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U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

REVIEW OF CASH MANAGEMENT OPERATIONS
AT THE
NAVAJO AREA OFFICE
GALLUP, NEW MEXICO AND WINDOW ROCK, ARIZONA
BUREAU OF INDIAN AFFAIRS



This report may not be disclosed to anyone other than the auditee
except by the Assistant Inspector General for Administration,
Office of Inspector General, U.S. Department of the Interior,
Washington, D.C. 20240.

NA, WFAC R675, ACC 75-88-7 Box 2 INTERNAL AUDITS 1982-1983
CASH MANAGEMENT AT NAVAJO AREA OFFICE 853.019

JUNE 1982
DATE



UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF INSPECTOR GENERAL

CENTRAL REGION

134 UNION BLVD., SUITE 510
LAKEWOOD, COLORADO 80228

MEMORANDUM AUDIT REPORT

June 4, 1982

To: Area Director, Navajo Area Office

From: Regional Audit Manager

Subject: Review of Cash Management Operations at the Navajo Area Office in Gallup, New Mexico, and Window Rock, Arizona

On May 10-12, 1982, the Office of Inspector General (OIG) made a limited cash management review at the Navajo Area, Gallup, New Mexico, and Window Rock, Arizona, offices. The primary purpose of this review was to ascertain compliance with Department of the Interior, Departmental Manual (DM) deposit requirements for collections. Specifically, Part 338 DM 1.4.B(2) and (3) states, ". . . Receipts of \$1,000 or more will be deposited on a daily basis. Deposits . . . will be made by noon of the business day following receipt or accumulation of \$1,000 or more . . ."

The Gallup office cash collection functions include receiving and depositing receipts from BIA offices in the Gallup area and depositing receipts mailed in from Navajo Area field collection offices. During the period October 1, 1981, to May 10, 1982, direct deposits totaling \$13,428,622.12 were made by the Gallup office. Of this amount, \$9,737,593.80, or 72.5 percent, represented receipts from the Window Rock collection officers. Our review did not disclose any delays in making deposits by the Gallup office.

At the Window Rock office, we found that two collection officers, whose combined deposits accounted for 93 percent of the \$9,737,593.80 deposits during the period October 1, 1981, to May 10, 1982, had 114 checks on hand totaling \$344,576.59. Of these checks, 107 totaling \$340,886.59 had been on hand from 3 to 10 days. The remaining seven checks, totaling \$3,690, had been received the day prior to our visit.

In response to our inquiry as to why the checks had not been forwarded to Gallup for deposit, the collection officers stated that they had not completed researching the allocation and distribution of the check amounts to the individual (primarily Individual Indian Money) accounts. We

recommended that the checks be copied and deposited daily and that any necessary research to make the proper distribution of the monies be performed after the checks have been placed in BIA deposit fund suspense accounts.

In addition to the prompt deposit problem, we noted that: (1) the Navajo Area did not have a current listing of designated collection officers, (2) one collection officer was also designated as an imprest fund cashier, (3) collections were being made by undesignated individuals, and (4) incomplete collection documents were being submitted to the Gallup office.

The problem of undeposited receipts at the Window Rock office and the resulting loss of interest income and unavailability of funds was previously noted during a March 3, 1982, review by the Area Director's staff auditor. At this time 292 undeposited checks totaling \$797,687.56 were on hand. Most of the 292 checks were approximately 1 month old; however, some dated back to October 1981. The Acting Assistant Area Director's (Administration) March 12, 1982, report to the Area Director contained the following recommendations, which addressed the undeposited receipt problem:

"1. Immediately deposit all checks on hand into the Special Deposit Account.

2. Detail sufficient assistance to the Collection Officer to insure that the above Special Deposit (suspense) items are redistributed to the appropriate IIM account within 10 days of the deposit.

3. If future daily receipts cannot be distributed to the IIM accounts concurrent with deposit within 24 hours of receipt, they must be deposited to the Special Deposit Account immediately upon receipt and transferred into the appropriate accounts within 10 days of the deposit.

4. The supervisor over this Collection Officer should monitor the activities closely and make additional help available when necessary to ensure prompt deposit of funds and posting to IIM accounts."

Although the amount of undeposited receipts had been significantly reduced, the problem had not been completely resolved. (The Area Director did establish a task force to make an operational review, but the immediate problem of undeposited collections was not addressed.)

Accordingly, we recommend that the following actions be taken to assure that receipt deposits are made within established time frames, and that adequate controls are established for collection functions.

1. Update the Navajo Area collection officer delegations.
2. Direct all collection officers to deposit receipts in accordance with time frames established by Department of the Interior and U.S. Treasury Department regulations.

3. Provide necessary supervisory review of collection officer performance to assure that: (a) regulations are complied with, (b) collections are made by only designated individuals, (c) proper segregation of duties is maintained, and (d) documentation for collection is complete and accurate.

The legislation creating the Office of Inspector General requires semiannual reporting to the Congress of all audit reports issued, actions taken to implement audit recommendations, and the identification of each significant recommendation on which corrective action has not been completed. In accordance with 360 DM 7, we are requesting that you provide us with your response within 30 days identifying the corrective action taken or planned concerning each of the recommendations.



Arnold L. Baron

cc: Assistant Secretary--Indian Affairs
Ron Eden, BIA Audit Liaison Officer