

**Audit of USAID/Tanzania's
Cashiering Operations**

**Report No. 4-621-98-006-F
April 16, 1998**

REGIONAL INSPECTOR GENERAL/PRETORIA



memorandum

*Regional Inspector General
Pretoria*

DATE: April 16, 1998
TO: Director, USAID/Tanzania, Lucretia Taylor
FROM: Regional Inspector General/Pretoria, Joseph Farnella
SUBJECT: Audit of USAID/Tanzania's Cashiering Operations, Report No. 4-621-98-006-F

This memorandum is our final report on the subject audit. We have considered your comments on the draft report and have included them as Appendix II. Based on the results of the audit, this report does not have any recommendation. I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

USAID/Tanzania, a Mission of approximately 93 U.S. and local national employees, conducts its cashiering operations from an enclosed area within the Controller's office. Cash operations are handled by a cashier and, in her absence, an alternate cashier. The Mission's authorized petty cash fund imprest level at the time of the audit was \$50,000.

It is the Mission's policy that the cashier's office will conduct business with economy and efficiency. The Controller is responsible for all financial activities of the cashiering operations and is guided by the Department of State policy for Tanzania as well as Mission requirements. The Controller directly supervises the cashier, issues instructions for day-to-day operations, and approves exceptional transactions arising from unusual situations.

The cashier's duties principally comprise of : (1) maintaining an imprest fund in local currency (Tanzanian shillings) and U.S. dollars in amounts prescribed by USAID/Washington; (ii) making cash disbursements for local procurements, in-country travel advance, local currency expense claims and emergency situations; (iii) conducting accommodation exchange transactions principally for U.S. citizens or third country nationals employed by the Mission; and (iv) accepting payments on behalf of the U.S. Government (such as for bills for collection), and (4) depositing the funds collected.

Audit Objectives

The Office of the Regional Inspector General/Pretoria audited USAID/Tanzania's cashiering operations to answer the following question:

Did USAID/Tanzania manage its cashiering operations efficiently, economically and in accordance with Agency policies and procedures?

Appendix I describes the audit's scope and methodology.

Audit Findings

USAID/Tanzania managed its cashiering operations with economy, efficiency, and in accordance with Agency policies and procedures.

USAID/Tanzania management provided guidance to its cashiers by issuing two Mission Orders on cashiering and petty cash (imprest fund) operations. These documents incorporated the policies and procedures established by: (1) the Treasury Cashier Manual; (2) Treasury Fiscal Requirements Manual; (3) USAID Handbook 19, Chapter 13; and (4) the Federal Acquisition Regulations.

In accordance with the above guidance, the Mission designated a cashier and an alternate cashier both of whom received training at the Regional Financial Management Center in Paris. The cashier's office is situated in a segregated area in the Controller's section and access is restricted to authorized personnel. All cash, checks and other valuables are kept in a safe the combination to which is placed in a sealed envelope in the custody of the Mission's Regional Security Officer.

Moreover, the Mission takes adequate precautions in transporting money and other valuables between the bank and the cashier's office. A security company transports money to and from the bank in an armored vehicle and guards employed by this company accompany the cashier during her trips to the bank.

A surprise count of the cash in hand on November 18, 1997 showed that all transactions were satisfactorily accounted for and the U.S. dollars and local currency were counted and satisfactorily reconciled to the Mission's imprest fund level of \$50,000.

In addition, we analysed the cashiers' reconciliation statements during fiscal year 1997 and noted that the difference between the authorized imprest level and the total value of the transactions was approximately within 10 per cent. Therefore, we determined that the imprest level of \$50,000 is adequate for the Mission's needs.

A review of the cashiering operations from the 23rd through the 29th of September, 1997, showed that the disbursements were properly supported and the imprest fund reconciled daily by the cashier. Signed receipts were obtained for all payments, and requests for reimbursements were accompanied by acceptable documentation. Moreover, all transactions were supported by vouchers which were recorded and maintained by an employee in the Controller's office who does not perform any cashiering function. We believe that this division of responsibility provides for a segregation of duties that enhances internal controls over cash operations by reducing the possibility of collusion.

Furthermore, we noted that the Mission Controller conducts surprise cash counts periodically and spot checks the cashier's records for accuracy and compliance with Agency requirements.

Management Comments and Our Evaluation

In their response to the draft report, USAID/Tanzania stated that they accepted the report and believed that the audit was useful to its operations. Based on the Mission's response, no further action is considered necessary.

**SCOPE AND
METHODOLOGY**

As part of our fiscal year 1998 audit plan, we conducted an audit of USAID/Tanzania's cashiering operations in accordance with generally accepted government auditing standards. The field work was done at Dar Es Salaam, Tanzania, on November 18 through 25th, 1997.

To accomplish our audit objective, we (1) reviewed the physical security of the cashier's office, (2) evaluated controls relating to safeguarding cash and other valuables in the cashier's vault, (3) performed a surprise cash count, (4) audited the cashier's reconciliations of the imprest fund, and (5) reviewed daily cash transactions for one week during the fiscal year 1997. Total value of the transactions reviewed amounted to approximately \$440,000.

In addition, we obtained a management representation letter from cognizant Mission officials containing essential assertions relating to our audit objective.



U.S. Agency For International Development
memorandum

DATE: February 9, 1998

**REPLY TO
ATTN OF:** Lucretia Taylor, Director, USAID/Tanzania

SUBJECT: Audit of USAID/Tanzania's Cashiering Operations,
Report No. 4-621-98-xcccF

TO: Regional Inspector General/Pretoria, Joseph Farinella

USAID/Tanzania would like to thank RIG/Pretoria for all of the help and support received during subject audit. The Mission found the audit extremely useful to its operations.

Management accepts the report and has no comments.