

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

CASH ACCOUNTABILITY IN THE DEPARTMENT OF
DEFENSE, FOR A DISBURSEMENT FUND AND AN
IMPREST FUND MAINTAINED AT THE NAVAL AIR
WARFARE CENTER, AIRCRAFT DIVISION,
INDIANAPOLIS, INDIANA

Report No. 95-016

October 24, 1994

Department of Defense

Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch, Audit Planning and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

Inspector General, Department of Defense
OAIG-AUD (ATTN: APTS Audit Suggestions)
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

DoD Hotline

To report fraud, waste, or abuse, call the DoD Hotline at (800) 424-9098 or write to the DoD Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of writers and callers is fully protected.



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



October 24, 1994

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE
COMMANDER, NAVAL AIR WARFARE CENTER,
AIRCRAFT DIVISION, INDIANAPOLIS, INDIANA

SUBJECT: Audit Report on Cash Accountability in the Department of Defense, for a Disbursement Fund and an Imprest Fund Maintained at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana (Report No. 95-016)

We are providing this final report for your information and use. It discusses matters concerning the surprise cash counts conducted on the disbursement fund and imprest fund maintained at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana. This report is one of a series from our audit of cash accountability within the Department of Defense.

Comments to a draft of this report were received. As a result of those comments, we deleted a recommendation to eliminate the imprest fund and a portion of a related recommendation. Comments conformed to the requirements of DoD Directive 7650.3 and there are no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. If you have questions on this audit, please contact Mr. Richard B. Bird, Program Director, at (317) 542-3859 (DSN 699-3859), or Mr. John J. Vietor, Project Manager, at (317) 542-3855 (DSN 699-3855). Appendix B lists the distribution of this report. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, Department of Defense

Report No. 95-016
(Project No. 3FG-2019.08)

October 24, 1994

CASH ACCOUNTABILITY IN THE DEPARTMENT OF DEFENSE, FOR A DISBURSEMENT FUND AND AN IMPREST FUND MAINTAINED AT THE NAVAL AIR WARFARE CENTER, AIRCRAFT DIVISION, INDIANAPOLIS, INDIANA

EXECUTIVE SUMMARY

Introduction. This report is one of series from our audit of cash accountability within the Department of Defense. We audited a disbursement fund of the Defense Finance and Accounting Service Cleveland Center, Indianapolis, Indiana, and an imprest fund of the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana. Both funds were maintained at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana.

Objectives. Our objectives were to verify the accountability for cash and related assets and to evaluate the adequacy of procedures used to determine the accuracy of records used to support cash accountability at Department of Defense accounting offices and organizations authorized to have imprest funds. We also assessed compliance with applicable laws and regulations and evaluated the internal control procedures used to comply with the DoD Internal Management Control Program as it pertained to the audit objectives.

Audit Results. Our surprise audit on January 19 and 20, 1994, of the disbursement fund and imprest fund maintained at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, disclosed no material discrepancies. However, we concluded that the internal controls over both the disbursement and imprest funds needed improvement and that the physical security for the disbursement fund should be strengthened. Those problems created a higher risk in management of Government funds.

Internal Controls. The internal controls applicable to the audit objectives were deemed effective in that no material deficiencies were disclosed by the audit. However, we could find no verification that required surprise cash counts had been performed quarterly and identified internal control weaknesses related to the physical security of the funds. Our review showed general compliance with the DoD Internal Management Control Program. Part I discusses the internal controls reviewed and Part II contains the details of the weaknesses.

Potential Benefits of Audit. Implementation of the recommendations in this audit report will strengthen controls over Government funds. See Appendix A for a summary of all benefits associated with the audit.

Summary of Recommendations. We recommended that proper authorization be issued for the disbursement officer and that the internal and physical controls over both the disbursement and imprest funds be strengthened.

Management Comments. The Deputy Director for Finance, Defense Finance and Accounting Service, responding to recommendations made to Defense Finance and

Accounting Service activities, concurred with our recommendations to issue proper authorization and to strengthen internal and physical controls. However, the Deputy Director did not concur with our draft report recommendation to increase the amount of cash available in the disbursement fund to provide for all cash payments.

The Commander, Naval Air Warfare Center Aircraft Division, did not concur with our draft report recommendation to eliminate the imprest fund, but proposed other corrective actions.

Part II of this report fully discusses management's responses. A complete text of management's comments is in Part IV of this report.

Audit Response. Management's proposed actions are considered responsive to the weaknesses found by the audit. The recommendations to eliminate the imprest fund and increase the cash available in the disbursement fund have therefore been deleted from this report.

Table of Contents

Executive Summary	i
Part I - Introduction	1
Background	2
Objectives	2
Scope and Methodology	2
Internal Controls	3
Prior Audits and Other Reviews	3
Part II - Finding and Recommendations	5
Management of Cash Assets	6
Part III - Additional Information	11
Appendix A. Summary of Potential Benefits Resulting From Audit	12
Appendix B. Report Distribution	13
Part IV - Management Comments	15
Defense Finance and Accounting Service Comments	16
Naval Air Warfare Center, Aircraft Division Comments	20

This report was prepared by the Financial Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Introduction

Background

The Defense Finance and Accounting Service has overall responsibility to manage cash and related assets of the Department of Defense. Specific policies and guidance governing imprest funds are set forth in the Federal Acquisition Regulation and DoD Financial Management Regulation 7000.14-R, volume 5, December 16, 1993. Payments from the funds are to be made only for goods and services procured by properly authorized personnel and for reimbursement for travel expenses in accordance with joint travel regulations.

Objectives

Our objectives were to verify the accountability for cash and related assets and to evaluate the adequacy of procedures used to determine the accuracy of records used to support cash accountability at DoD accounting offices and organizations with imprest funds. We also assessed compliance with applicable laws and regulations and evaluated the DoD Internal Management Control Program as it pertained to the audit objectives, as prescribed by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987.

Scope and Methodology

This financial related audit was made January 19 and 20, 1994, for the disbursement fund and imprest fund maintained at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana. The funds are part of Disbursing Symbol Station Number 5137. That site was the only organization we visited.

We made unannounced cash counts on January 19 and 20, 1994, of the disbursement and imprest funds valued at \$1,729 and \$10,000, respectively. We counted cash on hand and reviewed the amounts on vouchers and receipts. We verified the appointment letters establishing the principal imprest fund cashier and the alternate cashier. Records of cash verifications conducted by the Cash Verification Board and Policy Development and Ethics Competency Center were also reviewed. In addition, we made visual observations of the physical controls over the various cashiers' areas, as well as reviewing procedural controls over security of the funds.

This audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, Department of Defense, and accordingly, included such tests of internal controls as were considered necessary. No computer-processed information or statistical sampling was involved.

Internal Controls

No material internal control weaknesses were disclosed by the audit. Internal controls over funds were generally adequate in that vouchers in the funds were properly approved and purchases were for authorized items and were supported by receipts. We reviewed documentation to verify that required surprise cash counts were performed quarterly. Documentation could not be provided to confirm all required surprise cash counts were performed. Recommendation 1.b., if implemented, will correct that weakness. A detailed discussion of surprise cash count verification is contained in Part II of this report.

We also reviewed the physical controls over the disbursement and imprest funds' cashiers' areas and procedural controls over security. We determined the disbursement cashier's area was not secure because the area was accessible to unauthorized personnel. Recommendations 2.a. and 2.b., if implemented, will improve security controls. Management had completed a vulnerability assessment as required by the DoD Internal Management Control Program. Because the assessable unit had been assigned a rating of medium risk, a detailed Management Control Review had not been conducted. A discussion on security deficiencies that were not disclosed during management's vulnerability assessment process is contained in Part II of this report. Otherwise, management complied with the DoD Internal Management Control Program.

Prior Audits and Other Reviews

Except for previous unannounced cash counts, no external audits or reviews of the disbursement or imprest funds had been performed in the past 5 years.

Part II - Finding and Recommendations

Management of Cash Assets

The Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, maintained a \$10,000 imprest fund and operated a disbursement office. The disbursement office, located in the same building as the imprest fund, maintained a \$12,000 disbursement fund that was also available. Internal controls over operations and review of both the imprest and disbursement funds required strengthening. Internal controls were not sufficient because surprise cash counts were not performed and disbursing office physical security required improvement. The maintenance of both funds caused a duplication of effort for personnel in the Disbursing Office and those designated as imprest fund cashiers. Coupled with problems with internal controls, that duplication created a higher risk in managing Government funds.

Background

Within the Department of Defense, finance and accounting officers or their counterparts are entrusted with public funds to facilitate payments to the public, members of the military, and DoD civilian employees. Those officers are accountable for public funds whether on hand with agents, with cashiers, or in depositories. The accounting officers are responsible for maintaining appropriate cash, negotiable instruments, and other documents comprising accountability and to present such to authorized personnel for verification at any time.

Maintenance of Two Cash Funds

Two Funds Provide Cash Services. Imprest funds are established to provide short-term cash disbursements, not to exceed \$500, in areas where their use is advantageous to the Government. The Naval Air Warfare Center, Aircraft Division, Indianapolis, operated an imprest fund in the amount of \$10,000 from which small payments were made and to which reimbursements were made on a revolving basis. In addition, the Defense Accounting Office located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, operated a disbursement fund whose principal function consisted of the disbursement and collection of public funds. Although the disbursement fund had a balance of \$1,729 at the time of our audit, the disbursing officer was authorized to maintain a balance of \$12,000. That \$12,000 authorized amount exceeded the current needs of the disbursement office.

The imprest fund and disbursement fund were located within the same building at the Naval Air Warfare Center, Aircraft Division, Indianapolis, and both offices allowed convenient access to those in need of their services. In the

3-month period from November 1993 through January 1994, the imprest fund was replenished by the Disbursing Office on 12 occasions. Those reimbursements totaled \$52,523. Within the same time period, the Disbursing Office had only 8 transactions totaling \$1,613. Steps can be taken to reduce the number of cash disbursements made by the imprest fund by using other payment methods such as the use of credit cards, blanket purchase agreements, or purchase orders.

Controls Over Operation and Review

Internal controls over operation and review of the disbursement and imprest funds needed strengthening.

Required Surprise Cash Counts. We could not verify that all required cash counts had been conducted. Regulations require that surprise cash counts be performed of disbursement and imprest funds quarterly. Personnel at the Naval Air Warfare Center, Aircraft Division, Indianapolis, could not provide documentation to confirm that surprise cash counts of the imprest fund for the first and third quarters of FY 1993 had been performed. Further, documentation was not available to confirm that a surprise cash count had been performed of the disbursement fund in the fourth quarter of FY 1993.

Security Controls Over Disbursing Office. Security controls over the Disbursing Office needed to be strengthened to safeguard cash and related documentation. We noted the following deficiencies.

- o The Disbursing Office shared space with the Travel Office; therefore, unauthorized personnel were present during disbursing activities.

- o The disbursement window was not secured, resulting in possible entry by unauthorized personnel who could reach through the window to open the door.

- o Records, payments, and checks for issuance were within reach of the unsecured disbursement window.

Appointment Letter. The disbursing officer's appointment letter was issued before the Disbursing Office became a part of the Defense Accounting Office. The letter was issued by the installation commander, who is no longer responsible for the disbursement fund. Since the Disbursing Office is now part of the Defense Accounting Office, a new appointment letter should be issued.

Recommendations for Corrective Action

The draft report contained recommendations that have been deleted as a result of management comments to that draft report.

1. We recommend the Director, Defense Finance and Accounting Service Cleveland Center:

a. Issue an appointment letter for the disbursing officer at the Defense Finance and Accounting Service-Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana.

b. Verify that all required surprise cash counts are performed quarterly.

2. We recommend the Site Leader, Defense Finance and Accounting Service Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana:

a. Isolate all disbursing activities from unauthorized personnel.

b. Strengthen security over the disbursement window to prevent entry by unauthorized personnel and access to all disbursing documentation.

Management Comments

A complete text of managements' comments is in Part IV of this report. The comments are summarized here.

Management Comments from DFAS. The Deputy Director for Finance, DFAS, responding to our recommendations made to DFAS activities, concurred with our recommendations to issue proper authorization, verify surprise cash counts, and strengthen internal and physical controls. However, the Deputy Director did not concur with our draft report Recommendation 2.c. to increase the amount of cash available in the disbursement fund to provide for all cash payments. Management did not concur with the recommendation because DoD Financial Management Regulation, volume 5, prohibits disbursing office personnel from performing imprest fund cashier duties.

Management Comments from Navy. The Commander, Naval Air Warfare Center Aircraft Division, did not concur with our draft report Recommendation 3. to eliminate the imprest fund. Management did, however, agree that excess amounts of cash were being held in both the imprest fund and disbursement fund and identified actions to be taken to reduce the amounts in those funds.

Audit Response

Audit Response to DFAS Comments. The intention of draft report Recommendation 2.c. was not to have the Disbursing Office act as an imprest fund cashier; the Disbursing Office would simply perform all disbursement activity for the Naval Air Warfare Center, Aircraft Division, Indianapolis. Recommendation 2.c. was made in conjunction with draft report Recommendation 3., which has been deleted from the final report. Thus, Recommendation 2.c. is no longer necessary and has been deleted from the final report.

Audit Response to Navy Comments. Our recommendation to eliminate the imprest fund has been deleted from the final report because management's proposed actions were responsive and, therefore, the elimination of the imprest fund is unnecessary. It was determined that the type of services provided by the imprest fund cashier were necessary for the daily operations at the Naval Air Warfare Center, Aircraft Division, Indianapolis. Therefore, management's proposed actions to reduce the amount of cash held in both funds and to implement other payment options to reduce the number of cash transaction being used, were responsive to the intent of our recommendation.

Part III - Additional Information

Appendix A. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Type of Benefit
1.a.	Economy and efficiency. Implementation would ensure compliance with DoD guidance.	Nonmonetary
1.b.	Internal controls. Implementation would strengthen internal controls over Government funds.	Nonmonetary
2.a.	Internal controls. Implementation would ensure that internal controls were in place to protect Government funds.	Nonmonetary
2.b.	Internal controls. Implementation would ensure that internal controls were in place to protect Government funds.	Nonmonetary

Appendix B. Report Distribution

Office of the Secretary of Defense

Comptroller of the Department of Defense
Deputy Comptroller of the Department of Defense (Management Systems)

Department of the Navy

Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, IN

Defense Organization

Director, Defense Finance and Accounting Service, Washington, DC
Director, Defense Finance and Accounting Service Cleveland Center
Site Leader, Defense Accounting Office, Naval Air Warfare Center,
Indianapolis, IN

Part IV - Management Comments

Defense Finance and Accounting Service Comments



DFAS-HQ/F

DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

AUG 02 1994

MEMORANDUM FOR DIRECTOR, FINANCIAL MANAGEMENT DIRECTORATE,
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Preparation of Response to DoD(IG) Draft Report, "Cash
Accountability in the Department of Defense, For a
Disbursement Fund and an Imprest Fund Maintained at the
Naval Air Warfare Center, Aircraft Division,
Indianapolis, Indiana" (Project Code 3FG-2019.08)

Our detailed comments to the information requested on the
recommendations in the report are attached.

A handwritten signature in black ink, appearing to read "Michael E. Wilson".

Michael E. Wilson
Deputy Director for Finance

Attachment:
As stated

Defense Finance and Accounting Service Comments

Defense Finance and Accounting Service Comments
on DoD(IG) Draft Report, "Cash Accountability in the
Department of Defense, For a Disbursement Fund and an
Imprest Fund Maintained at the Naval Air Warfare Center,
Aircraft Division, Indianapolis, Indiana,"
(Project Code 3FG-2019.08)

RECOMMENDATION 1.a: Recommend that the Director, Defense Finance and Accounting Service - Cleveland Center issue an appointment letter for the Disbursing Officer at the Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana.

CONCUR/NONCONCUR: Concur. The Director, Defense Finance and Accounting Service - Cleveland Center will issue a letter of appointment for the Disbursing Officer at the Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, as well as the Disbursing Officers at all other Defense Accounting Offices under the Defense Finance and Accounting Service - Cleveland Center cognizance.

Estimated completion: September 30, 1994

RECOMMENDATION 1.b: Recommend that the Director, Defense Finance and Accounting Service - Cleveland Center verify that all required surprise cash counts are performed quarterly.

CONCUR/NONCONCUR: Concur. The appointment and conduct of the quarterly cash verification team at Defense Accounting Offices under the Defense Finance and Accounting Service - Cleveland Center cognizance is the responsibility of the Director, Defense Finance and Accounting Service - Cleveland Center. Due to the geographic dispersal of these offices, conduct of these verifications by the Cleveland Center would not be cost effective. Therefore, at Defense Accounting Offices where the staffing is not sufficient to provide a cash verification team from Defense Accounting Office personnel (other than Disbursing Office personnel), the requirement for the quarterly cash verification team will be included in Interservice Support Agreements with the installations supported by the Defense Accounting Offices. Requirements for the appointment and conduct of quarterly cash verifications are addressed in Chapter 3 of the DoD Financial Management Regulation (DoDFMR), Volume 5. Please note that the DoDFMR, Volume 5, was not fully distributed until May 1994.

Estimated completion: September 30, 1994

RECOMMENDATION 2.a: Recommend the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana,

Defense Finance and Accounting Service Comments

Final Report
Reference

2

located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, isolate all disbursing activities from unauthorized personnel.

CONCUR/NONCONCUR: Concur. The Site Leader, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, will isolate disbursing activities to comply with security requirements for all DoD Disbursing Offices as addressed in Chapter 3 of the DoDFMR, Volume 5.

Estimated completion: December 31, 1994

RECOMMENDATION 2.b: Recommend the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, strengthen security over the disbursement window to prevent entry by unauthorized personnel and access to all disbursing documentation.

CONCUR/NONCONCUR: Concur. The Site Leader, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, will strengthen security over the disbursement window to comply with security requirements for all DoD Disbursing Offices as addressed in Chapter 3 of the DoDFMR, Volume 5.

Estimated completion: December 31, 1994

RECOMMENDATION 2.c: Recommend the Site Leader, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, increase the amount of funds held for cash disbursements in the disbursement fund to provide all cash payment activities required at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana.

CONCUR/NONCONCUR: Nonconcur. Chapter 2, paragraph 020905 of the DoDFMR, Volume 5 specifically prohibits Disbursing Officers and disbursing office personnel from performing imprest fund cashier duties. The Site Leader and Disbursing Officer, Defense Finance and Accounting Service - Cleveland Center, Indianapolis, Indiana, located at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, will review the cash requirements of the Disbursing Office as required by Chapter 3 of DoDFMR, Volume 5. Based on this review, the Disbursing Officer's authority to hold cash will be reduced from the current level of \$12,000 to a level commensurate with actual need for cash transactions performed in the Disbursing Office. We recommend the Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, review

deleted

Defense Finance and Accounting Service Comments

Final Report
Reference

3

the dollar limitation of the imprest fund to verify that the full \$10,000 value is necessary. In addition, we recommend the Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, explore the use of the credit card method of imprest fund purchases as a means of reducing the cash value of the imprest fund.

Estimated completion: September 30, 1994

RECOMMENDATION 3: Recommend that the Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, eliminate the \$10,000 imprest fund.

deleted

CONCUR/NONCONCUR: Nonconcur. Chapter 2, paragraph 020905 of the DoDFMR, Volume 5, specifically prohibits Disbursing Officers and Disbursing Office personnel from performing imprest fund cashier duties. We recommend the Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, review the dollar limitation of the imprest fund to verify that the full \$10,000 value is necessary. In addition, we recommend the Commander, Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana, explore the use of the credit card method of imprest fund purchases as a means of reducing the cash value of the imprest fund.

Estimated completion: September 30, 1994

Naval Air Warfare Center, Aircraft Division Comments

Final Report
Reference



DEPARTMENT OF THE NAVY

NAVAL AIR WARFARE CENTER
AIRCRAFT DIVISION
INDIANAPOLIS, INDIANA 46219-2189

IN REPLY REFER TO:
15 Aug 1994

From: Commander, Naval Air Warfare Center Aircraft Division,
Indianapolis, Indiana 46218-2189

To: Director, Financial Management Directorate

Subj: Response to DOD(IG) Draft Audit Report, "Cash Accountability in
the Department of Defense, for a Disbursement Fund and an Imprest
Fund Maintained at the Naval Air Warfare Center, Aircraft Division,
Indianapolis, Indiana" (Project No. 3FG-2019.08)

1. The following response addresses recommendation number 3 of subject draft audit report as it pertains to the imprest fund.
2. Eliminating the imprest fund and transferring the responsibility to the Disbursing Office for the related cash transactions would not result in greater efficiency nor in a cost savings to the government.
3. The utilization of the imprest fund services is not a duplication of service provided by the Disbursing Office. The Imprest Cashier provides a specialized service and is located in the procurement area. She operates in the same chain of command, and is an adjunct to, the Navy function.
4. We have a very significant prototype development function and limited manufacturing capability. As a result, it is routine to have emergency deliveries made on a Collect-on-Delivery (COD) basis to prevent work stoppages on critical projects. The number of such deliveries makes the imprest fund cashier a full-time position. Although the cashier and the Disbursing Office are located in the same building, the building houses sixteen acres under one roof and the two offices are at opposite ends of the building.
5. The DFAS Disbursing Office is located and staffed to perform its primary functions of processing DROF customer billings, reimbursements for official expenses, payments of commercial invoices and settlements of travel vouchers. For DFAS to assume the imprest cashier function would require replacing the Navy person with a DFAS employee; the work could not simply be absorbed. There would be no personnel savings in such a transfer.
6. The concern about the potential for holding excess amounts of cash between the two funds can be addressed through a change of procedure. First, the Disbursing Officer's authorization to hold cash could be reduced from the current level of \$12,000, which exceeds current needs. Second, the imprest fund could be reimbursed by government check, which the imprest fund cashier

deleted

Naval Air Warfare Center, Aircraft Division Comments

Subj: Response to DOD(IG) Draft Audit Report, "Cash Accountability in the Department of Defense, for a Disbursement Fund and an Imprest Fund at the Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana" (Project No. 3FG-2019.08)

could then negotiate for the necessary cash. This would eliminate the Disbursing Officer's primary need for holding cash - the replenishment of imprest fund.


D. F. Mitchell, CDR
USN, Acting Executive Officer

Audit Team Members

Richard B. Bird
John J. Vietor
Edward A. Blair
Cindi M. Miller
Joan E. Fox
Helen S. Schmidt