that the 2011 officers of ANC 2D made improvements in the operation of the ANC by improving compliance with regulations and by establishing grant guidelines. We look forward to the continued efforts of the officers of ANC 2D to consistently and properly comply with all rules, regulations and laws pertaining to the operation and financial management of Advisory Neighborhood Commission 2D.

Sincerely



Yolanda Branche
District of Columbia Auditor

4	ANC 2D failed to file quarterly financial reports by the due dates	ANC 2D's Treasurer should take steps to ensure that ANC 2D's quarterly financial reports are accurate and are filed by required due dates.			X
5	The ANC 2D treasurer did not properly manage ANC 2D's bank account	The ANC 2D Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and ensure that the bank statement and the reconciliation are reviewed and initialed by the Chairperson or Vice-Chairperson.			X
6	ANC 2D failed to properly award grants	ANC 2D Commissioners/officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) (2012 ed.) when awarding grants.			X
7	ANC 2D did not adequately monitor grants awarded between FY 2009 and FY 2011	ANC 2D's Commissioners/officers should require grantees to submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded			X

		<p>ANC 2D's Commissioners/officers must continue to take steps to comply with D.C. Code § 1-309.13(f) (2012 ed.) by ensuring that all ANC checks contain two authorized signatures.</p> <p>Pursuant to D.C. Code § 1-309.13 (f) (1) (2012 ed.), ANC 2D Commissioners must continue to formally document the Commission's approval of all disbursements prior to making disbursements.</p> <p>ANC 2D Commissioners must refrain from voting on grant requests where any appearance of impropriety or any conflict of interest can or does exist.</p>			X
					X
					X
8	ANC 2D did not properly approve FY 2009 and FY 2010 personal service expenditures	<p>ANC 2D's Commissioners/officers must continue to take steps to ensure that personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in the ANC 2D files</p>			X
9	ANC 2D's by-laws were not updated				X

Agency Comments

On September 7, 2012, the Office of the District of Columbia Auditor submitted the draft report titled, "Audit of the Accounts and Operations of ANC 2D for Fiscal Years 2009 Through 2011" for review and comment to ANC 2D's Treasurer and to the Executive Director, Office of the Advisory Neighborhood Commissions (OANC).

The Auditor received written comments from ANC 2D's Treasurer on September 13, 2012 and from the OANC on September 21, 2012. The written comments are attached to this report.

Candace McCrae

From: Eric Lamar [<mailto:ericslamar@gmail.com>]
Sent: Thursday, September 13, 2012 8:40 PM
To: McCrae, Candace (ODCA)
Cc: davidanc2d01@aol.com; Simon, Gottlieb (ANC)
Subject: ANC 2D Comments on Draft Report - Office of the D.C. Auditor

Introduction

This is the ANC's response to the Office of the DC Auditor's Draft Audit.

We note that both of us are unpaid community volunteers; that the ANC has no paid staff or administrative support; virtually all revenue is expended for community grants and that approximately ten checks are written each year.

The audit covers a time period which extends over two sets of commission members. Many of the draft recommendations concern wholly or in part the prior commissioners. As a result, a recommendation suggests a corrective action which has already been taken by the current commissioners. This applies to recommendations one, two, three, four, seven, eight, nine, ten, eleven, and twelve.

The effect of including recommendations which clearly apply to the prior commissioners is to give an inaccurate view of how ANC 2D currently operates.

Recommendations One and Two

The current commissioners have been in compliance. For the purpose of recommendation two, we consider "files" to include the DC hosted ANC website where minutes are posted.

Recommendation Three

The current commissioners have been in compliance.

Recommendation Four

The current commissioners have been in compliance.

Recommendation Five

The treasurer will continue to file reports as soon as possible consistent with the need to obtain documentation from grantees, etc.

Recommendation Six

Commissioners will work to ensure that reconciliation occurs and that it is reviewed and initialed.

Recommendation Seven

The current commissioners are in compliance with this recommendation. We have taken significant steps to ensure that the grant award process meets or exceeds requirements. Regarding the conflict of interest assertion, we are of the understanding that the cited action was not unlawful when it occurred.

Recommendations Eight, Nine, Ten, Eleven

The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts for our approved grants and also for grants from the prior commission.

Recommendation Twelve

The current commissioners have no "personal services expenditures" so we are therefore in compliance with this recommendation.

Summary

The current commissioners have made great strides in bringing ANC 2D record keeping and expenditures into conformance with DC requirements. We will continue that work commensurate with our time and resources.

Veronica Johnson

From: Simon, Gottlieb (ANC) [Gottlieb.Simon@dc.gov]
Sent: Friday, September 21, 2012 5:00 PM
To: Branche, Yolanda (ODCA)
Cc: Perry, Lawrence (ODCA); Johnson, Veronica (ODCA); Bender, David R. (ANC 2D01); Lamar, Eric (ANC 2D02)
Subject: OANC Comments on Draft Audit of ANC 2D

Dear Ms. Branche,

Below are my comments on the ANC 2D Draft Audit. In the interest of time I am emailing them to you, however, I will also provide a hard copy.

Sincerely,

Gottlieb

Thank you for sending me the draft audit. This is the first time that the OANC has been given an opportunity to comment on an ANC Audit, and the first time in my memory that the subject ANC has had such an opportunity. I believe this is an important change, one that will enhance the reliability and utility of the Audits.

1. Identification of the actors. I agree with the incumbent Commissioners' comments that it would be helpful to distinguish throughout the Audit whether it is referring to the Commissioners now in office or their predecessors. So, for example, on page 6 the Audit reads in part: "The officers remained the same for FY 2009 and FY 2010 and the 1st quarter of FY 2011. ANC 2D elected new officers in January 2011." That could mean that the Chairperson became the Treasurer and Chairperson instead of Secretary and Chairperson. Not only did they elect new officers, two new people replaced the two former Commissioners. On page 10, it states ". . . the ANC 2D Treasurer could not provide any documentation . . ." Was this the current Treasurer or the past one? Perhaps, it could say the "ANC 2D Treasurer (09)" or the "ANC 2D Treasurer (11)" or use footnotes or superscript to indicate when reference is being made to a Commissioner who was in office during the 2009-2010 term versus the 2011-2012 term. I think this is important information generally, but especially for the residents of ANC 2D.
2. Number of meetings. The narrative indicates that the ANC met 9 times in 2011. Recommendation #1 that the ANC "must take steps to ensure that the ANC 2D holds nine public meetings each year," however, implies otherwise. It suggests, in contradiction to the narrative, that the ANC is not meeting that requirement. Similarly with recommendation #2, there is an implication that the ANC in 2011, and since, is not keeping a written record of its meetings. (I'm not sure from my memories of that time that the ANC didn't hold the requisite number of meetings in 2009 and 2010, though apparently there is no documentation to show that they did.) A fairer and more constructive recommendation might be: ANC 2D Commissioners must continue the practice of meeting at least 9 times a year and maintaining records of their meetings which they (2011-2012) resumed in 2011.

(I am not sure why, however, the Audit is concerned with the number of meetings that the ANC has held. I realize that this information has been contained in past ANC audits, nevertheless I am puzzled by its inclusion. The frequency of ANC meetings is a programmatic feature, not a financial feature. Section 1-309.13(d)(1) states that "(t)he Auditor shall audit the financial accounts of selected

Commissions . . .” (emphasis added) Do you interpret the frequency of ANC meetings as a financial account?)

3. Spending Plan. Here again it would be helpful to recognize that the deficiencies in the 2009-2010 have been corrected with the change in incumbents. It would also reinforce the efforts the new Commissioners have made to bring the ANC into compliance with the law’s requirements. So, perhaps, a recommendation along this: ANC 2D Commissioners should continue to develop an annual fiscal year as they resumed doing in 2011 after a lapse in 2009 and 2010.
3. The Audit observes that “(e)ven though ANC 2D (*) paid for the preparation of Quarterly Financial Reports, ANC 2D was still unable . . . (to) submit timely quarterly reports.” From my observation of ANC 2D during the time in question, the preparation of quarterly reports was entirely separate from the submission of the reports. “Even though” suggests a connection, i.e. that the services provided were not worth the amount paid, between paying for the preparation of the reports and the ANC’s failure to approve them and submit them on time. That would be an unjustified conclusion.
5. Conflict of interest. The Audit accurately notes that the District’s conflict of interest statute prohibits public officials from making a decision “that would affect directly or indirectly a member of their household (immediate family member), or a business with which the public official or a member of his or her household is associated.” However, up until April 27, 2012 the statute defined “business” as meaning “any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock, trust, and any legal entity through which business is conducted for a profit.” In other words, the conflict of interest provision did not apply to non-profit organizations. The exemption for non-profits was removed when the law was revised earlier this year. Accordingly, unless the organization that received the grant was a for-profit organization, the discussion of conflict of interest (and recommendation #11) should be deleted.

=====
Gottlieb Simon
Executive Director
Office of Advisory Neighborhood Commissions
1350 Pennsylvania Ave NW
Washington, DC 20004
(202) 727-9945 v (202) 727-0289 fax
=====

Plan TODAY for what’s on the way. September is National Emergency Preparedness Month. To learn how to p
to sign up for critical emergency alerts, go to www.72hours.dc.gov.

**Audit of Advisory Neighborhood Commission (ANC) 2D
Audit Report Recommendations Summary**

Recommendation	ANC 2D Agrees Date Agency will Implement Recommendation	Comments of ANC 2D Regarding Recommendations
1. ANC 2D's Commissioners/ officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year.		The current commissioners have been in compliance. For the purpose of recommendation two, we consider "files" to include the DC hosted ANC website where minutes are posted.
2. ANC 2D's Commissioners/ officers must continue to take steps to ensure that a written record is prepared and maintained in ANC 2D's files of all public meetings held.		The current commissioners have been in compliance. For the purpose of recommendation two, we consider "files" to include the DC hosted ANC website where minutes are posted.
3. ANC 2D's Commissioners/ officers must continue to comply with D.C. Code § 1-309.10(n), by developing an annual fiscal year spending plan budget for each upcoming fiscal year and present the plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.		The current commissioners have been in compliance.
4. ANC 2D's Treasurer and Chairperson must continue to take steps to file a cash or surety bond each year or participate in the ANC Security Fund.		The current commissioners have been in compliance.

Recommendation	ANC 2D Agrees Date Agency will Implement Recommendation	Comments of ANC 2D Regarding Recommendations
5. ANC 2D's Treasurer should take steps to ensure that ANC 2D's quarterly financial reports are accurate and are filed by required due dates.		The Treasurer will continue to file reports as soon as possible consistent with the need to obtain documentation from grantees, etc.
6. The ANC 2D Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and ensure that the bank statement and the reconciliation are reviewed and initialed by the Chairperson or Vice-Chairperson		Commissioners will work to ensure that reconciliation occurs and that it is reviewed and initialed.
7. ANC 2D Commissioners/ officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) when awarding grants.		The current commissioners are in compliance with this recommendation. We have taken significant steps to ensure that the grant award process meets or exceeds requirements. Regarding the conflict of interest assertion, we are of the understanding that the cited action was not unlawful when it occurred.
8. ANC 2D's Commissioners/ officers must continue to comply with D.C. Code § 1-309.13(f) by ensuring that all ANC checks contain two authorized signatures.		The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts for our approved grants and also for grants from the prior commission.

Recommendation	ANC 2D Agrees Date Agency will Implement Recommendation	Comments of ANC 2D Regarding Recommendations
<p>9. Pursuant to D.C. Code § 1-309.13 (f) (1), ANC 2D Commissioners must continue to formally document the Commission's approval of all disbursements prior to making disbursements.</p>		<p>The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts for our approved grants and also for grants from the prior commission.</p>
<p>10. ANC 2D Commissioners must refrain from voting on grant requests where any appearance of impropriety or any conflict of interest can or does exist.</p>		<p>The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts for our approved grants and also for grants from the prior commission.</p>
<p>11. ANC 2D Commissioners/ officers should ensure that grantees submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded.</p>		<p>The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts for our approved grants and also for grants from the prior commission.</p>

Recommendation	ANC 2D Agrees Date Agency will Implement Recommendation	Comments of ANC 2D Regarding Recommendations
<p>12. ANC 2D's Commissioners/ officers must continue to take steps to ensure that any personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in the ANC 2D files.</p>		<p>The current commissioners have no "personal services expenditures" so we are therefore in compliance with this recommendation.</p>

Auditor's Response to the Comments of Advisory Neighborhood Commission 2D

The Auditor appreciates the comments provided by the Treasurer of Advisory Neighborhood Commission (ANC) 2D on the draft report.

Specifically, the Auditor requested that the Treasurer of ANC 2D:

- address each recommendation included in the report;
- indicate whether the ANC agreed or disagreed with each recommendation
- if the ANC agreed with the recommendation, provide a timeframe for the implementation of the recommendation; and
- if the ANC disagreed with the recommendation, suggest an alternative recommendation to address the audit finding.

It is important to note that the response of ANC 2D includes the statement, "we note that both of us are unpaid community volunteers . . ." The Auditor applauds the efforts of ANC officials and their commitment to their communities, as they work to fulfill the ANC mission. However, the voluntary nature of the work of ANC commissioners does not preclude their fiduciary duty to comply with ANC rules and regulations.

The Auditor offers the following responses to comments provided by the ANC.

- 1. ANC 2D's Commissioners/officers must take steps to ensure that ANC 2D holds nine public meetings each year.**
- 2. ANC 2D's Commissioners/officers must take steps to ensure that a written record is prepared and maintained in ANC 2D's files of all public meetings.**

ANC 2D's Response:

The current commissioners have been in compliance. For the purpose of recommendation two, we consider "files" to include the DC hosted ANC website where minutes are posted.

Auditor's Response:

The Auditor's report acknowledges that ANC 2D's Commissioners in 2011 held the required nine public meetings and that a written record of the meetings were available for the Auditor's review. However, for two of the three years of our audit period, 2009 and 2010, ANC 2D's former Commissioners could not document that the required number of meetings were held. Since ANC 2D is currently in compliance, the Auditor amends the recommendation to state that ANC 2D's Commissioners/officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year and that a written record is prepared and maintained in ANC 2D's files of all public meetings.

- 3. ANC 2D's Commissioners/officers must comply with D.C. Code § 1-309.10(n) (2012 ed.), by developing an annual fiscal year spending plan budget for each upcoming fiscal year and present the Plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.**

ANC 2D's Response:

The current commissioners have been in compliance.

Auditor's Response:

The report acknowledges that in 2011, ANC 2D developed an annual fiscal year spending plan. However, for two of the three years of our audit period, fiscal years 2009 and 2010, ANC 2D's former Commissioners were not in compliance. In light of the fact that ANC 2D is currently in compliance, the recommendation is amended to state that the ANC's commissioners/officers must continue to develop an annual fiscal year spending plan for each upcoming fiscal year and present the spending plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.

- 4. ANC 2D's Treasurer and Chairperson must take steps to file a cash or surety bond each year or participate in the ANC Security Fund.**

ANC 2D's Response:

The current commissioners have been in compliance.

Auditor's Response:

The Auditor's report acknowledges that in 2009 and 2011, ANC 2D participated in the ANC Security Fund. ANC 2D's former Commissioners did not file a cash or surety bond or participate in the ANC Security Fund in 2010. Since ANC 2D is currently in compliance, the recommendation is amended to state that ANC 2D's Treasurer and Chairperson must continue to file a cash or surety bond each year or participate in the ANC Security Fund.

- 5. ANC 2D's Treasurer should take steps to ensure that ANC 2D's quarterly financial reports are accurate and are filed by required due dates.**

ANC 2D's Response:

The treasurer will continue to file reports as soon as possible consistent with the need to obtain documentation from grantees, etc.

Auditor's Response:

The Auditor stands by the recommendation that the ANC's Treasurer take steps to ensure that the ANC 2D's quarterly financial reports are accurate and are filed by required due dates.

- 6. The ANC 2D Treasurer should reconcile bank statements to the checkbook within 15 days of the receipt of the bank statement and ensure that the bank statement and the reconciliation are reviewed and initialed by the Chairperson or Vice-Chairperson.**

ANC 2D's Response:

Commissioners will work to ensure that reconciliation occurs and that it is reviewed and initialed.

- 7. ANC 2D Commissioners/officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) (2012 ed.) when awarding grants.**

ANC 2D's Response:

The current commissioners are in compliance with this recommendation. We have taken significant steps to ensure that the grant award process meets or exceeds requirements. Regarding the conflict of interest assertion, we are of the understanding the cited action was not unlawful when it occurred.

Auditor's Response:

The Auditor found that in 2011, the ANC 2D Chairperson approved a \$500 grant to an entity for which the ANC 2D Chairperson served as President. As part of their fiduciary duties and to increase public trust in ANC operations, ANC Commissioners must avoid the appearance of impropriety.

8. **ANC 2D Commissioners/officers should ensure that grantees submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded.** ¹⁰
9. **ANC 2D's Commissioners/officers must take steps to comply with D.C. Code § 1-309.13(f) (2012 ed.) by ensuring that all ANC checks contain two authorized signatures.**
10. **Pursuant to D.C. Code § 1-309.13 (f) (1) (2012 ed.), ANC 2D Commissioners must formally document the Commission's approval of all disbursements prior to making disbursements.**
11. **ANC 2D Commissioners must refrain from voting on grant requests where any conflict of interest can or does exist.**

ANC 2D's Response:

The current commissioners are in compliance with these recommendations. Specifically, we have taken all reasonable steps to ensure that grant recipients report on their expenditures in a timely fashion. We have followed up on numerous occasions to attempt to obtain satisfactory receipts from our approved grants and also for grants from the prior commission.

Auditor's Response:

We found that deficiencies in the grant process existed. Specifically, we found that ANC 2D did not obtain supporting documentation from 10 of 11 grant recipients within 60 days of the grant award. The Auditor stands by the recommendation that ANC 2D Commissioners/officers should ensure that grantees submit copies of canceled checks or signed receipts to document that grant funds were actually disbursed for the purpose for which they were awarded.

We found that in FY 2010, ANC 2D's 2010 Commissioners issued a check to a grantee that was only signed by the Treasurer. We also found that ANC 2D's 2010 Commissioners did not have documentation to verify that three \$500 grants, were approved at public meetings. In light of the fact that ANC 2D's 2011 Commissioners did not issue a check to a grantee that was only signed by the Treasurer with only one signature and that all grants awarded in 2011 were approved at public meetings, the recommendations are amended to state that ANC 2D's Commissioners/officers must continue to take steps to ensure that that all ANC checks contain two authorized signatures and that ANC 2D Commissioners must continue to approve grants at public meetings.

¹⁰ Recommendations 8, 9, 10 and 11 as presented in the draft report were rearranged in the final audit report.

12.ANC 2D's Commissioners/officers must take steps to ensure that personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in the ANC 2D files.

ANC 2D's Response:

The current commissioners have no "personal service expenditures" so we are therefore in compliance with this recommendation.

Auditor's Response:

We found that during the audit period, FY 2009 and FY 2010, ANC 2D had personal service expenditures totaling \$450. These expenditures were not properly documented in the ANC's minutes. In light of the fact that ANC 2D's 2011 Commissioners did not approve any personal service expenditures the recommendation is amended to state that the ANC 2D's Commissioners/officers must continue to take steps to ensure that any personal service expenditures are properly documented in the ANC minutes and that position descriptions for employees, or contracts for consultants are established and maintained in ANC 2D's files.

Auditor's Response to the Comments of the Office of Advisory Neighborhood Commissions

The Auditor appreciates the comments provided by the Executive Director of the Office of the Advisory Neighborhood Commissions (OANC) 2D on the draft report.

Specifically, the Auditor requested that the Executive Director of OANC:

- address each recommendation included in the report;
- indicate whether the OANC agreed or disagreed with each recommendation
- if the OANC agreed with the recommendation, provide a timeframe for the implementation of the recommendation; and
- if the OANC disagreed with the recommendation, suggest an alternative recommendation to address the audit finding.

The Auditor offers the following responses to comments provided by the OANC.

- 1. ANC 2D's Commissioners/officers must take steps to ensure that ANC 2D holds nine public meetings each year.**
- 2. ANC 2D's Commissioners/officers must take steps to ensure that a written record is prepared and maintained in ANC 2D's files of all public meetings.**

OANC's Response:

Identification of the actors. I agree with the incumbent Commissioners' comments that it would be helpful to distinguish throughout the Audit whether it is referring to the Commissioners now in office or their predecessors. So, for example, on page 6 the Audit reads in part: "The officers remained the same for FY 2009 and FY 2010 and the 1st quarter of FY 2011. ANC 2D elected new officers in January 2011." That could mean that the Chairperson became the Treasurer and Chairperson instead of Secretary and Chairperson. Not only did they elect new officers, two new people replaced the two former Commissioners. On page 10, it states ". . . the ANC 2D Treasurer could not provide any documentation . . ." Was this the current Treasurer or the past one? Perhaps, it could say the "ANC 2D Treasurer (09)" or the "ANC 2D Treasurer (11)" or use footnotes or superscript to indicate when reference is being made to a Commissioner who was in office during the 2009-2010 term versus the 2011-2012 term. I think this is important information generally, but especially for the residents of ANC 2D.

Auditor's Response:

The Auditor amended the draft report to clarify that new ANC Commissioners were elected in 2011. The report was also revised to state that new commissioners replaced the former Commissioners. The report includes a footnote that details the tenure of ANC 2D's 2010 and 2011 Commissioners. As suggested by OANC, on page 10, we clarified the statement that the ANC 2D Treasurer for 2009 and 2010 could not provide any documentation to verify that the required nine public meetings were held in calendar years 2009 and 2010.

OANC's Response:

Number of meetings. The narrative indicates that the ANC met 9 times in 2011. Recommendation #1 that the ANC "must take steps to ensure that the ANC 2D holds nine public meetings each year," however, implies otherwise. It suggests, in contradiction to the narrative, that the ANC is not meeting that requirement. Similarly with recommendation #2, there is an implication that the ANC in 2011, and since, is not keeping a written record of its meetings. (I'm not sure from my memories of that time that the ANC didn't hold the requisite number of meetings in 2009 and 2010, though apparently there is no documentation to show that they did.) A fairer and more constructive recommendation might be: ANC 2D Commissioners must continue the practice of meeting at least 9 times a year and maintaining records of their meetings which they (2011-2012) resumed in 2011.

(I am not sure why, however, the Audit is concerned with the number of meetings that the ANC has held. I realize that this information has been contained in past ANC audits, nevertheless I am puzzled by its inclusion. The frequency of ANC meetings is a programmatic feature, not a financial feature. Section 1-309.13(d)(1) states that "(t)he Auditor shall audit the financial accounts of selected Commissions" (emphasis added) Do you interpret the frequency of ANC meetings as a financial account?)

Auditor's Response:

Since ANC 2D is currently in compliance, the Auditor amended the recommendation to state that ANC 2D's Commissioners/officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year and that a written record is prepared and maintained in ANC 2D's files of all public meetings.

- 3. ANC 2D's Commissioners/officers must comply with D.C. Code § 1-309.10(n) (2012 ed.), by developing an annual fiscal year spending plan budget for each upcoming fiscal year and present the Plan at an ANC 2D public hearing prior to the adoption of ANC 2D's budget.**

OANC's Response:

Spending Plan. Here again it would be helpful to recognize that the deficiencies in the 2009-2010 have been corrected with the change in incumbents. It would also reinforce the efforts the new Commissioners have made to bring the ANC into compliance with the law's requirements. So, perhaps, a recommendation along this: ANC 2D Commissioners should continue to develop an annual fiscal year as they resumed doing in 2011 after a lapse in 2009 and 2010.

The Audit observes that "(e)ven though ANC 2D (*) paid for the preparation of Quarterly Financial Reports, ANC 2D was still unable . . . (to) submit timely quarterly reports." From my observation of ANC 2D during the time in question, the preparation of quarterly reports was entirely separate from the submission of the reports. "Even though" suggests a connection, i.e. that the services provided were not worth the amount paid, between paying for the preparation of the reports and the ANC's failure to approve them and submit them on time. That would be an unjustified conclusion.

Auditor's Response:

The Auditor agrees with the recommendation to delete the observation that "(e)ven though ANC 2D (*) paid for the preparation of Quarterly Financial Reports, ANC 2D was still unable . . . (to) submit timely quarterly reports."

Additionally, since ANC 2D is currently in compliance, the Auditor amended the recommendation to state that ANC 2D's Commissioners/officers must continue to take steps to ensure that ANC 2D holds nine public meetings each year and that a written record is prepared and maintained in ANC 2D's files of all public meetings.

4. ANC 2D Commissioners/officers must take steps to follow grant requirements contained in D.C. Code § 1-309.13 (m) (2012 ed.) when awarding grants.

OANC's Response:

Conflict of interest. The Audit accurately notes that the District's conflict of interest statute prohibits public officials from making a decision "that would affect directly or indirectly a member of their household (immediate family member), or a business with which the public official or a member of his or her household is associated." However, up until April 27, 2012 the statute defined "business" as meaning "any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock, trust, and any legal entity through which business is conducted for a profit." In other words, the conflict of interest provision did not apply to non-profit organizations. The exemption for non-profits was removed when the law was revised earlier this year. Accordingly, unless the organization that received the grant was a for-profit organization, the discussion of conflict of interest (and recommendation #11) should be deleted.

Auditor's Response:

Regarding the issue of a conflict of interest, the Executive Director of the Office of Advisory Neighborhood Commissions correctly states that, "up until April 27, 2012 the statute defined "business" as meaning "any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock, trust, and any legal entity through which business is conducted for a profit.'" However, the Auditor disagrees with the assertion that the discussion of conflict of interest should be deleted from the report.

D.C. Code 1-1106.01(a) (LexisNexis 2012), states: "[E]lective and public office is a public trust . . ." Since ANC Commissioners are entrusted with the stewardship of public funds, the Auditor strongly encourages all ANC Commissioners to increase public trust in ANC operations and avoid any appearance of impropriety. In this case, approval by an ANC Commissioner of a \$500 grant to an organization for which the ANC Commissioner served as President created the appearance of impropriety and may have decreased public trust in ANC operations.