



**AUDIT REPORT ON GPO'S IMPREST FUNDS**

**MARCH 1996**

**96-06**



**Office of Audits**

## memorandum

DATE: March 14, 1996

REPLY TO  
ATTN OF: Assistant Inspector General for Audits

SUBJECT: Audit Report on GPO's Imprest Funds

TO: Comptroller

This audit report summarizes the results of our performance audit of the Government Printing Office's (GPO) Imprest Funds. GPO's financial management controls over imprest funds were adequate under GPO Instructions 445.1D and 445.5. Surprise cash counts **did not find any significant shortages/overages** at the imprest fund locations.

However, the financial management controls were not as effective since the last audit report issued in 1987. In particular, GPO officials did not always comply with the GPO Instructions in verifying, using, safeguarding, and administering the 35 imprest funds. This audit report contains 17 recommendations to strengthen the effectiveness of GPO's financial management controls on GPO's imprest funds.

You agreed to implement recommendations and to rewrite GPO Instructions 445.1D and 445.5. This rewrite will generally improve the procedures controlling imprest funds.

I wish to express my appreciation to the officials and staff in your office for the cooperation and courtesies extended during the audit.

  
ANDREW N. KILLGORE

Attachment

## EXECUTIVE SUMMARY

The U.S. Government Printing Office (GPO), Office of Audits has completed an audit of GPO imprest funds. During July and August 1995, the Office of Audits audited GPO's imprest funds, including conducting surprise cash counts at eight imprest fund locations in the Washington area. The surprise cash counts **did not find any significant shortages/overages** at the imprest fund locations.

GPO's financial management controls over imprest funds were adequate under GPO Instructions 445.1D and 445.5. However, the controls were not as effective since the last audit report issued in 1987. In particular, GPO officials did not always comply with the GPO Instructions in verifying, using, safeguarding, and administering the 35 imprest funds.

GPO has 35 imprest funds, totaling \$12,060, located at Field Printing Offices, Pueblo Distribution Center, GPO Bookstores, and the Central Office. Imprest funds were established for the purpose of making change at GPO Bookstores and providing expeditious and economical payments of relatively small amounts for authorized materials, supplies, and nonpersonal services at other GPO offices.

The objective of the audit was to evaluate the adequacy and effectiveness of the system of financial management controls of GPO's imprest funds. In particular, GPO's accounting controls and procedures were reviewed to determine if GPO was in compliance with GPO Instructions 445.1D and 445.5A

The implementation of the 17 recommendations should strengthen the effectiveness of GPO's financial management controls on GPO's imprest funds. (See Appendix I.)

The Comptroller agreed with the recommendations and to rewrite GPO Instructions 445.1D and 445.5. This rewrite will generally improve the procedures controlling imprest funds. (See Appendix V.)

This audit was conducted by Mr. Joseph Verch, Supervisory Auditor, Mr. Michael Ober, Auditor-in-Charge, and Ms. Suzanne Hancock, Staff Auditor.

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CONDUCTING QUARTERLY VERIFICATIONS OF IMPREST FUNDS**CONDITION**

GPO officials did not conduct unannounced, quarterly verifications of imprest funds at 16 of 35 GPO imprest fund locations during September 1994 - July 1995. During this period, four unannounced verifications should have been performed instead of the following:

<u>Location</u>	<u>Actual Verifications</u>	<u>Missing Verifications</u>
01. Atlanta Bk	3	1 (07/95)
02. Birmingham Bk	3	1 (07/95)
03. Cleveland Bk	3	1 (10/94)
04. Dallas Bk	2	2 (04/95 & 07/95)
05. Detroit Bk	3	1 (04/95)
06. Houston Bk	2	2 (04/95 & 07/95)
07. Jacksonville Bk	3	1 (07/95)
08. Los Angeles Bk	3	1 (07/95)
09. New York Bk	1	3 (01,04, & 07/95)
10. New York RPPO	3	1 (10/94)
11. Philadelphia Bk	2	2 (01/95 & 07/95)
12. Pittsburgh Bk	3	1 (07/95)
13. Portland Bk	1	3 (10/94,04, & 07/95)
14. Pueblo Dist. Ctr.	1	3 (10/94,04, & 07/95)
15. San Francisco Bk	0	4 (10/94,01,04, & 07/95)
16. Seattle Bk.	3	1 (07/95)

**CRITERIA**

GPO Instruction 445.5A, Verification of Imprest Funds, paragraph 4, dated August 3, 1979, states, "Unannounced verification of imprest funds are required at least once each quarter. The verification will be conducted on varying dates without prior announcement to imprest fund cashiers. Responsibility for assuring that this requirement is met is assigned to the Comptroller. Each verification report (GPO Form 228) will be furnished to the Examination and Certification Branch for examination prior to submitting them to the Disbursing Officer."

GPO Instruction 445.5A, Verification of Imprest Funds, paragraph 7, states, "The verification is for the purpose of determining that cash is properly safeguarded and accounted for and that disbursements are made only for authorized purposes."

GPO Instruction 445.5A, Verification of Imprest Funds, paragraph 11, states, "A senior voucher examiner in the Examination and Certification Branch will examine and sign each GPO Form 228."

**CAUSE**

Verification reports were examined and signed when received by the Chief, Cash Management Branch. However, no internal controls were in place for the Chief, Cash Management Branch, to ensure that the GPO officials at the 35 GPO imprest fund locations conducted verifications of imprest funds quarterly.

**EFFECT**

There were no assurances by GPO officials that the objectives of the verifications of imprest funds at all 35 GPO imprest fund locations were met:

- imprest fund cashiers properly safeguarded and accounted for cash and
- disbursements were made only for authorized purposes.

**RECOMMENDATION**

The Comptroller should ensure that internal controls are established that ensure all GPO officials at the 35 GPO imprest fund locations conduct verifications of imprest funds quarterly and submit GPO Form 228 (Verification of Imprest Fund) to GPO's Disbursing Officer (9606-01).<sup>1</sup>

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<sup>1</sup>This is a repeat Recommendation (341-1) from Audit Report Number 88-04, dated November 17, 1987, and titled, "GPO's Imprest Funds".

FURNISHING COMPLETED VERIFICATION REPORTS

## CONDITION

Completed verification reports (GPO Form 228 - Verification of Imprest Fund) were not always furnished to the Chief, Cash Management Branch. During the period September 1994 - July 1995, GPO officials at 21 of 35 imprest fund locations furnished incomplete verification reports:

- Officials at 16 GPO imprest fund locations forwarded 54 verification reports without the required signatures from the cashier or the supervisor.
- Officials at six GPO imprest fund locations forwarded 21 verification reports without an attached listing or an adding machine tape of the amount of the paid invoices and/or vouchers.
- Officials at six GPO imprest fund locations forwarded 15 verification reports without the authorized amount of the Imprest Fund was not recorded at the top of the report.

## CRITERIA

GPO Instruction 445.5A, paragraph 10a, states, "Employees assigned to the Central Office will hand deliver completed reports to the Comptroller by the close of business on the day that verifications are made. Employees assigned to organizational units outside Washington, D.C., shall mail the reports to the Comptroller, ...by the close of business on the day verifications are made."

GPO Instruction 445.5A, paragraph 11, states, "A senior voucher examiner in the Examination and Certification Branch will examine and sign each GPO Form 228. The purpose of this examination is to:

- a. Insure that each paid invoice and/or voucher attached to support the amount reported on Line 2a of GPO Form 228 is included with the next Reimbursement Voucher (Standard Form 1129) submitted by the cashier."

U.S. General Accounting Office's (GAO) Standards For Internal Controls In The Federal Government, dated 1983, states, "Documentation of transactions or other significant events should be complete and accurate and should facilitate tracing the transaction or event and related information from before it occurs, while it is in process, to after it is completed."

## Finding II

### CAUSE

The Chief, Cash Management Branch, accepted incomplete verification reports on cash counts from officials of the GPO imprest fund locations.

### EFFECT

The Chief, Cash Management Branch, could not verify that the amount of paid invoices and/or vouchers on Line 2a of GPO Form 228 did not include any differences (overages or shortages) in the cash count. In addition, there were no assurances that the immediate supervisor of the responsible cashier was aware of the status of the imprest fund. As a result, the accountability over imprest funds was weakened as the risk of loss by error, waste, or fraud being undetected increases.

### RECOMMENDATION

The Comptroller should ensure that the Chief, Cash Management Branch, (1) reviews GPO Form 228 (Verification of Imprest Fund) from the officials at the 35 GPO imprest fund locations for completeness and accuracy and (2) provides instructions, when necessary, to those officials responsible for performing the cash verification (9606-02).<sup>2</sup>

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<sup>2</sup>This is a repeat Recommendation (341-2) from Audit Report Number 88-04, dated November 17, 1987, and titled, "GPO's Imprest Funds".



USING IMPREST FUNDS**CONDITION**

A surprise cash count<sup>3</sup> of eight imprest fund locations in the Washington area found the \$50 GPO Police imprest fund has not been used since June 1993. GPO's Police force used credit cards instead of funds from the imprest fund to pay for gasoline for their vehicles.

**CRITERIA**

GPO Instruction 445.1D, Imprest Fund, Appendix A, paragraph 5a, dated May 13, 1987, states, "The amount of each fund will be determined on the basis of individual circumstances and needs. The required amount for each fund will be reviewed periodically by the Disbursing Officer who, after proper coordination, may reduce the amount advanced or eliminate the fund."

GAO's Standards For Internal Controls In The Federal Government, states, "The standard of reasonable assurance recognizes that the cost of internal control should not exceed the benefit derived."

**CAUSE**

The Chief, Cash Management Branch, stated that the last time the amounts of each imprest fund was reviewed was in August 1988. Obviously, the quarterly verifications of the GPO Police imprest fund in the past 2 years did not identify the fund's inactivity.

**EFFECT**

The costs of performing quarterly verifications for the past 2 years on an inactive imprest fund exceeded the benefit to ensure that \$4.45 was properly safeguarded and accounted.

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<sup>3</sup>The cash count found \$4.45 in cash and \$51.36 in gasoline receipts. The imprest fund had a cash overage of \$5.81, which could not be explained by GPO officials.

**RECOMMENDATIONS**

The Comptroller should ensure that the Chief, Cash Management Branch, :

- Eliminates the GPO Police Imprest Fund (9606-03) and
- Establishes controls to ensure the amounts of each active imprest fund are reviewed periodically in accordance with GPO Instruction 445.1D (9606-04).

SAFEGUARDING THE BID ROOM'S IMPREST FUND

## CONDITION

A surprise cash count of eight imprest fund locations in the Washington area found the \$10 Bid Room imprest fund<sup>4</sup> was not properly safeguarded against loss or unauthorized use.<sup>5</sup> In particular:

- Cash overages/shortages were not recorded,
- All cash overages were intermingled with the Bid Room's private coffee fund, and
- The imprest fund actually consisted of \$25 being maintained.

## CRITERIA

GPO Instruction 445.1D, Appendix A, paragraph 13.b states, "Class D Funds. Shortages of less than \$5 and all overages regardless of the amount resulting from change-making activities in class D funds will be considered as adjustments to sales and be reported on GPO Form 1390 (Bookstore Daily Summary). Shortages of \$5 or more and an explanation of its cause will be reported to the Disbursing Officer on GPO Form 228.

GPO Instruction 445.1D, Appendix A, paragraph 3.b(2) states, "Under no circumstances will cashier funds be intermingled with private funds."

GPO Instruction 445.1D, Appendix A, paragraph 5.b states, "Using GPO Form 343, a request for the increase of an imprest fund, subject to the \$1,000 cash limitation, is made to the Disbursing Officer by the head of the department or service in which the fund is located. The original copy of approved requests are returned to the designated cashier along with a check covering the amount of the authorized increase and a Receipt for Advance and Return of Funds (Exhibit 2)."

GPO's Imprest and Change Fund Account #1122 authorizes \$10 to the Washington, DC Bid Room.

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<sup>4</sup>The Class D imprest fund was used to make change for the Bid Room's copy machine.

<sup>5</sup>The cash count found \$207.15 in the copy machine plus another \$25 for change purposes. Readings from the copy machine showed that \$209.30 should have been in the copy machine. A cash shortage of \$2.15 existed (\$209.30 - \$207.15).

**CAUSE**

The Class D cashier was unaware of GPO Instruction 445.1D concerning: (1) the recording of cash overages/shortages, (2) the intermingling of cashier funds with private funds, and (3) the increasing of the imprest fund without prior approval.

**EFFECT**

The funds deposited from the Bid Room's copy machine ranged from \$207 to \$748 a month or an average of \$397 a month in the first 10 months of Fiscal Year 1995. The absence of any record-keeping hindered the identification of actual losses from the Bid Room's \$25 imprest fund and the unauthorized use of the imprest fund with the Bid Room's coffee fund.

Also, the unapproved addition of \$15 to the Bid Room's \$25 imprest fund raised two questions.

- (1) Where did the additional \$15 come from?
- (2) Why didn't the unannounced, quarterly verifications of the Bid Room's imprest fund identify the additional \$15?

**RECOMMENDATIONS**

The Comptroller should ensure that the Chief, Cash Management Branch, takes appropriate steps to:

- Ensure the Bid Room's Class D cashier is aware of and follows GPO Instruction 445.1D, especially in the areas of reporting cash overages/shortages, intermingling imprest funds with private funds, and requesting an increase to the imprest fund (9606-05),
- Determine the amount the Bid Room's imprest fund should be (9606-06), and
- Include the verification of all funds associated with the Bid Room's copy machine on future, unannounced quarterly verifications (9606-07).

EXCEEDING VOUCHER PAYMENT LIMITATION

## CONDITION

GPO's \$50 payment limitation was exceeded on 7 of 636 reimbursement vouchers that were submitted to the Examination and Billing Branch by Class A cashiers from the 35 GPO imprest fund locations in a 12-month period (1994-1995).

<u>Voucher</u>	<u>Date</u>	<u>Fund Location</u>	<u>Amount</u>
1. 15-94	11/16/94	Pueblo Dist Ctr	\$ 53
2. 20-95	05/22/95	Denver RPP0	75
3. 55-95	05/08/95	Pueblo	63
4. 60-95	05/25/95	Pueblo	62
5. 70-00	04/27/95	Washington - OFM	100
6. 70-34	06/05/95	Washington - OFM	55
7. 70-42	06/09/95	Washington - OFM	62

## CRITERIA

GPO Instruction 445.1D, Appendix A, paragraph 5c(1), states, "Class A cashiers in custody of revolving imprest funds may make payments in coin or currency up to \$50 per transaction."

GPO Instruction 445.5A, Verification of Imprest Funds, paragraph 4, states, "...Each verification report (GPO Form 228) will be furnished to the Examination and Certification Branch for examination prior to submitting them to the Disbursing Officer."

GAO's Standards For Internal Controls In The Federal Government, Section "Execution of Transactions and Events" states, "Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority....Conforming to the terms of an authorization means that employees are carrying out their assigned duties in accordance with directives and within the limitations established by management."

GAO's Standards For Internal Controls In The Federal Government, Section "Supervision" states, "Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved."

**CAUSE**

Class A cashiers of the four imprest fund locations did not act within the scope of their authority in making payments over \$50 in accordance with GPO Instruction 445.1D. In addition, the Chief, Examination and Billing Branch, accepted these reimbursement vouchers without proper examination to ensure that internal control objectives were achieved.

**EFFECT**

The internal controls that were developed by GPO officials to account for payments from imprest funds were weakened. As a result, the unauthorized use of the funds increases within GPO.

**RECOMMENDATIONS**

The Comptroller should ensure that the Chief, General Examination and Billing Branch, :

- Directs Class A cashiers at all GPO imprest fund locations make payments only up to \$50 in accordance with GPO Instruction 445.1D (9606-08) and
- Implements controls to identify and take corrective action on all reimbursement vouchers that exceed the payment limitations by Class A cashiers in accordance with GPO Instruction 445.1D (9606-09).

NUMBERING THE LOG BOOK OF IMPREST FUND ACTIVITY

**CONDITION**

A surprise cash count of eight imprest fund locations in the Washington area found the Class A imprest fund cashiers at two locations did not begin Fiscal Year 1995 with subvoucher number "1" in the log book of imprest fund activity. Instead, the imprest fund cashiers of the Offices of Financial Management and the Inspector General continued numbering the subvouchers sequentially from Fiscal Year 1994.

**CRITERIA**

GPO Instruction 445.1D, Appendix A, paragraph 8, states, "Records. The imprest fund cashier should establish and maintain a log book of imprest fund activity. The cashier should post in the log book the date, name of payee, subvoucher number (numbered consecutively beginning with the number 1 at the beginning of each fiscal year), amount, and the ending balance of the imprest fund immediately after each disbursement."

**CAUSE**

The two imprest fund cashiers were not aware of the requirement to begin each fiscal year with subvoucher number "1" in the log book of imprest fund activity.

**EFFECT**

While no problems with the issuance of subvouchers were identified, the controls in place to account for all subvouchers during any fiscal year were weakened.

**RECOMMENDATION**

The Comptroller should ensure that the Chief, Cash Management Branch, directs all Class A imprest fund cashiers to begin every fiscal year with subvoucher number "1" in the log book of imprest fund activity in accordance with GPO Instruction 445.1D (9606-10).

CERTIFYING STANDARD FORM 1129s

CONDITION

General Examination and Billing Branch officials did not certify in writing that 35 of 112 Standard Form 1129s (Cashier Reimbursement Voucher And/Or Accountability Report) from 7 of 35 GPO imprest fund locations were correct and proper for payment from April 1994 through July 1995. Instead the signature block for the certifier was either left blank on 19 Standard Form 1129s or incorrectly completed on the remaining 16 Standard Form 1129s by officials from the imprest fund locations. General Examination and Billing Branch officials forwarded the 35 Standard Form (SF) 1129s to GPO's disbursing officer to reimburse the Class A imprest fund cashiers at all 7 GPO imprest fund locations.

<u>Locations</u>	<u>SF 1129s</u>	<u>Signature Block</u>
01. Chicago RPPO	1	No signature
02. Denver RPPO	6	No signatures
03. Ofc Inspector Gen.	5	No signatures
04. Ofc Financial Mgmt.	5	No signatures
05. Seattle RPPO	2	No signatures
06. New York RPPO	1	Not completed
07. Pueblo Dist. Ctr.	<u>15</u>	Not completed
<b>Totals</b>	<b>35</b>	

CRITERIA

GPO Instruction 445.1D, Appendix A, paragraph 7, states, "Reimbursement of Revolving Type Imprest Fund (Class A)....After the Voucher Examination Section has determined that entitlement is due and Reimbursement Voucher is certified, the original voucher is forwarded with all attachments to the Disbursing Office. The Disbursing Office will reimburse the imprest fund cashier by check, payable to the imprest fund cashier by name."

The "Signature Block of the Authorizing Certifying Officer" on Standard Form 1129 states, "Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment". This statement is followed by a space for the authorizing certifying officer's signature and date.



**CAUSE**

General Examination and Billing Branch officials did not always certify Standard Form 1129s in writing as required by GPO Instruction 445.1D.

**EFFECT**

GPO's disbursing officer did reimburse the Class A imprest fund cashiers at all 7 GPO imprest fund locations of over \$11,300 without receiving written certification from General Examination and Billing Branch officials on the 35 Standard Form 1129s. While all reimbursements were in accordance with GPO regulations, the internal controls in place to ensure the reimbursements were proper were weakened.

**RECOMMENDATION**

The Comptroller should ensure that the Chief, Cash Management Branch, establishes controls to ensure GPO's disbursing officer only reimburses Class A imprest fund cashiers from future Standard Form 1129s that are certified in writing from General Examination and Billing Branch officials (9606-11).

FILING GPO FORM 343**CONDITION**

The Chief, Cash Management Branch, did not have on file GPO Form 343, Request For and Appointment of Imprest Fund Cashier, for 28 of 75 GPO imprest fund cashiers in July 1995. A comparison of the imprest fund cashiers' names on the quarterly verification reports in Fiscal Year 1995 was made to the GPO Form 343s on file. The comparison identified the 28 imprest fund cashiers from 16 GPO imprest fund locations:

01. Chicago Bookstore
02. Chicago RPPO
03. Cleveland Bookstore
04. Denver Bookstore
05. Denver RPPO
06. Columbus Bookstore
07. Houston Bookstore
08. Kansas City Bookstore
09. Laurel Distribution Retail
10. McPherson Square Bookstore
11. Milwaukee Bookstore
12. New York RPPO
13. Pueblo Bookstore
14. Pueblo Distribution Center
15. San Francisco RPPO
16. Washington, DC Police

**CRITERIA**

GPO Instruction 445.1D, Appendix A, paragraph 4a, states, "Authority to Appoint. An imprest fund is established with the appointment of an imprest fund cashier. Authority to appoint imprest fund cashiers, alternatives and subcashiers is vested in the GPO Disbursing Officer."

GPO Instruction 445.1D, Appendix A, paragraph 4b, states, "Designation of Imprest Fund Cashiers. Imprest fund cashiers, alternates, and subcashiers will be designated on GPO Form 343, Request For and Appointment of Imprest Fund Cashier...."

GPO Instruction 445.5A, paragraph 9, states, "Verification Procedures. The employee selected to verify imprest funds shall:  
a. Inspect the Request for the Appointment of Imprest Fund Cashier (GPO Form 343) to determine that the cashier has authority for custody of the fund, the type of fund, and the authorized amount of the fund."

## Finding VIII

GPO Instruction 445.5A, paragraph 4, states, "Verification of Imprest Fund. Each verification report (GPO Form 228) will be furnished to the Examination and Certification Branch for examination prior to submitting them to the Disbursing Officer."

### CAUSE

GPO personnel performing quarterly verifications on the imprest funds did not always inspect the GPO Form 343 of the cashier responsible for the imprest fund. In addition, GPO's disbursing officer did not periodically verify the cashiers' names on the verification reports to the GPO Form 343s on file in the Cash Management Branch.

### EFFECT

Unauthorized cashiers at 16 GPO imprest fund locations were responsible for the safeguarding and accounting of \$4,350 in imprest funds. While no significant cash shortages were identified in the quarterly verifications in Fiscal Year 1995, the internal controls in place to safeguard and account for imprest funds were weakened.

### RECOMMENDATIONS

The Comptroller should ensure that the Chief, Cash Management Branch, takes appropriate steps in:

- Ensuring all current imprest fund cashiers, alternates, and subcashiers are designated on GPO Form 343 and the GPO Forms are kept on file (9606-12),
- Directing all GPO personnel performing quarterly verifications on the imprest funds to inspect the GPO Form 343 of the cashiers responsible for the imprest fund in accordance with GPO Instruction 445.5A (9606-13), and
- Establishing controls to ensure GPO's disbursing officer periodically verifies the cashiers' names on the verification reports to the GPO Form 343s on file in the Cash Management Branch (9606-14).

**RESTRICTING THE SAFE COMBINATION****CONDITION**

A surprise cash count of eight imprest fund locations in the Washington area found the safe combination was not restricted at two locations. The managers at the Congressional Sales and the Washington, DC Bookstore allowed four employees of each store to have knowledge of and access to the safe combination.

**CRITERIA**

GPO Instruction 445.1D, Appendix A, paragraph 3.b(6), states, "In line with good administrative practice, safe combinations will be restricted to two employees, preferably the Activity Manager and the cashier."

GAO's Standards For Internal Controls In The Federal Government states, "Access to resources and records is to be limited to authorized individuals...The basic concept behind restricting access to resources is to help reduce the risk of unauthorized use or loss to the Government...."

**CAUSE**

The managers' policy at the Congressional Sales and the Washington, DC Bookstore allowed four employees of each store to have knowledge of and access to the safe combination, contrary to GPO Instruction 445.1D.

**EFFECT**

Chances for theft increase when the safe combination is not adequately restricted. The surprise cash count performed on July 13, 1995, at the Washington, DC Bookstore identified a \$2 shortage due to a clerical error on the \$400 imprest fund. Another surprise cash count was also performed on July 13, 1995, at the Congressional Sales and did not identify any cash shortages on the \$400 imprest fund.

**RECOMMENDATION**

The Comptroller should ensure that the Chief, Cash Management Branch, takes corrective action in directing all managers of imprest fund locations to restrict the knowledge of and access to the safe combination in accordance with GPO Instruction 445.1D (9606-15).

CHANGING SAFE COMBINATIONS**CONDITION**

A surprise cash count of 8 imprest fund locations in the Washington area found GPO officials had not changed the safe combinations at 4 locations (Congressional Sales, Laurel Retail Sales Outlet Bookstore, McPherson Square Bookstore, and Washington Main Bookstore) in over 4 years.

<u>GPO Imprest Fund Location</u>	<u>Date Safe Combination Was Last Changed</u>
Congressional Sales	1989
Laurel Retail Sales Outlet Bookstore	1989
McPherson Square Bookstore	1991
Washington Main Bookstore	1989

**CRITERIA**

GPO Instruction 445.1D, Appendix A, paragraph 3.b(6), states, "The safe combination will be changed annually, or whenever there is a change of cashiers, or when it has been necessary to have access to the funds in the case of unforeseen absence of a cashier, or when the combination has been compromised."

**CAUSE**

The managers at the four GPO imprest fund locations were not aware of the requirement to change the safe combination regularly in accordance with GPO Instruction 445.1D.

**EFFECT**

Cashiers of at least one of the four GPO imprest fund locations (Laurel) have changed since the safe combinations were last changed. Controls over the risk of unauthorized use or loss of Government funds at the four GPO imprest fund locations has been weakened.

**RECOMMENDATION**

The Comptroller should ensure that the Chief, Cash Management Branch, takes corrective action in directing all managers of imprest fund locations to change the safe combination regularly in accordance with GPO Instruction 445.1D (9606-16).

VERIFYING GPO POLICE'S EMERGENCY AMBULANCE SERVICE FUND

**CONDITION**

The GPO Police has a \$200 fund for emergency ambulance service that has never been used or the cash balance periodically verified since the fund was implemented in 1990.

**CRITERIA**

GAO's Standards For Internal Controls In The Federal Government states, "Access to resources and records is to be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset."

GPO Instruction 445.1D, Appendix A, paragraph 11, states, "Verification of Imprest Fund...Periodically, but not less than once each quarter, the Disbursing Officer shall ensure that the cash balance in each imprest fund is verified."

**CAUSE**

The \$200 is part of GPO's Recreation and Welfare Fund and was not included in the quarterly verifications of GPO's imprest funds.

**EFFECT**

While the \$200 was found in a sealed envelope during a surprise cash count, there were no internal controls in place to verify the cash balance periodically.

**RECOMMENDATION**

The Comptroller should ensure that the Chief, Cash Management Branch, considers including the GPO Police's \$200 Emergency Ambulance Fund in the quarterly, unannounced cash counts (9606-17).

RECOMMENDATION SUMMARY

The Comptroller should ensure that internal controls are established that ensures that all GPO officials at the 35 GPO imprest fund locations conduct verifications of imprest funds quarterly and submit GPO Form 228 (Verification of Imprest Fund) to GPO's Disbursing Officer (9606-01),

The Comptroller should ensure that the Chief, Cash Management Branch, :

- (1) Reviews GPO Form 228 (Verification of Imprest Fund) from the officials at the 35 GPO imprest fund locations for completeness and accuracy and (2) provides instructions, when necessary, to those officials responsible for performing the cash verification (9606-02),
- Eliminates the GPO Police Imprest Fund (9606-03),
- Establishes controls to ensure the amounts of each active imprest fund are reviewed periodically in accordance with GPO Instruction 445.1D (9606-04),
- Takes appropriate steps to ensure the Bid Room's Class D cashier is aware of and follows GPO Instruction 445.1D, especially in the areas of reporting cash overages/shortages, intermingling imprest funds with private funds, and requesting an increase to the imprest fund (9606-05),
- Takes appropriate steps to determine the amount the Bid Room's imprest fund should be (9606-06),
- Takes appropriate steps to include the verification of all funds associated with the Bid Room's copy machine on future, unannounced quarterly verifications (9606-07),
- The Chief, General Examination and Billing Branch, directs Class A cashiers at all GPO imprest fund locations make payments only up to \$50 in accordance with GPO Instruction 445.1D (9606-08),
- The Chief, General Examination and Billing Branch, implements controls to identify and take corrective action on all reimbursement vouchers that exceed the payment limitations by Class A cashiers in accordance with GPO Instruction 445.1D (9606-09),

RECOMMENDATION SUMMARY

- Directs all Class A imprest fund cashiers to begin every fiscal year with subvoucher number "1" in the log book of imprest fund activity in accordance with GPO Instruction 445.1D (9606-10),
- Establishes controls to ensure GPO's disbursing officer only reimburses Class A imprest fund cashiers from future Standard Form 1129s that are certified in writing from General Examination and Billing Branch officials (9606-11),
- Takes appropriate steps in ensuring all current imprest fund cashiers, alternates, and subcashiers are designated on GPO Form 343 and the GPO Forms are kept on file (9606-12),
- Takes appropriate steps in directing all GPO personnel performing quarterly verifications on the imprest funds to inspect the GPO Form 343 of the cashiers responsible for the imprest fund in accordance with GPO Instruction 445.5A (9606-13),
- Takes appropriate steps in establishing controls to ensure GPO's disbursing officer periodically verifies the cashiers' names on the verification reports to the GPO Form 343s on file in the Cash Management Branch (9606-14),
- Takes corrective action in directing all managers of imprest fund locations to restrict the knowledge of and access to the safe combination in accordance with GPO Instruction 445.1D (9606-15),
- Takes corrective action in directing all managers of imprest fund locations to change the safe combination regularly in accordance with GPO Instruction 445.1D (9606-16), and
- Considers including the GPO Police's \$200 Emergency Ambulance Fund in the quarterly, unannounced cash counts (9606-17).



BACKGROUND

The Chief, Cash Management Branch, in the Comptroller's office, is responsible for 35 separate imprest funds within GPO with a total of \$12,060. Imprest funds were established for change making purposes (Class D cashier) and to provide for expeditious and economical payments of relatively small amounts for authorized purchases of materials and supplies and nonpersonal services (Class A cashier). Imprest funds were operated in accordance with GPO Instruction 445.1D, titled, Imprest Fund, dated May 13, 1987, and GPO Instruction 445.5A, titled, Verification of Imprest Funds, dated August 3, 1979.

<u>LOCATION</u>	<u>BALANCE</u>
01. Atlanta Bookstore	250
02. Birmingham Bookstore	250
03. Boston Bookstore	300
04. Chicago Bookstore	250
05. Chicago Field Office	250
06. Cleveland Bookstore	250
07. Columbus Bookstore	250
08. Dallas Bookstore	250
09. Denver Bookstore	250
10. Denver Field Office	250
11. Detroit Bookstore	250
12. Houston Bookstore	400
13. Jacksonville Bookstore	200
14. Kansas City Bookstore	400
15. Laurel Retail Sales Outlet Bookstore	300
16. Los Angeles Bookstore	300
17. McPherson Square Bookstore	300
18. Milwaukee Bookstore	250
19. New York Bookstore	300
20. New York Field Office	250
21. Philadelphia Bookstore	250
22. Pittsburgh Bookstore	250
23. Portland Bookstore	400
24. Pueblo Bookstore	150
25. Pueblo Distribution Center	500
26. San Francisco Bookstore	300
27. San Francisco Field Office	250
28. Seattle Bookstore	350
29. Seattle Field Office	250

BACKGROUND

<u>LOCATION</u>	<u>BALANCE</u>
30. Washington Bid Room	10
31. Washington Congressional Sales	400
32. Washington GPO Police	50
33. Washington Main Bookstore	400
34. Washington Ofc of Inspector General	500
35. Washington Ofc of Financial Management	<u>2,500</u>
<b>TOTAL</b>	\$12,060

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

**AUDIT OBJECTIVE**

The objective of the audit was to evaluate the adequacy and effectiveness of system of financial management controls of the GPO Imprest Fund at Central Office. In particular, GPO's accounting controls and procedures were reviewed to determine if GPO was in compliance with GPO Instructions 445.1D and 445.5A.

**SCOPE AND METHODOLOGY**

The audit objective was accomplished between July through August 1995 by:

- Obtaining a working knowledge on imprest funds by reading the applicable GPO Instructions,
- Interviewing employees administering imprest funds to determine if procedures and policies were in accordance with GPO directives,
- Reviewing imprest fund source records and logs for Fiscal Years 1994 and 1995, when applicable,
- Conducting surprise cash counts on imprest funds,
- Determining if the imprest funds agree with applicable Office of Financial Management's reports and other documents,
- Evaluating how funds were handled, used, and safeguarded,
- Following-up on recommendations from the Office of Audits' Audit Report Number 88-04, titled, "GPO's Imprest Funds," dated November 17, 1987.

As part of the review, the Office of Audits examined the system of management controls for the administering of imprest funds and conducted general testing of key controls to evaluate their appropriateness and effectiveness. Any material weaknesses identified from this testing are described in the findings report.

This audit was performed in accordance with generally accepted Government auditing standards and included such tests of the procedures and operations as were considered necessary in the circumstances.

OTHER MATTERS DISCUSSED WITH MANAGEMENT

The following items were discussed with GPO management. The Comptroller should take corrective action deemed necessary.

1. GPO Instruction 445.1D, titled, "Imprest Fund", dated May 13, 1987, needs to be updated to reflect current operating procedures.
  - a. Appendix A, paragraph 5a, states, "Cash Authority. Imprest funds may be authorized in amounts not to exceed \$1,000 in cash."

On August 16, 1988, the imprest fund for the Office of Financial Management was authorized to increase the fund from \$1,000 to \$2,500.

- b. Appendix A, paragraph 5c, states, "Use of Imprest Fund. (1) Class A cashiers in custody of revolving imprest funds may make payments in coin or currency up to \$50 per transaction. However, for authorized purchases of materials and supplies, payments may be made not to exceed \$50 per transaction and \$100 per vendor per day."

On August 16, 1988, the imprest fund for the Office of Financial Management was authorized to allow for disbursements up to \$100 per transaction for Materials Management Service authorized purchases.

- c. Appendix A, paragraph 11, states, "Verification of Imprest Fund...The cash count will be unannounced and conducted by at least two persons who are not cashiers or supervisors of cashiers and who are not connected with the control or maintenance of the imprest fund."

Currently, only one person conducts unannounced cash counts at an imprest fund.

2. GPO Instruction 445.5A, titled, "Verification of Imprest Funds", dated August 3, 1979, needs to be updated to reflect current operating procedures. Paragraph 11 of the Instruction states, "Examination of Imprest Fund Verification Reports. A senior voucher examiner in the Examination and Certification Branch will examine and sign each GPO Form 228."

Currently, the Chief, Cash Management Branch, reviews, initials, and dates all verification reports.

OTHER MATTERS DISCUSSED WITH MANAGEMENT

3. One reimbursement voucher was used to purchase savings bonds as prizes for the Savings Bonds Drive on April 27, 1995, which was authorized by GPO's General Counsel memorandum, dated March 26, 1985, which states, "In conclusion, it would appear to be proper to use appropriated funds to purchase savings bonds to award to those employees selling the most savings bonds if the head of the agency determines that being the top key worker in the Savings Bond Campaign is worthy of an agency award under the incentive award program." However, the voucher did not contain any documentation that GPO's Public Printer authorized the purchase of the savings bonds.
4. The imprest fund cashier at GPO's Office of Financial Management did not have a copy of GPO Instruction 445.1D, Imprest Fund, dated May 13, 1987, to follow.
5. The imprest fund cashier at GPO's Office of Inspector General did not record a running balance in the log book of imprest fund activity after each disbursement in accordance with GPO Instruction 445.1D.

UNITED STATES GOVERNMENT

## memorandum

DATE: FEB 13 1996

REPLY TO  
ATTN OF: Comptroller

SUBJECT: Comments on Draft Audit Report on Imprest Funds

TO: Assistant Inspector General for Audits

Following are my comments on your draft audit report on GPO's Imprest Funds. Thank you for giving me the opportunity to respond to it.

In general, I agree with your seventeen recommendations. Based on your report, I plan to rewrite GPO Instruction 445.1D and 445.5 to update changes resulting from restructuring that occurred over the years. I also plan to require only yearly verification audits because of the size of the funds, increase the reimbursement limit from \$50.00 to \$100.00, require that the Office of the Comptroller staff count the imprest funds in the Central Office, eliminate the GPO police fuel fund since they now use credit cards, and generally improve the procedures controlling imprest funds in the Government Printing Office.



ROBERT B. HOLSTEIN