Audit Report

OFFICE OF THE INSPECTOR GENERAL

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, IMPREST FUND MAINTAINED WITHIN THE DEFENSE ACCOUNTING OFFICE, FORT EUSTIS, VIRGINIA

Report No. 94-056 March 17, 1994

Department of Defense

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MEMORANDUM FOR DIRECTOR, DEFENSE ACCOUNTING OFFICE, FORT EUSTIS, VIRGINIA

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, Imprest Fund Maintained Within the Defense Accounting Office, Fort Eustis, Virginia (Project No. 3FG-2019.02)

Introduction

We are providing this final report on the subject audit for your review. This report is part of our audit of cash accountability within the Department of Defense, and the results of this audit will be included in a consolidated report.

Audit Results

Our unannounced audit on December 7, 1993, showed an overage of $4.00. The total value of the imprest fund is $5,000. The overage was due to the imprest fund cashier using her personal funds to make change for reimbursement. Although the overage is not material, installation personnel had not identified the discrepancy during two prior cash counts. We reported the discrepancy to the imprest fund cashier's supervisor and the Defense Accounting Finance Officer, and they took corrective action by assuring us that corrective procedures would be implemented. Controls over the fund were adequate in that vouchers were properly approved, disbursements were made only for authorized purchases, and disbursements were supported by receipts. However, the practice of comingling personal funds with imprest funds should be discontinued.

Objectives

Our objectives were to verify the accountability for cash and related assets and to evaluate the adequacy of procedures used to support cash accountability at Department of Defense accounting offices and organizations with imprest funds. We also assessed compliance with applicable laws and regulations and evaluated the Internal Management Control program management as it pertained to the audit objectives.

Scope and Methodology

This financial related audit was made December 7, 1993, of the imprest fund maintained at the Defense Accounting Office, Fort Eustis, Virginia, the only site we visited. The imprest fund maintained at the Defense Accounting Office is part of Disbursing Symbol Station Number 6388. We reviewed

DD Form 1081, "Statement of Agent Officer's Account," and verified the appointment letters establishing the principal imprest fund cashier and the alternate cashier. We also verified the appointment letters establishing the principal imprest fund cashier and the alternate cashier. Verification of unannounced cash counts had been conducted by the Quality Assurance Branch. This audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, Department of Defense, and accordingly, included such tests of internal controls as were considered necessary. No computer-processed information was involved.

Internal Controls

Internal controls over funds were adequate in that vouchers in the fund were properly approved and purchases were for authorized items and were supported by receipts. We reviewed the physical controls over the imprest fund cashier area and procedural controls over security, including procedures for the opening and closing of security containers. Regulations require that combinations for safes and vaults be changed at least every 12 months, and the combinations were changed as required at Fort Eustis. Cash verification files for the previous 12 months confirmed that unannounced cash counts by teams appointed by the base commander had been accomplished. The Internal Management Control generally complied with applicable regulations.

Prior Audits and Other Reviews

The Inspector General, Department of Defense, has not performed any audits in this area during the past 5 years.

Background

The Defense Finance and Accounting Service has overall responsibility to manage the Department of Defense cash and related assets. Policies and guidance governing imprest funds are set forth in the Federal Acquisition Regulations and Department of Defense Directive 7360.10, "Disbursing Policies," January 17, 1989. Payments from the funds are to be made only for goods or services procured by properly authorized personnel and for reimbursement for travel expenses in accordance with joint travel regulations.

Discussion

The review of documentation in the fund included a determination that vouchers had proper approval, that receipts were available, and that totals of vouchers and cash on hand equaled the amount of money authorized in the fund. Payments were for goods and services procured by authorized personnel and for payment of travel expenses. With the exception of the $4.00 overage caused by comingling personal funds to make change, internal controls were adequate. In

addition internal controls over the imprest fund were adequate, and the DoD Internal Management Control Program framework was in place. The imprest fund was also in compliance with all known laws and regulations applicable to cash management.

Management Comments

This report does not contain any recommendations. Accordingly, comments pursuant to provisions of Department of Defense Directive 7650.3 are not required. However, if you choose to respond, please do so by May 16, 1994.

The cooperation and courtesies extended to the auditors during this audit are appreciated. If you have questions about this audit, please contact Mr. F. Jay Lane at (703) 693-0430 (DSN 223-0430). The distribution of the report is in the enclosure. A list of audit team members is inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosure

cc:
Director, Defense Finance and Accounting Service

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