

## **Audit of Tampa Area Office Imprest Fund (OIG Control Number 981814)**

### **Purpose**

In response to information received from Mr. J.D. Packwood, Jr., former Tampa Area Office (TAAO) Director, on August 13, 1998, the Office of Inspector General (OIG) performed an audit of the TAAO imprest fund. The Imprest Fund program was established by the *Equal Employment Opportunity Commission (EEOC) Order 470.001, Imprest Fund Management*. An imprest fund is a fixed-cash fund in the form of currency or Government check which has been advanced by a Disbursing Office and charged to the EEOC appropriation, to an authorized Cashier for payment of other cash requirement purposes as specified in the designation. The objective of this audit is to determine the underlying cause of a reported imprest fund shortage at TAAO through analysis of fund documentation and interviews with key employees. The audit covered the period from June 30, 1997, the last date on which the TAAO imprest fund balance was fully accounted for, to August 14, 1998, the date of the newly designated imprest fund cashier's memorandum documenting discovery of the fund shortage and notifying EEOC management officials.

### **Scope and Methodology**

The audit consisted of the analysis of procedures, management controls, policies, guidelines, instructions and data in support of imprest fund management involving the TAAO office during the period from June 30, 1997 through August 14, 1998. OIG reviewed thirteen original reimbursement claim vouchers<sup>1</sup> with a total value of \$286.45 (see Attachment). These thirteen reimbursement claim vouchers represented the only factual documentation found to support possible reimbursements made during the time period covered by this audit. OIG also reviewed records obtained from the Commission Accounting System (CAS) and the Commission's CUFF records to determine if any TAAO imprest fund reimbursement claim vouchers were processed by the Miami District Office (MMDO) or TAAO and were not part of the original thirteen identified. Finally, OIG issued a survey questionnaire to TAAO to determine if any employees may have kept reimbursement claim vouchers that were paid during the stated audit time period and were not of the thirteen identified.

The audit was conducted in accordance with generally accepted government auditing standards as published in the *Comptroller General's Government Auditing Standards, 1994 Revision* and took place from April 1999 through September 1999.

### **Background**

Upon returning from annual leave on August 11, 1998, Ms. Karen Oshiro, Investigator, received a letter dated July 28, 1998 and a signed SF-211, Request for Change or Establishment of Imprest Fund, from Deborah Murphy, Chief, Disbursement Branch, Financial Management Division, Office of Financial and Resource Management (OFRM-FMD) designating her as the TAAO imprest fund

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<sup>1</sup>SF 1164 - Claim for Reimbursement for Expenditures on Official Business

cashier effective June 30, 1998. Ms. Oshiro was to replace the previous cashier, Ms. Gloria Brown, who held the designation of TAAO imprest fund cashier from June 23, 1997 through June 30, 1998. Prior to Ms. Brown's June 30, 1998 revocation of designation, she had officially transferred from TAAO to the EEOC Atlanta District Office effective March 29, 1998. There was no imprest fund cashier in TAAO from the time Ms. Brown transferred until the time Ms. Oshiro returned from leave, a period of almost five months.<sup>2</sup>

On August 12, 1998, Ms. Oshiro opened the imprest fund safe in the presence of Ms. Sylvia Pouncy, Enforcement Supervisor, to perform a cash count. According to the SF-211, Request for Change or Establishment of Imprest Fund, the current balance of the imprest fund was reported to be \$500.00. Once Ms. Oshiro opened the safe she found \$96.66 in cash and receipts supporting disbursements of \$286.45. Ms. Oshiro observed that no accountability reports had been filed for a long period of time since the original reimbursement claim vouchers were still in the file for FY 97 and 98, and that there was a fund shortage of \$116.89. Upon this discovery, Ms. Oshiro reported the shortage to the Miami District Office (MMDO) Budget Analyst, Ms. Eleanor Vengel, who advised her to contact Ms. Deborah Murphy. Ms. Murphy advised Ms. Oshiro that it was the responsibility of Mr. Packwood to contact the OIG. Mr. Packwood contacted OIG on August 13, 1998.

### Findings

The most serious finding involved the negligence in adherence to established internal controls by Ms. Gloria Brown during the period of June 23, 1997 through June 30, 1998. Additionally, OIG found that the Miami District Office failed to report TAAO's imprest fund deficiencies in its FY-98 Federal Managers' Financial Integrity Act (FMFIA) submission to the Agency<sup>3</sup>.

Since August 1998, TAAO and MMDO have established procedures, in accordance with Agency and Government policies and procedures, to ensure adherence to management controls by the TAAO imprest fund cashier. OIG's audit concludes that the appropriate controls have been established to ensure against a future breakdown of imprest fund management.

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<sup>2</sup>OIG fieldwork did not identify any imprest fund activity for that five-month period.

<sup>3</sup>TAAO falls under the purview of the Miami District Office. The FY-98 Miami District Office's FMFIA Assessment Statement indicated the Director, Miami District Office, was performing a review of the Tampa imprest fund for accountability. OIG obtained a copy of the undated review report which also mentioned the fund shortage and missing reports. Miami failed to identify specific control weaknesses or problems associated with the management of the imprest fund FY-98.

OIG's audit revealed the following.

- Ms. Oshiro's record of the imprest fund cash count and inspection of documents on August 12, 1998 showed:

Authorized imprest fund balance		\$500.00
Less: Cash on hand	\$ 96.66	
Supporting invoices for fund disbursements	<u>286.45</u>	
Subtotal		<u>383.11</u>
Imprest fund shortage		<u>\$116.89</u>

- A *Report of Audit of Cash Assets*, dated June 30, 1997, a week after Ms. Brown was designated cashier, fully accounted for the \$500.00 imprest fund balance. This report showed cash on hand of \$464.66 and an unpaid voucher for \$35.34. Signers of this report, the TAAO Director and Enforcement Unit Supervisor, certified that the cash had been verified by actual count and that the amounts were in agreement with the appropriate accounting records.
- Although significant imprest fund activity took place for the time period covered by this audit, TAAO could not provide any evidence of accountability reports, replenishment vouchers, or a record of payments required by *EEOC Order 470.001*, nor did OFRM receive any TAAO accountability reports. Thirteen separate disbursements occurred from August 5, 1997 to March 6, 1998 totaling \$286.45 (see Attachment). On February 23, 1999, Mr. Manuel Zurita, the new TAAO director, retroactively submitted an accountability report and replenishment voucher to OFRM for the period from August 1, 1997 to February 17, 1999.
- Imprest fund records provided to OIG by TAAO did not contain any documentation supporting designation of an interim or alternate cashier, or the transfer of funds from Ms. Brown to a replacement for the time period covered by this audit.
- Ms. Brown received only on-the-job training in the management of an imprest fund. This training, which occurred over several days, consisted of the former cashier instructing Ms. Brown in the processing of imprest fund documents and assisting her in administration of the fund. OIG found no evidence that Ms. Brown had ever received copies of imprest fund written guidance consisting of *EEOC Order 470.001*, *Imprest Fund Management (EEOC Order 470.001)*, the *Operating Manual for Imprest Fund Cashiers*, or the *Treasury's Manual of Procedures and Instructions for Cashiers*. On or about March 26, 1998 OFRM transmitted an undated memorandum to Ms. Brown asking that she request copies of the written guidance that was needed. OFRM never received a response from Ms. Brown. It is OIG's opinion that this memorandum would not have reached Ms. Brown prior to her departure from TAAO to the EEOC Atlanta District Office on March 29, 1998.
- During OIG's interview of Ms. Brown, she informed OIG that shortly before her transfer to the Atlanta District Office she had purchased supplies and certificates. According to Ms. Brown, she left the supporting invoices on her desk along with personal items as well as

items to be thrown away. Ms. Brown told OIG that the invoices could have been thrown away. OIG was not provided evidence to support this statement.<sup>4</sup> According to the original thirteen reimbursement claim vouchers provided by TAAO, there was no evidence of the purchase of supplies or blank certificates just prior to Ms. Brown's departure.

- OIG determined that no other staff members knew the combination to the imprest fund safe except for the previous cashier. OIG also determined that the combination had not been changed during Ms. Brown's tenure as TAAO designated imprest fund cashier. Mr. Zurita informed OIG that the safe combination was changed in December 1998 when Mr. Hollis Larkins, Deputy Director, Miami District Office, assumed administrative control of TAAO, and again in February 1999 when Mr. Zurita was named director.
- MMDO failed to disclose weak imprest fund internal controls or a fund shortage at TAAO in the fiscal year 1998 management control assessment dated November 18, 1998. This failure to disclose is of particular significance since the shortage, as well as missing accountability and reimbursement reports, were observed and documented in Ms. Oshiro's memorandum for the record dated August 14, 1998. *The Federal Managers' Financial Integrity Act (FMFIA)* requires agencies to assess and report annually on the adequacy of management control in programs and operations.

### Conclusion

OIG could not determine what became of the missing \$116.89 but concludes that the shortage was due to negligence by Ms. Gloria Brown, the former TAAO cashier. Ms. Brown failed to safeguard invoices supporting all purchases made using imprest fund cash, and to record the purchase transactions in imprest fund records. According to *EEOC Order 470.001*, cashiers are responsible for the custody and safeguarding of funds, receipts, and records of cash payments. Although no cashier was in physical control of the imprest fund for almost five months after Ms. Brown transferred to another office, it is established that the shortage occurred before Ms. Brown's departure. Further, the TAAO failed to safeguard imprest fund cash by changing the imprest fund safe combination upon departure of the designated cashier. As a result, the funds remained accessible to the previous cashier. According to *EEOC Order 470.001*, cashiers should keep funds in a safekeeping facility, accessible to no one else.

According to *General Accounting Office's Policy and Procedures Manual for Guidance of Federal Agencies, Title 7-Fiscal Guidance*, accountable officers, such as imprest fund cashiers, are

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<sup>4</sup>During its survey work OIG identified one reimbursement claim voucher for the purchase of certificates dated, September 29, 1997, six months prior to Ms. Brown's departure from TAAO. This single reimbursement claim voucher constitutes the only evidence of certificates being purchased by Ms. Brown during the audit period. In our view, this reimbursement claim voucher does not corroborate the statement Ms. Brown made regarding the purchasing of certificates just prior to her departure.

personally liable for the loss or improper payment of funds for which they are accountable. Relief from liability is authorized only if the agency determines that a loss of less than \$3,000 is not the result of the accountable officer's fault or negligence, or an improper payment.

In addition to cashier negligence, OIG identified internal control weaknesses that impacted imprest fund accountability and effectiveness. These weaknesses involve the following issues: (1) prompt designation of replacement cashiers and transfer of funds, (2) lack of imprest fund accountability and replenishment, (3) absence of fund payment documentation, (4) inappropriate access to imprest fund cash, and (5) failure to distribute timely written guidance to cashiers.

### **Recommendations**

To address the fund shortage and reporting of internal control weaknesses, OIG recommends: (1) the Director, Office of Financial Resource Management hold Ms. Gloria Brown (due to her negligence) liable for payment and not grant relief from her obligation to repay the \$116.89 shortage and, (2) the Director, Miami District Office ensure that internal control deficiencies are promptly identified and reported via the MMDO's annual FMFIA Assurance Statement submission to the Chairwoman, in accordance with *EEOC Order 195.001, Internal Control Systems*.

**Tampa Imprest Fund Disbursements  
From August 5, 1997 to March 6, 1998**

<u>Number</u>	<u>Date</u>	<u>Employee</u>	<u>Amount</u>	<u>Description</u>
1	08/05/97	Elaine Dillon	\$5.35	News archive
2	08/05/97	Sylvia Pouncy	12.45	Training supplies
3	08/27/97	Karen Oshiro	1.50	Transportation tolls
4	08/28/97	Gary Frey	17.05	Auto mileage
5	09/26/97	John Berendsen	16.74	Auto mileage
6	09/29/97	Gloria Brown	12.80	Certificates
7	10/03/97	Gloria Brown	117.00	Date/time clock repair
8	10/23/97	Karen Oshiro	27.90	Auto mileage
9	02/03/98	Robert Curry	7.00	Auto fuel
10	02/10/98	Karen Oshiro	9.15	Auto fuel
11	02/23/98	Jasper Crawford	12.39	Auto fuel
12	03/01/98	John Berendsen	40.92	Auto mileage
13	03/06/98	John Berendsen	<u>6.20</u>	Auto mileage
	Total		<u>\$286.45</u>	