

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

**Report No. 4-611-99-003-F
May 18, 1999**

REGIONAL INSPECTOR GENERAL/PRETORIA



Memorandum

*Regional Inspector General
Pretoria*

DATE: May 18, 1999

TO: Director, USAID/Zambia, Walter E. North

FROM: Regional Inspector General/Pretoria, *Joseph Farinella* Joseph Farinella

SUBJECT: Audit of USAID/Zambia's Cashiering Operations, Report No. 4-611-99-003-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 recommendation. I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

USAID/Zambia conducts its cashiering operations from a secure area within the Mission. Cash operations are handled by a designated cashier and alternate cashier. The Mission's authorized petty cash fund imprest level at the time of the audit was \$15,000.

The Mission's cashiering operations are guided by the Department of State, RAMC/Paris, and USAID policies and procedures. 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: (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) accepting payments on behalf of the U.S. Government (bills for collection, etc.), and (iv) depositing the funds collected into a local bank account.

Audit Objective

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

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

Appendix I describes the audit scope and methodology.

Audit Findings

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

USAID/Zambia management provided guidance to its cashiers by issuing a Mission Order on cashiering and petty cash (imprest fund) operations. This document 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 Mission 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. In conjunction with a U.S. commercial bank operating in Zambia, a security company transports money between the bank and the Mission in an armoured vehicle.

A count of the cash in hand on January 8, 1999 showed that all transactions were satisfactorily accounted for and the U.S. dollars and local currency were satisfactorily reconciled to the Mission's imprest fund level of \$15,000.

A review of the cashiering operations showed that the disbursements were properly supported and the imprest fund was reconciled at least weekly by the cashier. Signed receipts were obtained for all payments, and requests for reimbursements were accompanied by adequate supporting documentation.

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

Management Comments and Our Evaluation

In their response to our draft report, USAID/Zambia management stated that it was in agreement with the findings and would strive to maintain its good performance and/or improve upon it. The Mission's comments are included in their entirety in Appendix II.

**SCOPE AND
METHODOLOGY**

As part of our fiscal year 1999 audit plan, we conducted an audit of USAID/Zambia cashiering operations in accordance with generally accepted government auditing standards. The field work was done at the Mission's offices in Lusaka, Zambia on January 8, 1999.

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 cash count, (4) verified the cashier's reconciliations of the imprest fund, and (5) reviewed a judgmental sample of 25 daily cash transactions for the period October 23 through December 10, 1998. Processes found to have data transactions with an error rate up to five percent were considered an acceptable level of risk for reporting purposes. Error rates exceeding five percent were considered significant.

U.S.A.I.D / ZAMBIA
memorandum

DATE: April 26, 1999

REPLY TO Walter North, Mission Director
ATTN OF:

SUBJECT: Audit of USAID/Zambia's Cashiering Operations

TO: Dev Sen, RIG

REF: Draft Audit Report

We acknowledge receipt of the draft report on the audit of USAID/Zambia's cashier operations and we are in agreement with the findings. We shall in future strive to maintain the good performance and/or improve upon it.

We look forward to receiving the final report.