

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

**Report No. 4-656-98-007-F
April 24, 1998**

REGIONAL INSPECTOR GENERAL/PRETORIA



memorandum

*Regional Inspector General
Pretoria*

DATE: April 24, 1998

TO: Director, USAID/Mozambique, Cynthia Rozell

FROM: Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT: Audit of USAID/Mozambique's Cashiering Operations, Report No. 4-656-98-007-F

This memorandum is our 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 recommendations. I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

USAID/Mozambique conducts its cashiering operations from an enclosed area within the Financial Management section of the Mission. Cash operations are handled by a designated cashier. The Mission's authorized petty cash fund imprest level at the time of the audit was \$65,000.

Financial activities of the cashiering operations are guided by the Department of State, RAMC/Paris, and USAID policy as well as Mission requirements. The Supervisory Financial Analyst directly supervises the cashier and issues instructions for day-to-day operations while the Controller approves exceptional transactions arising from unusual situations.

The cashier's duties principally comprise of : (i) maintaining an imprest fund in local currency and U.S. dollars in amounts prescribed by USAID/Washington; (ii) making cash disbursements against properly authorized documents; (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 (bills for collection, etc.) and depositing the funds collected.

Audit Objectives

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

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

USAID/Mozambique management provided guidance to its cashiers by issuing a Mission Orders on cashiering and petty cash (imprest fund) operations. These documents incorporated the policies and procedures established by: (1) the Department of State Cashier Manual; (2) RAMC/Paris Operations Manual; (3) USAID Financial Management Bulletin No. 10; and (4) the Treasury Financial Manual.

The cashier's office is situated in a segregated area in the Financial Management 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 valuable between the bank and the cashier's office. In conjunction with the Embassy, a security company transports money to and from the bank in an armored vehicle.

A surprise count of the cash in hand on March 23, 1998 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 \$65,000.

A review of the cashiering operations 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.

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

Management Comments and Our Evaluation

USAID/Mozambique requested one editorial change which has been incorporated into the report.

**SCOPE AND
METHODOLOGY**

As part of our fiscal year 1998 audit plan, we conducted an audit of USAID/Mozambique's cashiering operations in accordance with generally accepted government auditing standards. The field work was done at USAID/Mozambique during the week of March 23, 1998.

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.



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MEMORANDUM

TO : Joseph Farinella,
Regional Inspector General for Audit, Pretoria

FROM : James T. Smith,
Acting Mission Director, USAID/Mozambique

DATE : April 17, 1998

REF. : USAID/0246/98/mk

SUBJECT : Audit of USAID/Mozambique's Cashier Operations
Report No. 4-656-98-007-F

Dear Joseph,

We refer to the above audit and to your memorandum dated April 9 requesting the Mission's written comments by no later than May 8, 1998. Please note that we have only one editorial comment to make:

Page 1 - Background - Paragraph 2, states "The Deputy Controller directly supervises...." and "...approves exceptional transactions rising from unusual situations." Please amend this sentence to read "The Supervisory Financial Analyst directly supervises" and "..... day-to-day operations, and the Controller approves exceptional transactions rising from unusual situations."

We look forward to receiving a copy of the final audit report.

Thank you and regards,