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MEMORANDUM FOR COMMANDER, NAVAL AIR STATION, NORFOLK, VIRGINIA

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, Supply Department Imprest Fund, Naval Air Station, Norfolk, Virginia, (Project No. 3FG-2019.01)

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 surprise audit on December 7, 1993, disclosed no discrepancies in the handling of funds in the imprest fund. The cash and amounts on vouchers on hand in the fund when the cash count was made equaled the amount of money authorized to be in the fund. Control over the fund was 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 Internal Management Control program management as it pertained to the audit objectives.

Scope and Methodology

This financial related audit was made of the imprest fund maintained at the Supply Department, Naval Air Station, Norfolk, Virginia, the only site we visited. That imprest fund is part of Disbursing Symbol Station Number 8371. We made an unannounced cash count on December 7, 1993, of the imprest fund valued at $500 and reviewed the vouchers and receipts on hand in the fund. The DD Form 1081 "Statement of Agent Officer's Account" was not available for review; however, we verified the appointment letters establishing the principal imprest fund cashier and the alternate. 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. Physical controls over the imprest fund cashier area were in place, as were 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. Cash verification files for the previous 12 months to confirm unannounced cash counts by teams appointed by the base commander had been accomplished. The Internal Management Control program 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 the 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 authorize personnel and for payment of travel expenses in accordance with joint travel regulations.

**Discussion**

The review of the 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. Payment 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 does not contain any recommendations. Accordingly, comments pursuant to the provision 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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