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UNITED STATES GENERAL ACCOUNTING OFFICE
 REGIONAL OFFICE
 2006 WASHINGTON BOULEVARD BUILDING
 234 STATE STREET
 DETROIT, MICHIGAN 48226

GACOG 335

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Commander John G. Weisend
 Commanding Officer
 Navy Regional Finance Center
 Great Lakes, Illinois



Dear Commander Weisend:

As you may recall, in December 1971 we advised you that procedures and controls to guard against improper use of imprest funds needed to be strengthened. You and other Center officials told us corrective action would be taken. Our recent examination disclosed some improvement has been made but more needs to be done.

Our 1971 review of 10 imprest fund vouchers paid by disbursing officers in your region showed that 32 of the 234 supporting documents did not include all information required by the Field Purchasing Manual (NAVSUP P-467). According to the manual, vouchers should be supported by an original invoice, delivery ticket or other sales document. The document must show the vendor's name and address, items purchased, quantity, unit price and extension, and acceptance of delivery. The disbursing officer should not replenish the imprest fund unless this evidence of purchase is received.

When we discussed our findings with you and other Center officials, we were informed that all imprest fund cashiers would be reminded to adequately support fund expenditures. Later we were told that controls had been intensified by disbursing officers and administrative examiners.

Our examination of 243 transactions in 11 imprest fund vouchers in the Center's May 1972 account showed a problem still exists. We noted that 14 supporting documents, primarily packing slips, did not show unit prices and/or quantities.

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We believe this problem can be readily identified for correction through cursory examinations of reimbursement vouchers by disbursing officers before payment or through routine reviews of the vouchers by administrative examiners after payment. Accordingly, we suggest that you advise your disbursing officers to deny reimbursement until proper support is submitted and that you upgrade the review procedures at your Center.

Another problem area involves the failure to segregate paying and receiving functions. In both the current and prior reviews we noted that a cashier handling a large imprest fund (\$2,000) was also receiving and accepting deliveries, contrary to good internal control procedures. In our 1971 review we noted that the cashier at the Navy Public Works Center, Great Lakes, was performing all three functions. Our subsequent review showed this had been corrected; however, in 1972 we found the same situation at the Naval Support Activity, New Orleans. Failure to separate these functions invites misuse of imprest funds.

Your comments and advice of actions taken would be appreciated.

Sincerely yours,

C. H. Moore

C. H. Moore
Regional Manager

cc: Comptroller of the Navy
Director, Naval Area Audit
Service Philadelphia

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