

# **USAID**

## **OFFICE OF INSPECTOR GENERAL**

### **Audit of USAID/South Africa's Cashier Operations**

**Audit Report (Report No. 4-674-01-003-F)**  
**April 25, 2001**

**PRETORIA, SOUTH AFRICA**  
**OFFICE OF INSPECTOR GENERAL**  
**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



U.S AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

RIG/PRETORIA

APRIL 25, 2001

**MEMORANDUM**

FOR: Director USAID/South Africa, William S. Rhodes

FROM: Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT: Audit of USAID/South Africa's Cashier Operations, Audit Report No. 4-674-01-003-F

This memorandum is our report on the subject audit. We have received your comments on the draft report and have included them in their entirety as an appendix to this report (see Appendix II). This report contains no recommendations for your action.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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**Summary of Results**

To accomplish our audit objective; we (1) reviewed the physical security of the cashier's office and the transport procedure of cash and checks, (2) evaluated controls relating to safeguarding cash and other valuables in the cashiers' safes, (3) performed a surprise cash count, (4) audited the cashier's reconciliation of the imprest fund, and (5) reviewed daily cash transactions.

Our results showed that the Mission was following regulations in its cashier operations. The cash counts were accurate and transactions were accurately recorded.

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**Background**

The Controller is responsible for all financial activities of the cashiering operations at USAID South Africa. The Deputy Controller directly supervises the cashier and issues instructions for day-to-day operations, while the Controller approves exceptional transactions arising from unusual situations. Cash transactions are handled by a cashier and, in her absence, an alternate cashier. The cashier's duties are principally comprised of:

- (i) maintaining an imprest fund in local currency;
- (ii) making cash disbursements against properly authorized documents;
- (iii) conducting accommodation exchange transactions principally for U.S. citizens working for the Mission and institutional contractors; and
- (iv) accepting payments on behalf of the U.S. Government (bills for collection, etc.) and depositing the funds collected.

The Mission's authorized imprest fund level at the time of the audit was a base of \$90,000 with a temporary advance of \$20,000 issued in February 2000, for a total of \$110,000.

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**Audit Objective**

As part of RIG/Pretoria's 2000 Annual Audit Plan, this audit involved a review of USAID/South Africa's Cashier Operations and was designed to answer the following question:

Are Cashier Operations being managed efficiently and effectively in accordance with USAID policies and procedures?

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Appendix I provides a complete discussion of the scope and methodology for this audit.

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**Audit Findings**      **Are Cashier Operations being managed efficiently and effectively in accordance with USAID policies and procedures?**

USAID/South Africa managed its cashiering operations efficiently and effectively in accordance with USAID policies and procedures.

USAID/South Africa management provided guidance to its cashiers by the policies and procedures established by the Treasury Cashier's Manual, Regional Administrative Management Center (RAMC)/Paris Operations Manual and USAID Financial Management Bulletin No. 10.

In accordance with the above guidance, the Mission designated a cashier and an alternate cashier with a sub-cashier at another location, all of whom received training at the RAMC in Paris. The cashier's office is situated in a segregated area on the eighth floor of the USAID building and access is restricted to authorized personnel. All cash, checks and other valuables are kept in safes, one for each cashier, the combinations to which are placed in a sealed envelope in the custody of the Embassy's Regional Security Officer.

Moreover, the Mission takes precautions in transporting money and other valuables between the bank and the cashier's office. The cashier makes an appointment with the bank for the next day when depositing and cashing checks. She is accompanied by one of the Mission security guards to and from the office and bank.

A surprise count of the cash on hand on February 13, 2001 showed that all transactions were accounted for and local currency was counted and reconciled to the Mission's imprest fund level of \$110,000. This balance included a temporary advance of \$20,000 for accommodation exchange transactions that should have been returned to RAMC/Paris in August 2000. According to the Controller, this had not occurred because of an administrative oversight, and the office is in the process of returning that amount. Since this is not a systemic problem, we are not making a recommendation.

A review of the cashier transactions from January 22 to February 13, 2001, showed that the disbursements were properly supported and the imprest fund was periodically reconciled by the cashier. Signed documentation was obtained for all payments, and requests for reimbursements were submitted with acceptable documentation.

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

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**Management  
Comments and  
Our Evaluation**

USAID/South Africa had no comments on the draft audit report. In its response, USAID/South Africa advised us that they have acted to reduce the cashier's limit by \$20,000. This was done through the Automated Cashier System to limit the cashier's ability to request replenishments that would exceed the authorized level of \$90,000. The level will be reduced with the next replenishment request.

**Scope and  
Methodology**

**Scope**

As a part of the FY 2000 audit plan, we conducted an audit of USAID/South Africa's cashing operations in accordance with generally accepted government auditing standards. The fieldwork was done at the Mission facilities in Pretoria and Silverton, South Africa.

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 rooms, (3) performed a surprise cash count, (4) verified the cashier's reconciliation of the imprest fund level of \$110,000 and (5) reviewed 100 percent of the transactions for the period January 22 to February 13, 2001, valued at \$61,693.

Because of the limited scope of our audit, we did not establish a materiality threshold and considered even one dollar out of balance as a reportable condition. The universe did not lend itself to random, statistical sampling. Therefore, we chose the transactions related to the Controller's last surprise cash count and the audit surprise cash count.

**Methodology**

The objective of this audit was to determine whether cashier operations are managed efficiently and effectively in accordance with USAID policies and procedures.

To accomplish this audit objective, we conducted interviews with officials at USAID/South Africa, principally in the Controllers Office, to gain an understanding of the Mission's existing procedures and controls covering each of the cashier's processes; maintaining an imprest fund in local currency; making cash disbursements against properly authorized documents; conducting accommodation exchange transactions principally for U.S. citizens working for the Mission and institutional contractors; and accepting payments on behalf of the U.S. Government (bills for collection, etc.) and depositing the funds collected.

Our review also included tests of judgmentally selected transactions. We traced data to appropriate supporting records to verify whether the data was authorized, accurately stated and adequately supported. A description of the specific areas tested under each accounting process is summarized below.

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Cash on Hand: We conducted a non-scheduled cash count with the cashier, alternate cashier and a sub-cashier at one of the warehouses. We counted the cash held by each accountable person to verify that it was accurate and tied to the amounts on the system generated report, Cashier's Reconciliation Statement, for the date reviewed.

Payments: Our tests included verifying that the supporting documents were accurate, sufficient and administratively approved by the certifying officer. We verified each transaction for the cash count.

Accommodation exchange: We verified that the exchange rates used were approved and that transactions were within regulation limits of \$500 or appropriately authorized per Bulletin No. 10, Section VII, B.

Cash and document security: We verified that physical access to cash and documentation was limited.

**Management  
Comment**

**UNITED STATES GOVERNMENT  
MEMORANDUM**



**DATE:** April 18, 2001

**TO:** Joseph Farinella - Regional Inspector General

**FROM:** William Stacy Rhodes - Mission Director

**SUBJECT:** Audit of USAID South Africa's Cashier Operations, Audit Report No. 4-674-01-XXX-F.

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Action has been taken through the Automated Cashier System (ACS) to limit the cashier's ability to request replenishments, which would exceed the authorized level of \$90,000. This will take effect immediately, so the actual cash level will go down as the next replenishment requests take place.