Audit Report

OFFICE OF THE INSPECTOR GENERAL

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, IMPREST FUNDS MAINTAINED BY THE U.S. ARMY CORPS OF ENGINEERS, OHIO RIVER DIVISION, CINCINNATI, OHIO

Report No. 94-095 May 11, 1994

Department of Defense

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Report No. 94-095 May 11, 1994

MEMORANDUM FOR COMMANDER, U.S. ARMY CORPS OF ENGINEERS, OHIO RIVER DIVISION, CINCINNATI, OHIO

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, Imprest Funds Maintained by the U.S. Army Corps of Engineers, Ohio River Division, Cincinnati, Ohio (Project No. 3FG-2019.11)

Introduction

We are providing this final report on the subject audit for your review. We reviewed two imprest funds, one at the Ohio River Division, Directorate of Logistics Management, and the other at the Ohio River Laboratory, Engineering Planning Technical Section. They were valued at $4,000 and $3,000, respectively. The funds provide for emergency repairs, expendable items, and miscellaneous services support, including local travel. 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 surprise audit on January 19, 1994, disclosed no discrepancies in the handling of the imprest funds. When the cash counts were made, the cash and amounts on vouchers equaled the amounts of money authorized to be in the funds. Controls over the funds were generally adequate in that vouchers were properly approved, disbursements were made for authorized purchases, and disbursements were supported by receipts. We noted, however, that the imprest funds were used to pay claims for local travel, in accordance with a local U.S Army Corps of Engineers regulation. That practice does not agree with the newly revised DoD Financial Management Regulation, volume 5, dated December 16, 1993. The local Engineer regulation should be updated to agree with the recently published DoD Financial Management regulation.

Objectives

Our objectives were to verify the accountability for cash and related assets and to evaluate the adequacy of procedures used to determine the accuracy of records used to support cash accountability at DoD accounting offices and organizations with imprest funds. We also assessed compliance with applicable laws and regulations, and evaluated the DoD Internal Management Control Program as it pertained to the audit objectives, as prescribed by DoD Directive 5010.38, "Internal Management Control Program, " April 14, 1987.

Scope and Methodology

This financial related audit was made of two imprest funds maintained by the U.S. Army Corps of Engineers, Ohio River Division, Cincinnati, Ohio. The imprest funds are part of Disbursing Station Symbol Number 5545. We visited the U.S. Army Corps of Engineers, Ohio River Division Headquarters, and the U.S. Army Ohio River Laboratory. The laboratory imprest fund is required as its location was not readily accessible to the Ohio River Division Headquarters.

We made unannounced cash counts on January 19, 1994, of the two imprest funds. The value of the audited funds were $4,000 at U.S. Army Corps of Engineers Division Headquarters, and $3,000 at the U.S. Army Ohio River Laboratory in Cincinnati, Ohio. We counted the cash on hand and reviewed the amounts on vouchers and receipts. We also reviewed DD Forms 1081, "Statement of Agent Officer's Account," and verified the appointment letters establishing the principal imprest fund cashiers and alternate cashier. The 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 considered necessary. No computer-processed information was involved.

Internal Controls

Internal controls over funds were generally 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 funds' cashiers' areas and procedural controls over security. Physical controls over the imprest funds were in place and procedural controls over security were adequate. However, the imprest fund at U.S. Army Corps of Engineers, Ohio River Division Headquarters, is located in the 10th Floor supply room, which is a shared access facility. As many people have access to the disbursing area, the imprest fund cashier must maintain increased diligence and good internal controls over the fund's physical security at all times. The Standard Operating Procedures were approximately eight years old. U.S. Army Corps of Engineers officials should review them to be sure all procedures are current, and that the number of reimbursements paid for local travel are not excessive. A review of previous unannounced cash counts was also accomplished, and no discrepancies were noted. The DoD Internal Management Control Program generally complied with applicable regulations, and no irregularities were noted.

Prior Audits and Other Reviews

Except for previous unannounced cash counts, no external audits or reviews of the imprest funds had been performed in the past 5 years.

Background

The Defense Finance and Accounting Service has overall responsibility to manage cash and related assets of the Department of Defense. Specific policies and guidance governing imprest funds are set forth in the Federal Acquisition Regulations and DoD Financial Management Regulation 7000.14-R, volume 5, December 16, 1993. Payments from the funds are to be made only for goods and services procured by properly authorized personnel and for reimbursement of travel expenses in accordance with joint travel regulations.

Discussion

The review of documentation in the audited funds included a determination that vouchers had proper approval, receipts were available, and totals of amounts on vouchers and cash on hand equaled the amounts of money authorized in the fund. Payments were for goods and services procured by authorized personnel and for payment of travel expenses. In addition, internal controls over the imprest funds were adequate, and the DoD Internal Management Control Program frame work was in place. The imprest funds were also in compliance with the key laws and regulations applicable to cash management.

Management Comments

This report contains no recommendations. Accordingly, comments pursuant to the provisions of DoD Directive 7650.3 are not required. However, if you choose to respond, please do so by June 13, 1994.

The cooperation and courtesies extended to the audit staff during this audit are appreciated. If you have any questions about this audit, please contact Mr. Richard B. Bird, Program Director, at (317) 542-3859 (DSN 699-3859) or Mr. Terrence P. Piket, Project Manger, at (317) 542-3846 (DSN 699-3846). We will give you a formal briefing on the results of this audit within 15 days of the date of this memorandum, should you desire it. The distribution of the report is in the enclosure. A list of audit team members is inside the back cover.

Robert J. Lieberman

Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosure

cc:
Director, Defense Finance and Accounting Service

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