

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

UNITED STATES ADDRESS
RIG / DAKAR
AGENCY FOR INTERNATIONAL
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WASHINGTON, D.C. 20521 - 2130

March 22, 1999

INTERNATIONAL ADDRESS
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C/° AMERICAN EMBASSY
B.P. 49 DAKAR SENEGAL
WEST AFRICA

Memorandum

To: Frank Young, Director, USAID/Ghana

From: Lee Jewell III, Acting RIG/Dakar *Lee Jewell III*

Subject: Audit of USAID/Ghana's Cashier Operations
Audit Report No. 7-641-99-002-F

This memorandum is our report on the subject audit. We have considered your comments on the draft report and made changes as appropriate. Your comments have also been included in their entirety in Appendix II.

Based on the results of the audit, this report contains no recommendations, and therefore requires no further action on your part. I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

USAID/Ghana has approximately 102 U.S. and Foreign Service National employees and serves as the accounting station for eight missions. Cash operations at the Mission are handled by a USAID cashier and, in his absence, an alternate cashier. In addition, a cashier from the Standard Chartered Bank provides accommodation exchange services for approximately two hours each business day. The Controller at USAID/Ghana has overall responsibility for these functions and is guided by U.S. Department of State policy as well as Mission requirements. Mission cashiers are authorized to perform disbursements from their imprest funds and are held personally accountable and responsible for the amount of the funds.

USAID/Ghana has two imprest funds, (1) an official imprest fund established with the Regional Administrative Management Center in Paris (RAMC/Paris), and (2) a local fund to process small payments for the local currency trust fund. At the time of our audit, the Mission's authorized official imprest level was \$40,000. The local currency imprest fund contained 10 million Cedis (local currency of Ghana) which was worth approximately \$4,255.

The cashier's duties of maintaining an imprest fund consist of: (1) accommodation exchange; (2) issuance of checks to vendors and employees; (3) payment of petty cash transactions; (4) issuance and clearance of advances; (5) collections; (6) transmittals to RAMC/Paris; and (7) cashier reconciliations.

Audit Objective

The Office of Regional Inspector General/Dakar audited USAID/Ghana's cashier operations to answer the following question:

Did USAID/Ghana manage its cashing operations efficiently, economically and in accordance with USAID policies and procedures?

Appendix I describes the audit's scope and methodology.

Audit Findings

USAID/Ghana generally managed its cashing operation efficiently, economically and in accordance with USAID policies and procedures.

Mission management provided guidance to its cashiers by issuing Financial Management Order No. FMO 450-1 dated June 10, 1996 which incorporated the policies and procedures established by the U. S. Department of State. In accordance with this guidance, the Mission designated a principal cashier, who received appropriate training from RAMC/Paris. To improve efficiency, the cashier operations are part of the Automated Cashier System implemented by RAMC/Paris.

The cashier's office is situated in a secured area on the first floor of the Mission building and access is restricted to authorized personnel. The key for the cashier's office is maintained by the cashier and no duplicate key is maintained by the U. S. Mission. The combination to the safe is kept by the cashier, with a written and sealed copy of the combination maintained by the Regional Security Officer. All cash, checks and other valuables are kept in a safe for which the combination was last changed in 1997.

A surprise count of the cash on hand on December 2, 1998, showed that all transactions were satisfactorily processed. U.S. dollars and local currency amounts were satisfactorily reconciled to the Mission's RAMC/Paris-established imprest fund level of \$40,000, and the locally-established local currency imprest fund level of 10 million Cedis respectively.

We noted, however, that the current balance of funds in the RAMC/Paris-established fund might be excessive for current cashiering operations. However, at the time of our audit, USAID/Ghana was considering discontinuing its current cashiering operations and privatizing all of the operations. These issues are discussed below.

**Future Status of Cashiering
Operations Under Review**

The current amount of the official USAID/Ghana imprest fund is \$40,000. Although we did not complete an analysis of activity of the fund, the imprest balance may currently exceed the requirements for USAID/Ghana's operations. The volume and size of cashier transactions have declined, according to the cashier, because the Mission acquired the services of Standard Chartered Bank to provide accommodation exchange services at the Mission. When USAID/Ghana first established its imprest fund, the Mission cashier provided these services. However, as a result of the services of Standard Chartered Bank, the principal Mission cashier is doing significantly fewer transactions.

The USAID Handbook 19, Chapter 13E, Section 1.c states that the amount of cash held by USAID cashiers should only be such as to permit them to operate with the greatest benefit to the agency consistent with the purpose for which the fund was established. Since there has been a reduction in the volume of cashier activities at the Mission, the balance of the imprest fund may be reduced as directed by the Federal Acquisition Regulations (FAR); Subchapter C, Part 13.403 (a), (b) and (c) which state that:

"Each agency using imprest funds shall (a) periodically review and determine whether there is a continuing need for each fund established, and that amounts of those funds are not in excess of actual needs; (b) take prompt action to have imprest funds adjusted to a level commensurate with demonstrated needs whenever circumstances warrant such action and (c) develop and issue appropriate implementing regulations"

A reduction in the balance of the imprest fund would reduce the exposure of loss in the event of theft or accident and would provide a more efficient utilization of USAID resources since fewer funds are advanced from the U.S. Department of Treasury. We believe that the Mission is in the best position to determine the most appropriate balance of its imprest fund to meet its operational needs.

USAID/Ghana, however, is currently considering privatizing all of its cashiering operations. It has drafted a proposed financial management order and scope of work to contract with Standard Chartered Bank to privatize the remaining cashier operations that the Bank is not currently performing. USAID/Ghana believes that privatizing the remaining cashier operations would be cheaper, and at the same time, reduce the risk of loss to the Mission. At the time of our field work, however, the Mission had not made a final decision to proceed with the privatization.

We believe that USAID/Ghana is in the best position to determine whether privatizing its cashing operations is the appropriate action to take. However, if USAID/Ghana does not elect to privatize its cashing operations, we suggest that it analyze the current balance of the RAMC/Paris-established imprest fund and adjust the balance per appropriate regulations.

Management Comments and Our Evaluation

USAID/Ghana concurred on our report comments. Although there were no recommendations in the report, USAID/Ghana stated that actions were underway to reduce the level of the imprest fund by \$10,000 to \$30,000.

**SCOPE AND
METHODOLOGY**

Scope

We conducted an audit of USAID/Ghana's cashiering operations in accordance with generally accepted government auditing standards. The field work was conducted at the Mission's offices in Accra, Ghana from November 30 through December 16, 1998. The scope included both the official RAMC/Paris imprest fund of \$40,000, and the local currency imprest fund of 10 million Cedis.

Methodology

We considered the materiality of transactions and supporting documents in the planning, field work and reporting phases of our audit. Because of the liquidity of cash and its relative high risk of loss, we assessed combined risk as high, and we set our materiality threshold of loss at a relatively low level.

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, (3) performed a surprise cash count, (4) audited reconciliations of the imprest funds, and (5) reviewed several petty cash transactions that occurred during November 1998.

In addition, we obtained a management representation letter from cognizant Mission officials containing essential assertions relating to our audit objective.

APPENDIX II

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO GHANA

MAR 10 1999



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February 10, 1999

Mr. Henry Barrett
Regional Inspector General for Audit
RIG/Dakar
c/o American Embassy
B.P.49
Avenue Jean XXIII and Rue Kleber
Dakar, Senegal

Dear Mr. Barrett:

Audit of USAID/Ghana's Cashier Operations Audit Report No.7-641-99-00X-F

USAID/Ghana concurs on comments contained in the report and notes that the report contains no recommendation requiring further actions.

The feasibility of privatizing the cashier function is being actively explored. In the interim action is underway to reduce the official RAMC/Paris imprest fund level by \$10,000 to \$30,000. This is being done to reduce exposure pertaining to any possible loss.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Young", is written over a horizontal line. The signature is stylized and somewhat cursive.

Frank Young
Mission Director