Audit Report

OFFICE OF THE INSPECTOR GENERAL

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, DISBURSEMENT FUND AND IMPREST FUNDS MAINTAINED IN CRANE, INDIANA

Report No. 94-186 September 9, 1994

Department of Defense

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DEPARTMENT OF DEFENSE
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September 9, 1994

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
COMMANDER, NAVAL SURFACE WARFARE CENTER, CRANE DIVISION

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, Disbursement Fund and Imprest Funds Maintained in Crane, Indiana (Report No. 94-186)

We are providing this final report for your information and use. It discusses actions to safeguard cash within the Department of Defense at the Disbursing Office of the Defense Finance and Accounting Service Cleveland Center, Crane, and at the Naval Surface Warfare Center, Crane Division. Both organizations are located in Crane, Indiana. This report is part of our audit of cash accountability in the Department of Defense, and the results herein will also be included in a consolidated report.

Comments on a draft of this report were considered in preparing the report. Those comments conformed to the requirements of DoD Directive 7650.3, and there are no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. 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 Manager, at (317) 542-3846 (DSN 699-3846). Appendix B lists the distribution of this report. The audit team members are listed inside the back cover.

Robert J. Lieberman

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, Department of Defense

Report No. 94-186 **September 9, 1994**
Project No. 3FG-2019.05

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, DISBURSEMENT FUND AND IMPREST FUNDS MAINTAINED IN CRANE, INDIANA

EXECUTIVE SUMMARY

Introduction. This report is part of our audit of cash accountability within the Department of Defense, and the results of the audit will be included in a consolidated report. We audited a disbursement fund of the Defense Finance and Accounting Service Cleveland Center, Crane, and two imprest funds of the Supply Directorate, Naval Surface Warfare Center, Crane Division. Both organizations are located in Crane, Indiana.

Objectives. The objectives of the audit 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 Department of Defense accounting offices and organizations with imprest funds. We also assessed compliance with applicable laws and regulations and evaluated the internal control procedures used to comply with DoD's Internal Management Control Program as it pertained to the audit objectives.

Audit Results. Our surprise audit of the disbursement fund disclosed that cash on hand agreed with pertinent records. However, weaknesses were present in the procedures used to account for the disbursement fund. The Disbursing Office was not reconciling the cash book on a daily basis, was not accounting for all cash collections in the cash balance, and was holding undeposited checks for several weeks before deposit. Also, monies held for safekeeping were not properly maintained within the safe. Each of those practices could have resulted in a loss of funds by the Disbursing Office. As a result, the funds were not clearly identified as to whom they belonged. Most problems were a direct result of the office being understaffed. In addition, the appointment letter for the disbursing officer was no longer valid.

The cash counted for the imprest funds maintained at the Supply Directorate, Naval Surface Warfare Center, Crane Division, also agreed with pertinent records. However, the amount of the imprest fund was too high. In addition, the alternate imprest fund cashier continued to retain funds after the return of the primary cashier. As a result, Government funds were held unnecessarily in the Supply Directorate.

Internal Controls. The internal controls applicable to the audit objectives were deemed to be effective in that material deficiencies were not disclosed by the audit and the cash on hand agreed with pertinent records. Measures taken to safeguard the accessibility of cash were found to be appropriate. However, improvements could be made in the controls for accounting for cash in the Disbursing Office, and the risk assessment should have rated the vulnerability of the Disbursing Office higher due to the amount of cash and checks managed. Our review of internal management controls showed that both organizations generally complied with DoD's Internal Management Control Program. Part I discusses the internal controls reviewed and Part II contains details on the weaknesses.

Potential Benefits of Audit. Implementation of the recommendations in this audit report will ensure that internal controls are in place to protect Government funds from unnecessary loss and that funds held outside the U. S. Treasury are kept to a minimum. See Appendix A for a summary of all benefits associated with the audit.

Summary of Recommendations. We recommended that the required internal controls be used to account for cash and related assets, a new risk assessment be performed of the Disbursing Office, a new appointment letter be issued for the disbursing officer, and that the amount of the imprest fund maintained in the Supply Directorate be reviewed and decreased to only that amount needed.

Management Comments. The Deputy Director for Finance, DFAS, responding to our recommendations made to the DFAS activities, generally concurred with our recommendations to improve internal controls and procedures over cash funds.

The Commander, Naval Surface Warfare Center, Crane Division, concurred with our recommendations to reduce the amount of cash held in the imprest fund and to improve procedures used in maintaining the fund.

The complete text of managements' comments is in Part IV of this report.

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This report was prepared by the Financial Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Background

Within the Department of Defense, disbursing officers are entrusted with public funds to facilitate payments to the public, members of the military, and civilian employees. Those officers are accountable for public funds whether on hand with agents, with cashiers, or in depositories. The disbursing officers are responsible for maintaining appropriate cash, negotiable instruments, and other documents comprising accountability and to present such to authorized personnel for verification at any time.

Objectives

The objectives of the audit were to:

- verify the accountability for cash and related assets and
- evaluate the adequacy of procedures used to determine the accuracy of records 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 compliance with the DoD's Internal Management Control Program as it pertained to the audit objectives.

Scope and Methodology

This financial related audit was made of the disbursement fund maintained at the Defense Finance and Accounting Service Cleveland Center, Crane, Indiana, Disbursing Symbol Station Number 5132. We made unannounced cash counts on January 19, 1994, of the disbursing fund authorized not to exceed $10,000 and of three of the additional change funds totaling $125 held by five collection agents. Two of the agents were not at work on January 19, 1994. We did not count the change fund given to the commissary. We reviewed documents associated with accounting for the cash and related assets held by the disbursing officer.

We also made an unannounced cash count of the two imprest funds maintained at the Supply Directorate of the Naval Surface Warfare Center, Crane Division, in Crane, Indiana, and reviewed associated supporting documentation. The purpose of the funds was to pay for supply items. One imprest fund for $3,000 was counted on January 19, 1994. The cashier for the other imprest fund was not at work on January 19, 1994, so we had the safe sealed until January 21, 1994, when the cashier was available and made our count of the $10,000 fund

then. In addition, we made visual observations of the physical controls over the various cashiers' areas and reviewed procedural controls over security, including the opening and closing of security containers.

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 or statistical sampling was involved. The only organizations we visited were the sites where the funds were located.

Internal Controls

No material internal control weaknesses were found. Internal controls over the funds were generally adequate in that vouchers in the fund were approved and purchases were within prescribed limits and were properly supported by receipts. We reviewed the physical controls over the imprest fund cashier's area and procedural controls over security. Regulations require that combinations for safes and vaults be changed at least every 6 months, and the combinations had been changed as required at the Disbursing Office and the Supply Directorate. Unannounced cash counts had been performed every quarter as required. However, internal controls for accounting for cash and related assets needed improvement. Recommendations 1.a. and 1.b. in this report, if implemented, will assist in correcting the weaknesses discussed in the finding. Otherwise, actions taken to comply with the DoD Internal Management Control Program were adequate as prescribed by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987. This report identifies no potential monetary benefits. See Appendix A for a summary of other benefits associated with the audit.

Prior Audits and Other Reviews

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

Part II - Finding and Recommendations

Management of Cash Assets

The Defense Finance and Accounting Service Cleveland Center, Crane, did not follow internal control procedures for accounting for the disbursement fund. Specifically, the disbursing officer did not:

- o post the cash book on a daily basis,
- o include all cash collections in the cash balance,
- o promptly deposit checks, or
- o properly maintain funds held for safekeeping.

In addition, the risk assessment indicated that the vulnerability of the Disbursing Office was erroneously rated as low; the disbursing officer's appointment letter was no longer valid; the amount of the imprest funds held by the Supply Directorate was too high; and the alternate imprest fund cashier did not return the temporary imprest fund to the disbursing officer when the primary imprest fund cashier returned to work.

The failure to follow basic internal controls for the disbursement fund occurred because of a lack of personnel in the Disbursing Office. A risk assessment had not been performed, and a new appointment letter had not been issued since the Disbursing Office became a part of the Defense Finance and Accounting Service Cleveland Center, Crane. The amount of the imprest fund had not been evaluated since procurement procedures had changed, and the alternate imprest fund cashier was not complying with established control procedures.

As a result, funds were not properly controlled in the Disbursing Office, and the benefits of the Internal Management Control Program were not fully realized. Also, Government funds were unnecessarily held by personnel in the Supply Directorate.

Background

DoD Financial Management Regulation 7000.14-R, volume 5, "Disbursing Policy and Procedures," December 16, 1993, prescribes the accounting standards and related management requirements necessary to establish financial control over fund balances with the U. S. Treasury. The regulation states that disbursing officers will maintain detailed records of all transactions and will deposit receipts without delay.

Internal Controls Over The Disbursement Fund

Cash Book. The cash book balance for the disbursement fund maintained by the Defense Finance and Accounting Service Cleveland Center, Crane, was not current when we made a surprise cash count on January 19, 1994. The most recent balance on the cash book was dated January 13, 1994. We returned to the Disbursing Office on January 21, 1994, and the cash book had been brought up to date so that we could verify the amount of cash on hand when the cash was counted. The amount of cash in the safe agreed with the amount of cash shown as the cash balance; however, the cash book did not include all items on hand.

Cash Collections. Cash collections of $1,792 were stored in the safe, but the funds had not been added to the cash book. The monies were kept with the seven documents supporting each collection. The collections were made for travel advances made for trips that were subsequently canceled. Disbursing Office personnel told us that the funds were normally retained in this manner until additional information was obtained or the collection was entered into the collection system. However, the funds could have been lost or stolen. The funds should have been added to the cash book and the collection documents placed in a suspense file until the needed information was gathered.

Deposits. The safe contained about $64,382 in undeposited checks. Some of the checks were more than 3 weeks old and should have been deposited in the disbursing officer's account to preclude loss or theft. One check for $10,390 was dated December 16, 1993. The Financial Management Regulation states that receipts should be deposited promptly. That practice ensures that the funds are available for U. S. Treasury use.

Funds Held for Safekeeping. The safe also included other funds that were being held by the disbursing officer for safekeeping. However, the funds were not correctly packaged in a sealed envelope identifying to whom the funds belonged.

Personnel Shortages. We discussed the above conditions with personnel from the Defense Finance and Accounting Service Cleveland Center, Crane, who acknowledged that proper accounting was not always made for Government funds. We were told that the workload in the office exceeded that which could be accomplished by assigned personnel. The conditions discussed above and other required Disbursing Office work did not get done because of a lack of personnel resources. We were assured that vacant positions in the office were in the process of being filled, that the office would soon be staffed at an appropriate level, and that appropriate documentation would be completed in a timely manner when that occurred.

Risk Assessment of the Disbursing Office. The most recent vulnerability assessment rated the risk of the Disbursing Office as low. The assessment was performed in September 1992 and was performed under Department of the Navy guidance. Since the assessable unit was recently changed to part of the Defense Finance and Accounting Service Cleveland Center, Crane, we believe

the vulnerability of the office should be reassessed. Because the Disbursing Office manages several hundred thousand dollars each year, we believe that the risk rating should be higher than the current rating of low.

Appointment Letter. The disbursing officer's appointment letter was dated January 7, 1987, which was before the Disbursing Office became a part of the Defense Finance and Accounting Service Cleveland Center, Crane. The letter was issued by the installation commander, who is no longer responsible for the disbursement fund. Since the disbursing officer is now part of the Defense Finance and Accounting Service Cleveland Center, Crane, a new appointment letter should be issued. In addition, other responsibilities and procedures, like the quarterly surprise cash counts, should be reviewed to determine who is responsible for performing such tasks.

Imprest Funds at Supply Directorate

The amount of funds held by the Supply Directorate ($13,000) was too high. The alternate imprest fund cashier had not returned funds and purchasing practices had changed so the Supply Directorate no longer needed the full $10,000 to operate.

Dollar Amount of Fund. The amount of funds assigned to the principal imprest fund cashier was too high according to Financial Management Regulation that states that the amount of the imprest fund shall not exceed the estimated average monthly disbursements from the fund and in no case shall exceed $10,000. At the time of our review, the Supply Directorate had a total of $13,000, which was more than the regulation allowed.

During our review, we also learned that the installation procurement personnel had recently begun using credit cards when making small purchases instead of having the vendor ship the supplies on a cash-on-delivery basis. Since many of the imprest fund expenditures were for supplies shipped cash on delivery, the amount of funds needed by the imprest fund cashier will decrease dramatically. For example, the imprest funds were replenished in July 1993 a total of $42,435. For October, November, and December 1993, the funds were replenished $13,002, $16,006, and $16,153 per month, respectively. That shows that use of the imprest funds had significantly declined to about $4,000 per week during the latest 3-month period. Decreasing the amount to only that needed will lessen the amount that could be lost due to theft or mismanagement and decrease the amount of interest paid on the funds by the U. S. Treasurer.

Funds Retained by the Alternate Cashier. The alternate imprest fund cashier had not returned assigned funds to the disbursing officer when the primary cashier was available. The disbursing officer had assigned the alternate imprest fund cashier $3,000 on December 13, 1993. The primary cashier had worked several days since December 13, 1993, but the alternate retained the assigned funds instead of returning them to the disbursing officer. The Financial Management guidance states that an alternate imprest fund cashier may be

appointed with the same requirements as the principal cashier; however, the alternate is to act only in the absence of the principal cashier. The alternate imprest fund cashier is to be advanced funds by the primary cashier when the primary cashier has scheduled absences. Upon the return of the primary imprest fund cashier, the alternate cashier is to return the funds and paid vouchers to the primary imprest fund cashier. In the event of unscheduled absences, the alternate cashier may obtain funds from the disbursing officer, but when the primary imprest fund cashier returns, the unused funds and paid vouchers are to be returned to the disbursing officer.

Recommendations for Corrective Action

1. We recommend that the Site Leader, Defense Finance and Accounting Service Cleveland Center, Crane:

a. Enforce the use of internal controls to help preclude the loss of funds that:

(1) Require the cash book to be balanced each day.

(2) Include all cash collections in the cash book when received.

(3) Promptly deposit all checks and negotiable instruments.

(4) Properly package funds held for safekeeping.

b. Perform a risk assessment of the Disbursing Office.

2. We recommend that the Director, Defense Finance and Accounting Service Cleveland Center, issue a letter of appointment for the Disbursing officer at the Defense Finance and Accounting Service, Cleveland Center, Crane, Indiana, and review current regulations and practices for responsibilities.

3. We recommend that the Commander, Crane Division, Naval Surface Warfare Center:

a. Determine the amount of cash needed by the Supply Directorate primary imprest fund cashier.

b. Reduce the amount of cash held by the Supply Directorate to only that amount needed.

c. Verify that funds held by the Supply Directorate alternate imprest fund cashier are returned to the Disbursing officer when the primary cashier returns from unscheduled absences.

d. Have the primary imprest fund cashier issue funds to the alternate cashier for scheduled absences of the primary cashier.

Management Comments

The Deputy Director for Finance, DFAS Headquarters, responded to the recommendations made to the DFAS activities. See Part IV for the full text of the Deputy Director for Finance's comments.

The Deputy Director for Finance concurred on all recommendations made to DFAS activities; however, the Deputy Director only partially concurred with recommendations 1.a.(1) and 1.a.(2) because the DoD Financial Management Regulation 7000.14-R, distributed after our audit, includes procedures for balancing cash daily and processing collections upon receipt. Recommendation 1.b. is scheduled to be implemented September 30, 1994. Compliance with these revised accounting requirements fully meet the interest of our recommendations. Therefore, no additional actions or comments are required.

The Deputy Director for Finance concurred with Recommendation 2. and stated that the appointment of cash verification teams included in Recommendation 2. will be completed October 31, 1994. All other recommendations are scheduled for immediate implementation.

The Commander, Naval Surface Warfare Center, Crane Division, concurred on all recommendations for immediate implementation. See Part IV for the complete text of the Commander Naval Surface Warfare Center, Crane Division.

Part III - Additional Information

Appendix A. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Type of Benefit
1.a.	Internal controls. Implementation would ensure that internal controls were in place to protect Government funds and that losses were detected quickly.	Nonmonetary
1.b.	Internal controls. Implementation would ensure that the Disbursing Office assessable unit is properly evaluated and the risk of the assessable unit properly rated.	Nonmonetary
2.	Compliance. Implementation would ensure compliance with DoD guidance.	Nonmonetary
3.	Economy and efficiency. Implementation would reduce the amount of funds held outside the Treasury, thus reducing the risk of loss.	Nonmonetary

Appendix B. Report Distribution

Office of the Secretary of Defense

Comptroller of the Department of Defense
Deputy Comptroller of the Department of Defense (Management Systems)

Department of the Navy

Assistant Secretary of the Navy (Financial Management)
Commander, Naval Surface Warfare Center, Crane Division

Defense Organizations

Director, Defense Finance and Accounting Service
  Director, Defense Finance and Accounting Service Cleveland Center
  Site Leader, Defense Finance and Accounting Service Cleveland Center, Crane, IN

Part IV - Management Comments

Defense Finance and Accounting Service Comments

DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

AUG 0 2 1994

DFAS-HQ/F

MEMORANDUM FOR DIRECTOR, FINANCIAL MANAGEMENT DIRECTORATE, INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Preparation of Response to DoD(IG) Draft Report, "Cash Accountability in the Department of Defense, Disbursement Fund and Imprest Funds Maintained in Crane, Indiana" (Project Code 3FG-2019.05)

Our detailed comments to the information requested on the recommendations in the report are attached.

Michael E. Wilson
Deputy Director for Finance

Attachment:
As stated

Defense Finance and Accounting Service Comments
on DoD(IG) Draft Report, "Cash Accountability
in the Department of Defense, Disbursement Fund
and Imprest Funds Maintained in Crane, Indiana"
(Project Code 3FG-2019.05)

RECOMMENDATION 1.a.(1): Recommend that the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, enforce the use of internal controls to help preclude the loss of funds that require the cash book to be balanced each day.

CONCUR/NONCONCUR: Partially concur. We agree that the Site Leader should enforce the use of internal controls to help preclude the loss of funds by requiring cash to be balanced each day. However, this recommendation incorrectly requires the "cash book" to be balanced each day. The "cash book" was a Navy form prescribed by the Comptroller of the Navy (NAVCOMPT) Manual, Volume 4. The NAVCOMPT Manual, Volume 4, was superseded by the DoD Financial Management Regulation 7000.14-R, Volume 5 (DoDFMR, Vol 5), Disbursing Policy and Procedures. Chapter 19 of the DoDFMR, Volume 5, requires all Disbursing Officers to balance all cash daily and requires the use of DD Form 2657, Daily Statement of Accountability as the permanent written record of balancing. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: Immediately

RECOMMENDATION 1.a(2): Recommend that the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, enforce the use of internal controls to help preclude the loss of funds that include all cash collections in the cash book when received.

CONCUR/NONCONCUR: Partially concur. We agree that the Site Leader should enforce the use of internal controls to help preclude the loss of funds by requiring all cash collections to be accounted for daily as received. However, this recommendation incorrectly requires inclusion of all cash collections in the cash book when received. The "cash book" was a Navy form prescribed by the Comptroller of the Navy (NAVCOMPT) Manual, Volume 4. The NAVCOMPT Manual Volume 4 was superseded by the DoD Financial Management Regulation 7000.14-R, Volume 5 (DoDFMR, Vol 5), Disbursing Policy and Procedures. Chapter 19 of the DoDFMR, Volume 5, requires all Disbursing Officers to balance all cash daily and requires the use of DD Form 2657, Daily Statement of Accountability as the permanent written record of balancing. Chapter 10 of the DoDFMR, Volume 5, requires Disbursing Officers to process collections upon receipt in order to expedite the flow of funds to the Government. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: Immediately

RECOMMENDATION 1.a(3): Recommend that the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, enforce the use of internal controls to help preclude the loss of funds that promptly deposit all checks and negotiable instruments.

CONCUR/NONCONCUR: Concur. Chapter 5 of the DoDFMR, Volume 5, requires Disbursing Officers to deposit receipts of $1,000 or more on the same day received unless such action is not cost effective, in which case, deposits must be made on the next business day. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: Immediately

RECOMMENDATION 1.a(4): Recommend that the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, enforce the use of internal controls to help preclude the loss of funds that properly package funds held for safekeeping.

CONCUR/NONCONCUR: Concur. Chapter 27 of the DoDFMR, Volume 5, prescribes the authority, responsibilities, and procedures for safekeeping of funds other than public funds. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: Immediately

RECOMMENDATION 1.b: Recommend that the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, perform a risk assessment of the disbursing office.

CONCUR/NONCONCUR: Concur.

Estimated completion: September 30, 1994

RECOMMENDATION 2: Recommend that the Director, Defense Finance and Accounting Service - Cleveland Center, issue a letter of appointment for the Disbursing Officer at the Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, and review current regulations and practices for responsibilities.

CONCUR/NONCONCUR: Concur. The Director, Defense Finance and Accounting Service - Cleveland Center, will issue a letter of appointment for the Disbursing Officer at the Defense Finance and Accounting Service - Cleveland Center, Crane, Indiana, as well as the Disbursing Officers at all other defense accounting offices under the Defense Finance and Accounting Service - Cleveland Center cognizance. The appointment and conduct of the quarterly cash verification team at Defense Accounting Offices under the Defense Finance and Accounting Service - Cleveland Center

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cognizance also is the responsibility of the Director, Defense Finance and Accounting Service - Cleveland Center. Due to the geographic dispersal of these offices, conduct of these verifications by the Cleveland Center would not be cost effective. Therefore, at Defense Accounting Offices where the staffing is not sufficient to provide a cash verification team from Defense Accounting Office personnel (other than Disbursing Office personnel), the requirement for the quarterly cash verification team will be included in Interservice Support Agreements with the installations supported by the Defense Accounting Offices. The appointment and conduct of the quarterly cash verification team at installations operating imprest funds is the responsibility of the Commander of the installation. In this case, the Commander, Crane Division, Naval Surface Warfare Center. Requirements for the appointment and conduct of quarterly cash verifications are addressed in Chapter 3 of the DoDFMR, Volume 5. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: Letters of appointment - immediately. Appointment of cash verification teams - October 31, 1994.

RECOMMENDATION 3.a: Recommend that the Commander, Crane Division, Naval Surface Warfare Center, determine the amount of cash needed by the Supply Directorate primary imprest fund cashier.

CONCUR/NONCONCUR: Concur. Chapter 2 of the DoDFMR, Volume 5, prescribes the authority, responsibilities, and procedures for imprest funds. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: September 30, 1994

RECOMMENDATION 3.b: Recommend that the Commander, Crane Division, Naval Surface Warfare Center, reduce the amount of cash held by the Supply Directorate to only that amount needed.

CONCUR/NONCONCUR: Concur. Chapter 2 of the DoDFMR, Volume 5, prescribes the authority, responsibilities, and procedures for imprest funds. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: September 30, 1994

RECOMMENDATION 3.c: Recommend that the Commander, Crane Division, Naval Surface Warfare Center, verify that funds held by the Supply Directorate alternate imprest fund cashier, are returned to the Disbursing Officer when the primary cashier returns from unscheduled absences.

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CONCUR/NONCONCUR: Concur. Chapter 2 of the DoDFMR, Volume 5, prescribes the authority, responsibilities, and procedures for imprest funds. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: September 30, 1994

RECOMMENDATION 3.d: Recommend that the Commander, Crane Division, Naval Surface Warfare Center, has the primary imprest fund cashier issue funds to the alternate cashier for scheduled absences of the primary cashier.

CONCUR/NONCONCUR: Concur. Chapter 2 of the DoDFMR, Volume 5, prescribes the authority, responsibilities, and procedures for imprest funds. Please note that DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: September 30, 1994

Department of the Navy, Crane Division Comments

DEPARTMENT OF THE NAVY
CRANE DIVISION
NAVAL SURFACE WARFARE CENTER
300 HIGHWAY 361
CRANE, INDIANA 47522 5000

IN REPLY REFER TO

7210
Ser CE2/4034
04 AUG 1994

MEMORANDUM

From: Commander, Naval Surface Warfare Center, Crane Division
To: Office of the Inspector General, Department of Defense

Subj: AUDIT REPORT ON CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, DISBURSEMENT FUND AND IMPREST FUNDS MAINTAINED IN CRANE, INDIANA (Project No. 3FG-2019.05)

Ref: (a) DoDIG Draft of a Proposed Audit Report Project No. 3FG-2019 05

Encl: (1) Recommendations and NAVSURFWARCENDIV Crane's comments

1. NAVSURFWARCENDIV Crane Division has reviewed reference (a). Comments to the recommendations are individually addressed in enclosure (1)

2. NAVSURFWARCENDIV Crane point of contact is Mr James Lawson, CE, DSN 482-3991 or commercial 812-854-3991.

S HOWARD

Recommendations and NAVSURFWARCENDIV Crane Comments

3. We recommend that the Commander, Crane Division, Naval Surface Warfare Center:

a. Determine the amount of cash needed by the Supply Directorate primary imprest fund cashier.

NAVSURFWARCENDIV Comments: Concur An analysis of the imprest fund revealed $6,000 is necessary to support six to seven working days of business.

b. Reduce the amount of cash held by the Supply Directorate to only that amount needed.

NAVSURFWARCENDIV Comments: Concur. Effective immediately, the amount of the imprest fund will be reduced to $6,000.

c. Verify that funds held by the Supply Directorate alternate imprest fund cashier are returned to the Disbursing Officer when the primary cashier returns from unscheduled absences.

NAVSURFWARCENDIV Comments: Concur. Effective immediately, the alternate imprest fund cashier will return the funds immediately upon the arrival of the primary imprest fund cashier from unscheduled absences.

d. Have the primary imprest fund cashier issue funds to the alternate cashier for scheduled absences of the primary cashier.

NAVSURFWARCENDIV Comments: Concur. The imprest fund cashiers have been reminded of current policy for the primary imprest fund cashier to issue funds to the alternate cashier for scheduled absences of the primary cashier.

Audit Team Members

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