Audit Report

OFFICE OF THE INSPECTOR GENERAL

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, FOR THE IMPREST FUND MAINTAINED AT THE DEFENSE LOGISTICS AGENCY, SHARONSVILLE, OHIO

Report No. 94-086 April 20, 1994

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Department of Defense

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Report No.94-086 April 20, 1994

MEMORANDUM FOR DEPOT MANAGER, DEFENSE LOGISTICS AGENCY, SHARONVILLE, OHIO

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, for the Imprest Fund Maintained at the Defense Logistics Agency, Sharonville, Ohio (Project No.3FG-2019.11)

Introduction

We are providing this final report on the subject audit for your review. The total value of the audited imprest fund was $500. This report is part of our audit of cash accountability within The Department of Defense, and the results will be included in a consolidated report.

Audit Results

Our surprise audit on January 20, 1994, disclosed that the imprest fund maintained at the Defense Logistics Agency, Sharonville, Ohio, was generally well managed, and no discrepancies were identified. Specifically, the cash and amounts on vouchers on hand in the fund when our audit was made equaled the amount of funds authorized. Controls over the fund were generally adequate in that the vouchers were properly approved, disbursements were made only for authorized purchases, and disbursements were supported by receipts.

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 Department of Defense 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 of the imprest fund maintained at the Defense Logistics Agency, Sharonville, Ohio, was made January 20, 1994. That imprest fund is part of Disbursing Symbol Station Number 6551. The Defense Logistics Agency, Sharonville, Ohio, was the only location we visited.

We made an unannounced cash count of the $500 imprest fund on January 20, 1994, and reviewed all supporting vouchers and receipts on hand in the fund

when the cash count was made. 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.

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 considered necessary. No computer-processed information was involved.

Internal Controls

Internal controls over the imprest fund were generally adequate. Specifically, fund vouchers were properly approved, disbursements were made only for authorized purchases, and all expenditures were supported by receipts. Physical controls over the imprest fund cashier's area were in place, and procedural controls over security, including the opening and closing of security containers, were adequate. Regulations required combinations for safes and vaults be changed at least every 6 months, and the combinations were changed as required. Cash verification files for previous months to confirm unannounced cash counts by Depot Managers selected independently were reviewed. The Internal Management Control Program generally complied with applicable regulations.

Prior Audits and Other Reviews

The Inspector General, Department of Defense, has performed no audits of the Fund during the past 5 years.

Background

The Defense Finance and Accounting Service has overall responsibility to manage Department of Defense cash and related assets. Specific policies and guidance governing imprest funds are set forth in the Federal Acquisition Regulations and Department of Defense 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 payment of travel expenses in accordance with joint travel regulations.

Discussion

The imprest fund maintained at the Defense Logistics Agency, Sharonville, Ohio, was well managed. The review of the documentation in the fund included a determination that vouchers had proper approval, that receipts were available, and that totals on 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. 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 key laws and regulations applicable to cash management.

Management Comments

This report contains no recommendations. Accordingly, comments pursuant to the provisions of Department of Defense Directive 7650.3 are not required. However, if you choose to respond, please do so by May 20, 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 Manager, 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. 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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ENCLOSURE

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