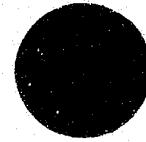


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U.S. Department of Justice
Office of Justice Programs



MANAGING CONFIDENTIAL FUNDS

Bureau of Justice Assistance

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DRUGS CONTROL TECHNICAL ASSISTANCE PROGRAM

Administered by

Institute for Law and Justice

U.S. Department of Justice

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U.S. Department of Justice
Office of Justice Programs

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MANAGING CONFIDENTIAL FUNDS

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March 1989

OCT 10 1989

ACQUISITIONS

Prepared by the

**BUREAU OF JUSTICE ASSISTANCE
NARCOTICS CONTROL TECHNICAL ASSISTANCE PROGRAM**

Administered by

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INTRODUCTION

PURPOSE

This *monograph* presents experience-tested standards for managing confidential and flash roll funds used by law enforcement agencies to purchase services, evidence, and specific information. Though especially prepared for small- to mid-sized agencies (25 to 200 officers), the policies and examples are also appropriate for larger agencies.

The philosophy of this *monograph* is to propose a framework for management of confidential and flash roll funds flexible enough to be adapted to the special needs of each agency. The paperwork described is not intended to be burdensome, but careful documentation is warranted by the importance of handling confidential funds properly and accurately. As an SOP of one agency states:

The use of confidential funds creates operational, supervisory, and administrative situations with a potential for adverse consequences. Experience has demonstrated that careful and precise documentation of [confidential] expense funds diminishes these problems.¹

SCOPE

This *monograph* recommends controls, reports, audits, and related forms designed to ensure proper handling of confidential funds (with or without sub-funds) and of flash roll funds used to make, or to create the appearance of making, the following types of purchases:

Purchase of Services

- Travel or transportation of officers or informants;
- Lease of an apartment, business front, luxury-type automobile, aircraft, boat, or other items to create or establish the appearance of affluence; and,
- Within reasonable limits, meals, beverages, and entertainment for undercover purposes.

Purchase of Evidence

- Stolen property,
- Narcotics and dangerous drugs,
- Firearms, and
- Other items necessary to document crimes and identify participants.

Purchase of Specific Information

- Payments to informants for specific information.

Putting its confidential fund in perspective, the SOP of one agency emphasizes that such funds are not intended to shortcut government regulations. The SOP states:

The intent of the funds is to allow our detectives to operate in an undercover role, to blend in with the specific environment. Some examples for the use of funds are to maintain undercover identities, to purchase food or drink, to purchase contraband, to rent apartments and pay utilities, and to subscribe to certain publications.²

HOW TO USE THIS PUBLICATION

This *monograph* is organized to lead from the general to the specific. It proceeds from an overview, in Chapter 1, of the major objectives and policies underlying the management approach advocated here, to step-by-step controls, reports, audits, and sample forms needed to manage confidential funds (Chapter 2) and flash roll funds (Chapter 3).

Chapter 1 merits careful reading because the objectives and basic policies discussed there are relevant to the specific details of the management system set out in Chapters 2 and 3.

The management approach described in this publication is consistent with the mandatory procedures for confidential funds developed by the Office of Justice Programs (OJP), United States Department of Justice, for agencies (as grantees or subgrantees) that have received OJP grants containing confidential

funds. At this writing, the most current description of those mandatory procedures is found in OJP M 7100.1C Change 1 (November 20, 1987): Financial and Administrative Guide for Grants, Paragraph 62 ("Confidential Funds") and Appendix 11 ("Control and Use of Confidential Funds"). Although most of the information from OJP M 7100.1C on confidential funds is contained here, agencies that receive BJA grants involving the administration of confidential funds should carefully review any revised editions of that document.

Any agencies that receive funds from the Bureau of Justice Assistance are subject to the provisions outlined in OJP M.7100.1C for the control and use of confidential funds.

For additional information on managing confidential funds, contact the Bureau of Justice Assistance, the Comptroller for the Office of Justice Programs, or the Institute for Law and Justice.

CHAPTER 1

PRINCIPLES OF THE MANAGEMENT SYSTEM

No matter how much an agency adapts the recommended management system to its own conditions, the objectives, policies, and system components outlined below still apply. They are essential to the effective, efficient, and financially sound use and management of confidential funds.

MAJOR OBJECTIVES

A top objective of the management system is that it facilitate access to the funds by operations personnel. This objective relates to the efficiency of the system. For example, is the required paperwork unjustifiably cumbersome and time-consuming? Could internal controls be streamlined?

An equally important objective is that the management system fix responsibility and accountability for proper handling and use of confidential funds. Ensuring the financial propriety of the fund's use involves procedures and documentation that establish a clear chain of custody regarding:

- Initial creation and periodic replenishments of the fund,
- Each disbursement from it, and
- Subsequent handling and, in the case of confidential funds, expenditures of those disbursements.

Procedures and documentation should clearly indicate *who* received *how much* money from the fund, *when* and *why*, and *how much was spent* for *what purpose* or *how much was returned* to the fund unspent?

A third objective of the management system is to gauge the effectiveness of the funds by linking their use to the results or benefits achieved. Regarding confidential funds, this means that the documentation associated with informant-related expenditures should include the informant's code, case number, nature of the informant's information, and a reference to how the

information contributed to the progress of the investigation (identification of additional suspects, location of evidence, generation of new leads, arrests of suspects, and the like).

The management system's fourth objective should be to assure the public and policymakers that the funds are administered competently and are used for authorized purposes. Agencies should possess documentation to answer such questions as these: Is the use of the confidential fund accounted for properly? Are reports accurate? Are the establishment and operation of the fund in compliance with applicable laws and regulations?

Finally, the management system should protect the agency's reputation for integrity by incorporating all reasonable precautions for handling and using the funds. Attainment of this objective entails not only implementing the precautions, but also subjecting the fund to periodic audits and spot checks to assess compliance with and effectiveness of the safeguards.

BASIC POLICIES

Some policies are so fundamental that they should be implemented regardless of the specifics of the management system. Those policies pertain to integrity, delegation of authority, separation of functions, security, and performance standards.

Integrity

Top management must and can set the tone for the whole agency--for its commitment to its mission, its energy, and its integrity. It must be unmistakable that absolute honesty in handling other people's money is practiced and expected at all levels. Rigorous financial controls protect everyone's reputation, and they must be seen in that light, as protections, not obstructions.

In the final analysis, law enforcement executives must rely on the integrity of subordinates regardless of the type of management system governing confidential and flash roll funds. But leadership can make the critical difference. "Strong evidence supports the contention that sound leadership methods constitute the most essential precondition for an adequate level of integrity within the firm."³ Survey findings show a tendency in every age group, company environment, and management level for individuals to accept the values of their superiors. That observation is no less applicable to law enforcement officers.

There are individuals who perform at high levels of integrity regardless of internal or external pressures. At the other end of the spectrum are those few who engage in misconduct whenever presented with a relatively safe opportunity to do so. However, as stated in the audit standards of the Comptroller General of the United States:

In between are a sizable majority that, depending on the caliber of leadership they are exposed to, make or break the organization's reputation for integrity. These are the individuals who, in varying degrees, are most susceptible to leadership and are ready to go wherever the stream takes them. A good leader can control the direction of the stream.⁴

Top management must emphasize high expectations of integrity, through both words and personal example. This is essential not only to proper administration and use of confidential funds, but also to all facets of agency operations.

Delegation of Authority

Personnel who administer and manage confidential funds should be given enough authority to fulfill their responsibilities, and those responsibilities should be clearly defined. Only then can individuals be justifiably held accountable for performance.

If responsibility cannot be fixed, neither can blame in the event of misuse or unauthorized use of funds, whether intentional or unintentional. Lack of clear accountability constitutes, at worst, a temptation for the weak-willed and, at best, a major management shortcoming.

Separation of Functions

To the extent practicable, implementation of a separation-of-functions policy is a highly desirable safeguard in managing confidential funds. This policy can be stated in four principles:

1. No individual should have total control over every phase of any significant transaction.
2. Work flows should proceed from one person to another so that, without duplication, the work of the second serves as a check on that of the first.
3. Those who authorize the use of cash and other assets should not also be responsible for custody.
4. Recordkeeping and bookkeeping activities should be separated from the handling and custody of assets.

If an agency is of a size that precludes dividing responsibilities in the recommended way, it should consider rotating responsibilities from time to time or assigning dual responsibility for certain tasks.

Security

Given well-known, unfortunate incidents of theft and robbery of confidential funds, periodic reassessment of security measures is essential.

Security is particularly important in fund storage, buy situations, and flash-roll operations. Flash rolls are exposed to the greatest threat of theft or robbery and require particularly well-conceived security measures. Compared to confidential funds, flash rolls (1) are more likely to be placed

in an agency's safe (rather than in a bank) to ensure availability twenty-four hours a day, seven days a week; and (2) are much more likely to be exposed in very large sums to high-risk situations.

Performance Standards

Performance standards should not be set at unrealistically high levels. If, for example, deadlines for results are too tight in relation to workload, some officers may feel so pressured that they may be tempted to take short cuts involving unauthorized use or handling of the funds.

OVERVIEW OF THE CONFIDENTIAL FUND MANAGEMENT SYSTEM

The financial management system described in detail in the next chapter is comprised of three principal components: Controls and procedures, periodic reports, and routine audits.

Controls and procedures govern the day-to-day mechanics of how a confidential fund or flash roll operates and are designed to ensure that:

- Authority, responsibility, and accountability for the fund's administration and authorized use are fixed;
- The financial integrity of the fund is maintained and verifiable through a well-documented chain of custody encompassing:
 - Initial creation and periodic replenishments of the fund,
 - Disbursements from it to operations personnel,
 - Expenditures by operations personnel, and
 - Reimbursement of those expenditures; and
- Adequate documentation exists to serve as the basis for subsequent reports and audits.

Periodic reports are derived from the documentation associated with the controls and procedures described above. These reports provide such information as:

- Condition or status of the fund as of a given date,
- Summary of the fund's operation over a given period, and

- Accounting of fund expenditures or use by case number and by transaction type (services, evidence, or specific information).

Audits, whether conducted by police personnel or an outside agency, constitute the final component of the management system. Audits may well extend beyond the traditional examination of a fund's fiscal aspects and include an assessment of whether it is operated efficiently and whether it is achieving the desired results.⁵ As the United States General Accounting Office has emphasized:

A fundamental tenet of a democratic society holds that governments and agencies entrusted with public resources and the authority for applying them have a responsibility to render a full accounting of their activities. This accountability is inherent in the governmental process and is not always specifically identified by legislative provision. This governmental accountability should identify not only the object for which the public resources have been devoted but also the manner and effect of their application.⁶

CHAPTER 2

MANAGING CONFIDENTIAL FUNDS

This chapter presents the management system for confidential funds. Many agencies may want to modify the management approach presented here to better serve their own specific needs. This is especially true with respect to the forms presented in this chapter; they are offered with the expectation that they will be adapted to each agency's operations, not necessarily adopted "as is." Suggested forms are included in Appendix A.

However, if an agency is bound by OJP M 7100.1C (hereafter M 7100), any modifications of the suggested forms and procedures must be consistent with the requirements of that document (see Introduction). It is important to understand the similarities and differences between the management system proposed here and M 7100's requirements. M 7100 requirements are specifically discussed later in this chapter and are also reproduced in Appendix B.

ESTABLISHING THE CONFIDENTIAL FUND

The confidential fund should be established by a written directive from the agency's chief executive. The directive should address the following items in detail:

1. Establishment of the fund as an *imprest* fund, including its purpose and scope. As explained later, an imprest fund is a fund used to advance money and reimburse out-of-pocket expenses.
2. Explanation of M 7100 (for OJP-funded projects) and its key provisions.
3. Administration of the fund.
 - a. Appointment, authority, and responsibilities of the bonded fund custodian or cashier.
 - b. Organizational placement and responsibilities of the fund custodian/cashier.

- c. Security measures to protect fund assets not disbursed to officers.
 - d. Records and audits required.
 - e. Reports to be submitted, including a monthly reconciliation report on the imprest fund.
 - f. Policies and procedures applicable to the fund custodian regarding advances and reimbursements from the fund to operations personnel, including required receipts and other documentation.
 - g. Policies and procedures applicable to the fund custodian regarding accountability-related contacts with the agency's financial unit and with the governmental unit or other source that provide confidential fund monies.
 - h. Location of records and retention period.
 - i. Access to informant file by fund custodian.
4. Operations-level policies and procedures.
- a. Designation of those who may authorize personnel to use the confidential fund up to specified expenditure levels.
 - b. Designation of those who may request advances or reimbursements from the confidential fund.
 - c. Security precautions to be followed by officers when in possession of fund advances.
 - d. Steps to take if fund advance is lost or stolen.
 - e. Limitations on how long a fund advance may be held before it must be returned to the fund custodian.
 - f. Supervisor's responsibilities to review and certify officers' expenditures and to evaluate the results, especially regarding payments to informants.
 - g. Procedural steps and documentation requirements (including provision of receipts supporting expenditures) applicable to officers.

Several of the foregoing items warrant additional comment.

Item 1 describes the confidential fund as an *imprest fund*, which is a sum in the form of either cash or a checking account and is used (1) to reimburse personnel for out-of-pocket expenses, or (2) to advance money to officers for properly documented future expenditures. Principal advantages of such funds

are that they help expedite payments and minimize administrative costs of relatively minor disbursements.

Item 3d refers to records and audits. Specific records of each confidential fund transaction should be maintained. They include all documentation related to requests for funds, authorizations, receipts, and other records necessary to justify and track all expenditures. All records should be subject to periodic audits, including, of course, those mandated by legislation applicable to the agency.

Item 3e pertains to periodic reports. Each month the fund custodian should prepare a report reconciling the fund's current unexpended balance with the fund's authorized amount. Quarterly, a summary report should be submitted on amounts received by each informant, the nature of the information obtained, and the impact of the information on investigations.

Items 3f and 4g allude to receipts in connection with fund disbursements and expenditures. Officers issued advances should give the custodian a signed receipt, should document their expenditures by receipts (including signed receipts from informants acknowledging payments to them), and should obtain a receipt for unexpended funds returned to the fund custodian.

Item 4a refers to authorizations required by officers before they can draw advances from the confidential fund. The supervisor of the unit to which the imprest fund is assigned should be among those who authorize officers to draw advances from the confidential fund.

Item 4f pertains to the review, certification, and evaluation of officers' expenditures by supervisors. Regarding payments to informants, for example, supervisors should inspect the receipts signed by informants, compare the informants' signatures with those on file, and evaluate the value of the informants' information or service.

Other items in the chief executive's directive pertain to the fund's custodian and to the provisions of M 7100, each of which deserves more detailed discussion.

CUSTODIAN OF THE CONFIDENTIAL FUND

The chief executive's written directive appoints the fund's custodian, sometimes referred to as the cashier, and establishes his or her authority and responsibilities.

Except in very large agencies that may have multiple sub-funds ("mini" confidential funds that draw on the central fund), the job of fund custodian is part-time only. Like others with access to the fund, including officers who receive advances, the custodian should be bonded. Each person should be bonded in an amount equal to his or her maximum access to fund monies.

Careful consideration should be given to where the custodian is placed within the agency's organizational structure. There are important advantages to having the custodian on the chief executive's immediate staff or within an operations unit that would use the fund frequently--criminal investigations, organized crime, or vice and narcotics, for example.

The first advantage is that such a custodian would alleviate concerns about restricting access to the sensitive information required in documenting some fund transactions. This is especially true if the agency is bound by M 7100, which calls for detailed data. Were the custodian located in the fiscal unit, for example, much useful, and sensitive, information related to fund transactions might not be documented or, if collected, might have to go through a more complicated sanitizing process than would otherwise be required.

The second advantage is that a custodian attached to the chief executive's immediate staff or located at the supervisory level in an operations unit would be subject to high-level oversight and would have access to high-ranking officers in the event extra leverage is needed to enforce fund procedures and controls.

SUMMARY OF M 7100 PROVISIONS

As noted in the Introduction, if an agency is a grantee or subgrantee receiving OJP funds for its confidential fund, the provisions of M 7100 (paragraph 62 and Appendix 11) govern the operation of the fund. M 7100 controls and procedures are mandatory for grantees and subgrantees.⁷

M 7100 mandates that procedures should incorporate at least seven elements. Six of these have been discussed in the above section on the chief executive's written directive: establishing the confidential fund as an imprest fund, authorizing advances, obtaining receipts, reviewing and certifying expenditures by officers, preparing reports, and maintaining records and conducting audits.

The seventh procedural element is maintenance of informant files. M 7100 defines them as "confidential files of the true names, assumed names, and signatures of all informants to whom payments of confidential expenditures have been made."⁸

In its section on documentation, M 7100 discusses informant file security and contents. A separate file on each informant receiving confidential funds must be established for accounting purposes and must be subject to a number of specified security procedures, including the use of sign-out logs. Up to ten items are to be kept in the file, including an informant payment record (a summary of payments) and receipts signed by the informant.

Receipts signed by informants must note the exact amount paid to, and received by, the informant/payee on the date of the transaction. According to M 7100, cumulative or anticipatory receipts are not permitted; once the receipt is completed, alteration of it is not permitted. Each receipt must include the following information:

- The jurisdiction initiating the payment.
- A description of the information/evidence received.
- The amount of payment, both in figures and in words.
- The date on which the payment was made.
- The signature of the informant/payee.
- The signature of the officer making payment.
- The signature of at least one other officer witnessing the payment.
- The signature of the first-line supervisor authorizing and certifying the payment.

In a section on informant management and utilization, M 7100 mandates a minimum of five procedures to follow when the agency establishes a person as an informant, including:

- Assignment of an informant code name,
- Preparation of an informant code book,
- Establishment of an informant file (as noted above),
- Quarterly reviews of the file, and
- Use of all available criminal indices to check the informant.

Under "payments to informants," M 7100 lists criteria to follow when determining the amount to pay an informant, describes various circumstances under which payments to informants may be made, and discusses the documentation required to support transactions involving informants as payees. Finally, M 7100 lists seven required accounting and control procedures.

Suggested forms to document controls, procedures, and informant transactions are included in Appendix A and are discussed in the next section.

FORMS USED IN MANAGING CONFIDENTIAL FUNDS

The administration and day-to-day operation of the confidential fund involve the use of at least seven forms. Precisely how many forms are used will be determined by whether M 7100 is applicable, whether officers receive advances from the fund, and whether the fund is used as a source of flash roll money, among other factors.

- **Form CF-1** (Exhibit 1) is an administrative tool for the fund custodian, who uses it to summarize each fund transaction.
- **Form CF-2** (Exhibit 2) records details about fund advances--from authorization of the advance, to disbursement and written acknowledgment of its receipt by the officer, to an accounting of his or her expenditures. Limits are often imposed on the amounts individual supervisors may authorize, with some being permitted to authorize larger amounts than others.
- **Form CF-3** (Exhibit 3) is a voucher that is completed by the officer to document case-related expenditures, which may or may not have involved an advance. The voucher is presented to the fund custodian for reimbursement and may or may not be accompanied by Forms CF-4 and CF-5.
- **Form CF-4** (Exhibit 4) is used by the officer to record the details of a payment to an informant, including what was achieved as the result of the payment. Depending on the sensitivity of the information on CF-4 and on the willingness of the agency to allow the custodian to receive this information, the form may be either attached to CF-3 or filed after being summarized in a sanitized fashion on CF-3, which is forwarded to the custodian.
- **Form CF-5** (Exhibit 5) is used by the officer to document non-informant case-related expenditures, including what those payments achieved. Like CF-4, CF-5 may be either attached to, or summarized on, Form CF-3, which would be forwarded to the fund custodian for reimbursement.
- **Form IR-1** (Exhibit 6) is a receipt to be signed by an informant acknowledging a payment to him or her by the agency.
- **Form IR-2** (Exhibit 7) is also an informant receipt, which the agency may want to use instead of Form IR-1 when the payment to the informant is for the future purchase of a controlled substance.

- Form CF-6 (Exhibit 8) is an example of a monthly report used to reconcile the fund's on-hand balance to its authorized amount.

Use of the foregoing forms is detailed in the next two sections. The first section focuses on the controls applicable to the administration and daily management of confidential funds. The second section explains the applicable reports and audits.

STEP-BY-STEP CONTROLS AND RELATED PROCEDURES

Form CF-1, Custodian's Activity Log for Confidential Funds (Exhibit 1), is the custodian's key administrative tool. It is used for every transaction. As illustrated by Exhibit 1, the custodian uses the form to record payments into and out of the fund, to note the type of transaction, to provide key details about the transaction, and to maintain a running balance.

Form CF-1 assumes that payments to and from the fund are by check and that the fund is set up as a checking account. Such a procedure will avoid the problem of maintaining cash balances in an office situation without the usual safeguards of a bank or treasurer's office. If cash is received by, or disbursed from, the fund, the sum should be recorded as such on the Activity Log and the payee should give a prenumbered cash receipt to the payor.

If the custodian uses checks to disburse funds, the agency should consider a multipart check: the original and two copies. One copy would be maintained in numerical order for easy reference, the other attached to, and filed with, the paid voucher.

CF-1 is designed so that seven transaction types (listed at the bottom of the form) may be recorded on it:

1. *Initial*--This transaction is the one that establishes the fund. For example, the fund custodian might receive a check for \$10,000 from the treasurer's office of a municipal, county, or state government. (If the fund is a sub-fund of a central fund, the sub-fund will be

the source of the check.) The check is deposited and two deposit receipts obtained. One is retained by the custodian, the other forwarded to the agency's accounting or finance unit.

2. *Advance*--The custodian advances money from the fund by preparing a check payable to an officer.
3. *Adv./Repay*--The officer does not spend all of the advance and, by cash or personal check, returns the unused balance to the custodian, who deposits the sum in the same manner as in "Initial" above.
4. *Reimb.*--The custodian issues a check to reimburse an officer who has presented a voucher documenting expenses for which an advance was not sought or which an advance did not completely cover.
5. *Receipt*--After presenting vouchers documenting fund disbursements, the custodian receives from the governmental entity's treasurer's office (or, in the case of a sub-fund, from the central fund) a check replenishing the fund. The check is deposited as in "Initial" above.
6. *Misc.*--Miscellaneous amounts received or paid out, such as bank charges for printing checks or a bank credit for interest earned on the deposit.
7. *Audit*--A notation by an external or internal auditor that the fund has been inspected.

How controls and their related procedures and forms are used depends upon which of the following four conditions controls an agency's confidential fund operations.

Condition 1: M 7100 Applies and the Fund Disburses Advances

If M 7100 applies to an agency's confidential fund, officers receive advances for payments to informants or for payments for other case-related purposes. Exhibit 9 shows what forms to use and in what sequence.

Exhibit 9 can be used in the most effective manner by photocopying the forms referred to and arranging them in the same sequence in which they are listed in the exhibit. As the user proceeds from one form to another, the interrelationship between the forms will be easier to understand. The link between entries on a given Transaction Record (Form CF-2) and the corresponding ones on the Activity Log (Form CF-1) is the transaction number

that the fund custodian notes in Section A of CF-2. That is, the transaction numbers for all entries on CF-1 that refer to a given CF-2 are identical.

Condition 2: M 7100 Does Not Apply and the Fund Disburses Advances

If M 7100 does not apply to an agency's confidential fund and officers receive advances for payments to informants or for payments for other purposes, Exhibit 10 indicates what forms to use and in what sequence.

Again, Exhibit 10 can be used in the most effective manner by photocopying the forms referred to and arranging them in the same sequence in which they are listed in the exhibit. As the user proceeds from one form to another, the interrelationship between the forms will be easier to understand.

The difference in forms usage between Exhibits 9 and 10 is that in the latter (1) informant receipts (signed), while definitely recommended, are not required (because M 7100 does not apply), and (2) Forms CF-4 and CF-5, while desirable for most agencies, are not required (again because M 7100 does not apply).

Condition 3: Reimbursement from Fund But No Prior Advances

When the custodian has not disbursed an advance from the fund but reimburses officers for authorized expenses relating to informants or other purposes, the forms used include the following:

1. IR-1 (Exhibit 6)--Receipt from an informant for payment.
2. IR-2 (Exhibit 7)--Receipt from an informant to purchase controlled substances.
3. CF-4 (Exhibit 4)--Record of payment to an informant. This form documents details and results of the informant-related transaction.
4. CF-3 (Exhibit 3)--Officer reimbursement voucher used in informant-related cases where the details of the transaction are confidential.
5. CF-5 (Exhibit 5)--Reimbursement form for noninformant-related expenditures such as purchase of evidence or other services.

6. CF-1 (Exhibit 1)--All transactions are recorded on the Custodian's Activity Log.

Because an advance is not involved, Form CF-2 is not used.

For example, if reimbursement is sought for a payment to an informant, the sequence of forms usage is as follows:

1. A receipt (IR-1 or IR-2) from the informant is obtained and placed in the informant's file.
2. CF-4, Record of Informant Payment, is completed by the officer.
3. CF-4 is either sent directly to the fund custodian or is filed after being summarized in a sanitized way (for security and confidentiality reasons) on CF-3, which is forwarded to the fund custodian.
4. The fund custodian, having received either CF-4 or CF-3, reimburses the officer by check and, optionally, obtains a receipt.
5. The fund custodian makes the appropriate entry on CF-1.

Reimbursements to officers for noninformant case-related expenditures (evidence purchases, expenditures for services) are handled on Form CF-5 (Exhibit 5).

Condition 4: Advance from Fund Is Used as a Flash Roll

If the flash roll must be an advance from the confidential fund, two alternative procedures may be followed. Under the first alternative, the custodian of the confidential fund would oversee use of the flash roll and employ forms normally used by the confidential fund:

1. The authorization to use confidential funds would appear on CF-2, Section B.
2. The custodian would fill out Section A of CF-2, make the advance, and enter the transaction on CF-1.
3. Return of the flash roll would be recorded on CF-2, Sections C and D, and the appropriate entry made on CF-1.

A second procedure, which provides better control over the flash roll, may be used instead: an ad hoc flash roll fund custodian is designated and the special flash roll forms described in Chapter 3 are employed:

1. The request for an advance from the confidential fund is made on CF-2, Sections A and B. The person signing as the "receiving party" in Section B would be the ad hoc custodian of the flash roll fund to be created by the advance, which is disbursed by the confidential fund custodian, who makes an appropriate entry in CF-1.
2. The ad hoc flash roll fund custodian proceeds as described in Chapter 3. He or she logs the money received on FRF-1, controls flash roll use through FRF-2, and submits the FRF-3 report.
3. Once the flash roll operation is completed and Sections D and E of FRF-2 are filled out and an entry of the roll's return is made in FRF-1, the flash roll fund custodian returns the money to the confidential fund custodian, who completes Sections C and D of CF-2 and makes an appropriate entry in CF-1.

REPORTS AND AUDITS

Reports and audits are the remaining components of the management system for confidential funds. As noted below, reports are submitted on both a periodic and an exception basis, while both regularly scheduled and surprise audits are conducted.

Reports

The various forms discussed above contain data that can be used for many reports, including reports on the condition or status of the fund as of a given date, summary reports of the fund's operation over a given period, and reports that present an analysis and accounting of fund expenditures by case number and/or by category (P/E, P/I, P/S).

At a minimum, the fund custodian should submit to the chief executive a monthly report that reconciles the fund's current unexpended balance with the fund's authorized amount. An example of such a report is shown in Exhibit 8.

Some agencies may want their fund custodian to submit a quarterly report that indicates the amounts received by each informant, the nature of the information obtained, and the impact of the information on investigations. Data for such a report may be taken from Form CF-4 (Exhibit 4).

When circumstances warrant, the fund custodian should submit exception reports. Such reports are prepared whenever the custodian becomes aware of deviations from agency directives, policies, and procedures that are applicable to the confidential fund or whenever any other abnormal aspect of fund operations is observed. For example:

1. If some officers are not informing the custodian about the status of their advances at required intervals, the custodian should report this to the chief executive or his or her designated representative. When advances are not being accounted for properly by officers, some agencies suspend issuance of advances, at least temporarily.
2. If fund monies are lost, stolen, or otherwise not accounted for, a report of this should be prepared. The policy of one agency is to follow up such a report by having an outside investigation of the circumstances surrounding the loss. If the investigation shows that fraud or gross negligence has not been committed, a recommendation is made to the local government to cover the loss.

Audits

Audits of confidential funds should examine their financial integrity, efficiency, and effectiveness. Most of the discussion on auditing flash roll funds in the next chapter (Chapter 3) also applies to confidential funds and will not be repeated here. The information elements on the various forms applicable to confidential funds are sufficient to permit comprehensive audits.

For example, the transaction number preceding entries on CF-1 (Custodian's Activity Log) permits an auditor to trace the transaction to the appropriate Transaction Report (CF-2) and from there to the specific documentation supporting the expenditures. Spot checks of this type might occur on a surprise basis, perhaps once or twice per month. A more comprehensive inspection might be regularly scheduled quarterly or semiannually.

At least twice monthly, supervisory personnel should determine whether the officers' expense records (CF-3, CF-4, CF-5) are current and are submitted to

the fund custodian at the required intervals. Supervisors should also check frequently to see that personnel have returned unexpended advances within the required time limits. M 7100 specifies 48 hours unless a 48-hour extension has been granted. Prompt return of funds is critical for both integrity and efficiency. It ensures that maximum resources are available for use by all investigators and not sitting idle while an investigation is moving slowly.

Most audits will be conducted by designated agency personnel. However, an outside auditor should perform a comprehensive examination of the fund at least annually. Sometimes this is done in conjunction with an end-of-year closing of the fund, at which time all fund advances must be cleared and the fund amount returned to the auditor/controller of the city, county, or state, along with a full accounting of all expenditures.

CHAPTER 3

MANAGING FLASH ROLL FUNDS

This chapter pertains to flash roll funds that are established independently from confidential funds. That is, a flash roll is not an advance from a confidential fund but is disbursed from a source dedicated to flash roll operations only. Establishing separate funds is the recommended approach. If an agency decides to create a flash roll by drawing on a confidential fund, it should refer to Chapter 2 for the applicable procedures, which may or may not involve use of the special flash roll forms and procedures described in this chapter.

PURPOSE AND SOURCES

Unlike confidential funds, a flash roll is used for purposes of "flash" or "show" only. It is not established to purchase evidence, services, or specific information, but only to convey the intention to do so.

Because flash roll operations usually expose larger sums to greater risks than do transactions involving confidential funds, the recommended approach is (1) to segregate flash rolls from other funds, and (2) to administer flash roll funds separately. By so doing, an agency will be better able to tailor management of such funds to the special nature and problems of flash roll use.

Sources of funds for flash roll operations are varied. Some agencies may obtain flash fund monies through the normal appropriations process and maintain the funds on an ongoing basis. Other agencies may be able to borrow funds on an as-needed basis from other agencies, local or state government treasuries, or commercial banks.

A flash roll fund may be in an agency's safe as cash, which would ensure constant availability, or in a bank account to be withdrawn when the need

arises. When the flash roll fund is withdrawn from the bank as cash, or is stored in the agency safe as cash, serial numbers of the bills should be recorded to help the agency trace and recover lost, stolen, or missing currency, and to ensure that the fund is the same in all respects in case it is included as an exhibit in a legal proceeding. These numbers can be kept in a permanent serial number log.

ESTABLISHING THE FLASH ROLL FUND

The flash roll fund should be established by a written directive from the agency's chief executive. The directive should address the following items in detail:

1. Purpose and scope for establishing the fund.
2. Appointment, authority, and responsibilities of the custodian.
3. Internal security procedures to protect the fund when it is not involved in a flash roll operation in the field.
4. Bonding of all employees authorized to have access to the fund. The amount of the bond should at least equal the amount of the funds.
5. Weekly utilization report submitted to the agency's chief executive.
6. Weekly internal auditing by the chief executive or designated representative.
7. If more than one fund is available, provisions for separate administration by either one overall custodian or one custodian per fund.
8. Policies and procedures applicable to fund custodian regarding advances and reimbursements from the fund to operations personnel, including required receipts and other documentation.
9. Policies and procedures applicable to the fund custodian regarding accountability-related contacts with the agency's financial unit and with the governmental unit or other source that provided the flash money.
10. Location of records and retention period.
11. Designation of those who may apply to use a flash roll.

12. Designation of those who may authorize use of a flash roll.
13. Security precautions that are available and must be observed when the fund is used in the field, depending on the circumstances.
14. Limitations on how long the roll may be held by operations personnel before it must be returned to the fund custodian.
15. Policies and procedures regarding theft or loss of the fund or a portion of it.
16. Procedural steps and documentation requirements applicable to operations personnel.

FORMS USED IN MANAGING FLASH ROLL FUNDS

Three forms constitute the principal documentation associated with a flash roll fund. These forms should encompass the provisions in the chief executive's written directive and provide the basis for the necessary controls, reports, and audits to manage the fund effectively and efficiently.

The forms are as follows:

- **Form FRF-1 (Exhibit 11)** is used to summarize the details of each fund transaction, whether this involves logging the initial receipt of the flash roll, disbursements to operations personnel, or return of the roll after its use in the field. Each audit of the fund will be noted on the form also, as explained later. A separate Activity Log should be maintained for each flash roll fund or account. The source of most of the information to be recorded on this form is Form FRF-2, described next.
- **Form FRF-2 (Exhibit 12)** is the basic transaction record. Most of the information required by this form is supplied by the officer who wishes to use the roll. The custodian and the officer's supervisor also provide signatures or information. The data required by the five-section form pertain to:
 - A. Request for use of the roll,
 - B. Precautions to be taken and authorization by the officer's supervisor,
 - C. Receipt of the money by the officer from the fund custodian,
 - D. Utilization report regarding results and problems, and
 - E. Return of the roll to the fund custodian.

The Transaction Record should be prepared initially in duplicate. The copy is retained by the fund custodian while the flash roll is on loan, or longer, depending on agency policy. The original should be kept by the receiving officer and should, upon the roll's return, be signed by the fund custodian and a witness, who acknowledge receipt. If less money is returned than was disbursed, the officer must attach a full explanation to the form. A copy of the fully completed form should be given to the officer, who will place it in the case file.

All Activity Log entries derived from a given Transaction Record are identified on the Log by the same transaction number, which is the one appearing in Section A of the Transaction Record.

- **Form FRF-3 (Exhibit 13)** is submitted to the chief executive or designated representative and indicates the current status of the fund, its utilization since the last report, and problems encountered, if any. The custodian retains a copy.

STEP-BY-STEP CONTROLS AND RELATED PROCEDURES

Day-to-day controls and procedures involve the use of two forms--FRF-1 and FRF-2. They begin with the initial receipt of flash roll money (for example, from a government entity or bank), and encompass successive cycles of flash roll disbursements, usage by operations personnel, and returns to the fund's custodian.

Step 1: Agency Receipt of Flash Roll Monies

Upon receiving flash roll monies as cash from a government entity (the agency's finance unit or other authorized source), the fund's custodian and a witness sign a receipt and lock the money in the agency safe or other designated secure repository (some agencies keep flash rolls in a safety deposit box, but access would be restricted to banking hours). If the custodian is to establish the fund as a bank account, the deposit is made and two deposit receipts obtained. The custodian retains one receipt and sends the other to the agency's accounting or finance unit.

If the monies received are for the establishment of two or more flash roll funds, each roll is physically segregated before placement in the agency's

safe. For example, each roll may be put in a strong box. If bank accounts are used, each fund is in a separate account.

Each fund has its own Custodian's Activity Log (FRF-1, Exhibit 11). The first transaction entry in that Log would indicate the amount in the fund, the date and time of its receipt, the source of the money (in the "remarks" column), and the location of the money (in the "disposition" column).

Step 2: Request to Use Flash Roll

To draw flash roll funds, the officer--called the "requesting party"-- completes Section C of the Transaction Record Form (FRF-2, Exhibit 12), but the officer signs it only when he or she receives the flash roll. The form requires basic information about the requesting party, amount of the flash roll, maximum period requesting party may retain it, and anticipated return date.

The "maximum authorized period for possession of flash roll" should be set by agency policy. For some agencies, a reasonable retention period might be 48 hours, or until completion of the flash roll operation, whichever occurs first. Provisions for written authorization to extend the retention period might be made if investigative circumstances warrant. Should the roll not be used within the authorized period, it should be returned to the fund's custodian. In any event, the requesting party and supervisor assume total responsibility for the safekeeping of the flash roll until its return.

After providing information required by Section C of the Transaction Record, the requesting party completes Section B, which calls for a description of the security precautions that will be taken to ensure the return of the flash roll. If the requesting party's supervisor approves the

use of the flash roll and the proposed security precautions, the supervisor signs Section B. The supervisor may wish to retain a copy of the partially completed Transaction Record to determine later whether Sections B and C were modified between the time the request was approved and the time the flash roll is returned to the custodian.

Other security precautions that might be described in Section B include the following:

- Prohibit the requesting party from transferring custody of the flash roll to another officer without first returning the roll to the custodian and requiring the next recipient to present a new Transaction Record to the custodian.
- Minimize the time between calling the suspect to set up a "show" and allowing the suspect to view the money. This procedure reduces the suspect's opportunity to plan a robbery. For example, the undercover investigator picks up the suspect, drives to a parking lot, opens a second vehicle's trunk, and shows the flash roll stored there. Or, among other alternatives, the roll could be viewed at a bank where the money is stored in a safety deposit box.
- Transport flash roll funds in a briefcase or similar container that hampers theft. Similarly, do not display flash rolls on a bed, vehicle seat, table, and the like.
- Restrict the number of suspects who will view the flash roll.
- Record the serial numbers of the bills in the flash roll and photocopy the bills if possible.
- Show the flash roll in a well-lighted area where the presence of innocent bystanders is minimal. This allows a backup team to easily observe the transaction, gain access to the area, and block escape routes.
- Specify that the law enforcement officer, not a confidential informant, must conduct the flash.
- Specify that the suspect is not allowed to remove flash roll funds from the viewing area.
- Electronically wire the officer or area when practical, and conceal an electronic tracking device with the flash roll and on the undercover vehicle, if available.

- Provide sufficient manpower, firepower, and equipment (including a chase car with adequate radio capability) during the flash-roll operation.
- Maintain, when necessary, a direct telephone link (open lines) from the viewing area to the agency.

Step 3: Present or Forward Flash Roll Request to Custodian

Upon receiving a Transaction Record with Sections B and C completed as described above, the fund custodian proceeds as follows:

1. If the flash roll fund is a bank account, the custodian or the agency's accounting unit prepares a multicopy check in the required amount and the custodian withdraws the money from the account. The custodian retains one copy of the check, the accounting unit the other. The custodian also signs and retains a copy of a written statement acknowledging withdrawal of the cash. This statement is secured in the custodian's safe after serial numbers have been recorded or photocopied in duplicate. If the cash is stored in a safe other than the custodian's, the custodian is given a receipt. One copy of the list of serial numbers is retained by the custodian, the other by the accounting unit. The withdrawal of funds from the bank and the deposit at the agency are recorded on the Custodian's Activity Log (FRF-1).
2. If the flash roll fund is not a bank account but is already on hand as cash, the custodian records the serial numbers of the bills comprising the amount requested and sends a copy of the list of serial numbers to the accounting unit.

Step 4: Deliver the Flash Roll to the Requesting Party

Before delivering the flash roll to the requesting party, the custodian verifies the officer's identity and authority to use the fund, the scope of the security precautions outlined in Section B of the Transaction Record, the authenticity of the supervisor's signature, and the legibility and completeness of the information entered in Sections B and C.

Both parties confirm that the amount of the flash roll equals the amount noted in Section C of the Transaction Record and that the serial numbers on the bills are identical to those on the previously prepared list. If all is in order, the custodian completes Section A of the Transaction Record and the

requesting party signs Section C and the serial-number list. The requesting party keeps the original of the Transaction Record, while the custodian retains a copy and records the transaction in the Activity Log. The link between entries on a given Transaction Record and the corresponding ones in the Activity Log is the transaction number appearing in Section A of the Transaction Record.

Step 5: Protect the Flash Roll During Field Use

All reasonable steps should be taken to protect the flash roll during its absence from the fund custodian. Some possible precautions are listed under Step 2.

Though the flash roll is exposed to the greatest risk when viewed by the suspect, officers must be sure to exercise caution at other times as well, such as by keeping the roll in a safe or vault and by adhering to agency policy regarding restrictions on the number of hours or days the flash roll may be away from the custodian.

Step 6: Return the Flash Roll to the Custodian

Having completed Section D of the Transaction Record, the requesting party returns the flash roll to the fund's custodian as soon as possible. As indicated in Exhibit 12, Section D requests information on the results of the flash roll operation as well as the problems encountered, if any.

Upon the flash roll's return, both the custodian and the officer verify that the amount and serial numbers of the returned bills match those that were disbursed. Any discrepancy in that regard must be fully explained in an attachment to Section E (return acknowledgment) of the Transaction Record, which is completed by the returning party, fund custodian, and a witness to the return of the flash roll. Section E serves as a receipt for the returning

party, who inserts a copy of the Transaction Record in the case file. It also serves as a record of what the custodian does with the flash roll upon its return (returns it to safekeeping or disburses it to another requesting party). Using Section E information, the fund's custodian records the return of the flash roll on the Activity Log.

If the custodian must return the flash roll to a bank or to the agency's accounting unit, a deposit receipt (in duplicate) should be obtained. One receipt is retained by the custodian, and the other is given to the accounting unit. This transaction, like all others, is recorded in the Activity Log.

REPORTS AND AUDITS

Reports and audits are the remaining components of the management system for flash roll funds. As noted below, reports are submitted on both a periodic and an exception basis, while both regularly scheduled and surprise audits are conducted.

Reports

Each week the fund custodian should submit to the chief executive's designated representative a report detailing fund utilization for the period by case number, problems encountered, and the status of the fund (Form FRF-3, Exhibit 13). Fund status information includes the custodian's statement that the fund is intact and where, as of the date of report, fund monies are located (in a bank account, in the custodian's safe, or in use in the field).

If the fund is a bank account, a copy of the monthly bank statement should be sent to the chief executive or designated representative. If the balance in the account does not equal the amount originally deposited, the fund custodian must submit an explanation that reconciles the bank balance and fund amount.

Finally, the fund's custodian should submit exception reports as needed. These reports should be prepared whenever the custodian becomes aware of deviations from agency directives, policies, and procedures applicable to the flash roll fund, or whenever any other abnormal aspect of fund operations is observed. For example, an exception report would be prepared if returned monies were not equal to the amount disbursed, if serial numbers on the returned bills did not match those recorded when the money was given to the requesting party, or if restrictions on the period during which the fund is used in the field were not observed.

Audits

Audits should examine three major aspects of flash fund operations: financial integrity, including the procedures and controls that are designed to ensure and maintain that integrity; efficiency of fund operations; and fund effectiveness or results. After each audit, a notation with the audit date and auditor's name should be made in the Activity Log.

An audit focusing on the fund's *financial integrity* might occur weekly, immediately following the custodian's submission of each FRF-3 report (Exhibit 13). The audit is conducted by the chief executive's designee, who takes the following steps:

- Count the cash in the custodian's safe weekly (and/or call the bank to confirm the fund's balance);
- Verify serial numbers, if practical;
- Reconcile differences between the amount authorized to be in the flash roll fund and the bank balance and/or cash in the custodian's safe;
- Examine the Transaction Records (FRF-2), deposit receipts, checks drawn on the bank, and any other documentation that supports and justifies the various entries made in the Activity Log (FRF-1) during the period being audited.

If more than one flash roll fund exists, each should be inspected simultaneously.

The audit should also check whether adequate security precautions have been taken to protect the flash roll (Section B of the Transaction Record), and whether those who authorize the use of the flash roll and those who actually use it are the ones designated by agency directives to do so. If more than one flash roll fund exists, they should be counted simultaneously or by some other method that ensures that the rolls remain segregated during the count.

At least annually, an audit should evaluate the *controls and procedures* designed to ensure the financial integrity of the fund. Questions such as those below, adopted from a major accounting firm,⁹ are helpful in that regard:

- What could go wrong? Would the controls, procedures, and related forms prevent it from happening?
- If it happened, would it be detected in the normal performance of duties? If so, when?
- If it were not detected promptly, what impact would it have on the agency?
- What changes, if any, should be made to prevent errors and irregularities?

Audits directed at determining the efficiency of flash fund administration and operations should also be conducted at least once per year. Are procedures, controls, and forms too cumbersome or time-consuming? Could fewer and better designed controls achieve the same objective? Questions such as these could be asked of the fund custodian, officers who use flash rolls, and the agency's accounting or fiscal unit.

Finally, audits focusing on the effectiveness of flash roll use should be conducted annually. Has flash roll usage led to arrests, purchases of evidence, valuable intelligence, or leads? Have procedures protected flash rolls against loss, robbery, and theft? Section D of the Transaction Record would be an important source of such information. If the audit results show the flash roll fund is not as effective as it should be, these questions are appropriate:¹⁰

- What is the practice, procedure, circumstance, or situation that contributes to the less-than-desired results?
- What is the goal, objective, standard, policy, regulation, or other guideline that is not being achieved?
- What would be the impact on the agency if the unsatisfactory results continued?
- What corrective actions or alternatives will promote improvement and more effective performance?

FOOTNOTES

INTRODUCTION

1. Broward County, Florida, Sheriff's Office, Organized Crime Division's SOP Manual (Fort Lauderdale, Florida: 1987), Section 4.01.
2. Baltimore County, Maryland, Police Department, Standard Operating Procedures: Intelligence Section (Towson, Maryland), SOP Number 86-15.

CHAPTER 1

3. Chamber of Commerce of the United States, White Collar Crime (Washington, DC: 1974), p.56.
4. Ibid.
5. Charles R. Swanson and Leonard Territo, Police Administration (New York: Macmillan Publishing Co., 1983), p. 352. See also: American Institute of Certified Public Accountants, Guidelines for CPA Participation in Government Audit Engagements to Evaluate Economy, Efficiency, and Program Results (New York: 1977), p. 1.
6. Comptroller General of the United States, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (Washington, DC: U.S. Government Printing Office, 1972), pp. 1-2.

CHAPTER 2

7. Memorandum from U.S. Department of Justice, Bureau of Justice Assistance, March 7, 1988.
8. Ibid, p.6.

CHAPTER 3

9. William T. Thornhill, Complete Handbook of Operational and Management Auditing (Englewood Cliffs, NJ: 1981), p. 509.
10. Cornelius E. Tierney, Governmental Auditing (Washington, D.C.: Commerce Clearing House, 1979), p. 180. The questions posed in Chapter 3 are adaptations of Tierney's text.

APPENDIX A

CONFIDENTIAL FUNDS FORMS

EXHIBIT 2

TRANSACTION RECORD OF EACH
CONFIDENTIAL FUND ADVANCE (FORM CF-2)

A. Request Transaction Number _____

Name of Receiving Party _____ ID Number _____
Unit _____ Phone W _____ H _____
Amount of Request \$ _____ Case or Ref. No. _____
Intended Purpose: Payment to informant for specific info (P/I)
Informant's code name or no. _____
Type of info sought _____
 Payment for the purchase of evidence (P/E)
 Payment for services or misc. (P/S)
 Use as a flash roll

Check # and Date _____ Amount of Advance \$ _____

B. Authorization, if Required In accord with agency policy, an advance of
this type and/or amount requires the approval of _____
Approval was secured by _____ on _____
Means--telephone, memo, etc. Date & Time
Unit Supervisor's Signature _____ Date _____
Receiving Party's Signature _____ Date _____

C. Reconciliation of Advance and Expenses Incurred*

Name of Returning Party _____ ID Number _____
Amount of Advance Check # _____ \$ _____
Expenses Incurred per Attached Voucher or Expense Report \$ _____
If Expenses Exceed Advance: Additional Amount Requested \$ _____
If Advance Exceeds Expenses: Amount Returned \$ _____

D. Payment or Receipt Notation by the Fund Custodian

Received Cash or Check # _____ in Amount of \$ _____
 Paid \$ _____ on Check # _____
Initials _____

*Unused advances should be returned within 48 hours, unless extended for
one additional 48-hour period. All other advances must be accounted
for within 10 days.

EXHIBIT 4

RECORD OF PAYMENT TO INFORMANT (FORM CF-4)

A. PAYMENT INFORMATION

Pay to: Name _____ ID Number _____ Unit _____

Case or Ref. Number _____

Advance Involved? No

Informant's Code Name or Number _____

Yes - If yes, Check # _____
Date _____

Amount \$ _____

B. EXPENDITURE DETAILS AND RESULTS OBTAINED

For Each Expenditure Type, Indicate Dates, Details, Amounts, and Results

Expenditure Type	Date	Details	Amounts	Results
<p>■ <u>Payments for Specific Information (P/I)</u> (Details should allow supervisor to evaluate the effectiveness of expenditures in terms of results achieved.)</p>				<p><input type="checkbox"/> Identification of additional suspects</p> <p><input type="checkbox"/> Location or likely location of evidence</p> <p><input type="checkbox"/> New Leads _____</p> <p><input type="checkbox"/> Arrest of _____</p> <p><input type="checkbox"/> Other _____</p>
<p>■ <u>Payments for Evidence Purchases (P/E)</u> (Describe evidence type, quantity, value, if known, and present location including evidence control numbers.)</p>				<p><input type="checkbox"/> Evidence obtained or described in "Details" column</p> <p><input type="checkbox"/> Other comments on evidence-related results _____</p> <p>_____</p> <p>_____</p> <p>_____</p>

**EXHIBIT 4
(Cont'd)**

Expenditure Type	Date	Details	Amounts	Results
<ul style="list-style-type: none"> ■ <u>Payments for services- i.e., for all other purposes (P/S)</u> 				<p>Supported informant's efforts to obtain the above</p> <p><input type="checkbox"/> Information <input type="checkbox"/> Evidence</p> <p><input type="checkbox"/> Kept informant active in the case</p> <p><input type="checkbox"/> Other _____</p> <p>_____</p> <p>_____</p>
TOTAL \$				

I do solemnly swear (or affirm) that the amounts reported above are just and true in all respects and were expended by (Agency or Officer) for (State, County, or City) purposes, and that payment therefor has not been received, and that an informant receipt is in the informant and/or case file.

Approved for \$ _____

By _____
Supervisor's name

Signature Date

Submitted by _____
Name and ID Number

Signature Date

EXHIBIT 5

NONINFORMANT CASE-RELATED EXPENDITURES (FORM CF-5)

A. Payment Information--Pay to:
 Name and ID Number _____ Unit _____
 Case or Ref. Number _____ Case Status _____
 Advance Involved? Yes No If yes, indicate Check # _____ Date _____
 Amount \$ _____

B. Expenditure Details For each noninformant case-related expenditure, include expenditure type, date, details and results, and amounts. If receipts for expenditures of \$5.00 or more are not attached, explain under "Details."

EXPENDITURE TYPE	DATE	DETAILS AND RESULTS	AMOUNTS
<ul style="list-style-type: none"> ■ <u>Expenditures for Evidence Purchases (P/E)</u> 			
<ul style="list-style-type: none"> ■ <u>Expenditures for Services--i.e., for all other purposes (P/S)</u> 			
			TOTAL

I do solemnly swear (or affirm) that the amounts reported above are just and true in all respects and were expended by (Agency or Officer) for (State, County, or City) purposes and that payment therefor has not been received.

Approved for \$ _____

By _____
 Supervisor's Name

Submitted by _____
 Name and ID Number

Signature _____ Date _____

Signature _____ Date _____

EXHIBIT 6

RECEIPT FROM INFORMANT FOR PAYMENT (FORM IR-1)

For and in consideration of the sale and delivery to the _____
_____ of _____ Agency Name

- Specific Information (P/I)
- Evidence (P/E)
- Services (P/S)

Described as follows: _____

I hereby acknowledge receipt of \$ _____ (_____
Figures Words
_____ dollars) paid to me by the _____
Agency Name

Date _____ Payee _____
Signature

Payee's code name or number _____

Witness _____ Officer _____
Signature Signature

Case or reference no. _____ Supervisor _____
Signature

EXHIBIT 7

RECEIPT FROM INFORMANT OF PAYMENT FOR
FUTURE PURCHASE OF CONTROLLED SUBSTANCES (FORM IR-2)

To: _____ Date _____

Officer Name Informant Name or Code Name/Number

Title Case or Reference Number

Receipt is hereby acknowledged of the sum of \$ _____
paid to me by the above-named officer of the _____ Figures and Words
from the official funds of the _____ Agency Name
City, County, State

It is understood and agreed that this money is to be expended by me only for the purchase, as evidence, of controlled substances. If no such purchase is made, or if such a purchase is made for less than the total sum furnished to me, before _____, I will forthwith refund the sum so furnished
Date and Time
or the balance thereof, as the case may be, to the above-named officer of the _____
Agency Name
officer of the _____ at any time, I will forthwith
Agency Name
refund to him or her the total amount of any sum thus furnished to me that has not yet been expended by me for the purchase, as evidence, of controlled substances.

Furthermore, it is understood that this money is the property of _____
_____ and that misuse or conversion of the same to my
City, County, State
personal use will render me liable to prosecution.

Witness:

Officer's Signature Date Payee _____ Signature

Other Witness's Signature Date Date/Time _____
Date, Amount, Place C.S. Purchased

EXHIBIT 8

CONFIDENTIAL FUND MONTHLY RECONCILIATION REPORT (FORM CF-6)

A. Reconciliation

--Bank Balance per Statement _____ Date _____ \$ _____

--Add: Deposits in Transit (from Section B)
(Deposits Recorded on Activity Log but not
Appearing on the Bank Statement) _____

--Subtract: Outstanding Checks (from Section C)
(Checks Written and Recorded on Activity Log
but not Appearing on the Bank Statement) _____

--Balance per Activity Log _____ Date _____

--Add: Reimbursement Vouchers Submitted or to be Submitted
to Treasury for Fund Replenishment (Section D)
(Total Amount of Reimbursement Vouchers Submitted
or to be Submitted that Will be Reimbursed) _____

--Confidential Fund Total _____

B. Deposits in Transit

C. Outstanding Checks

D. Submitted or Pending Vouchers

<u>Deposit #</u>	<u>Amount</u>	<u>Check #</u>	<u>Amount</u>	<u>Volume #</u>	<u>Amount</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
TOTAL _____		TOTAL _____		TOTAL _____	

E. Submission and Approval

Prepared by _____ Approved by _____
Name and Title Supervisor's Name and Title

Signature _____ Date _____ Signature _____ Date _____

EXHIBIT 9
AGENCY IS BOUND BY OJP M 7100--STEP-BY-STEP USE OF FORMS
WHEN OFFICER REQUESTS AN ADVANCE FROM A CONFIDENTIAL FUND

- Advances for
Payments to Informants
- Step
1. Form CF-2, Sections A and B. Receiving party obtains authorization for advance and acknowledges its receipt from fund custodian, who retains original of CF-2. Photocopy is given to the requesting party.
 2. Form CF-1. Fund custodian enters information about advance on *Custodian's Activity Log*.
 3. Form IR-1 and IR-2. Informant acknowledges receiving payment from officer by completing *Informant Receipt* form. IR-2 is alternative to IR-1 when payment is to enable informant to purchase a controlled substance. Receipt is placed in informant file and, optionally, in case file by authorized personnel.
 4. Form CF-4. Officer records details of payment to informant. Payments must be classified as either P/I or P/S, according to M 7100. Copies are placed in informant's file and case file. Depending on sensitivity of information on CF-4, it may be either summarized in sanitized fashion on Form CF-3 or sent to fund custodian for reimbursement.
 5. Form CF-3. Sanitized version of information on CF-4 may be recorded on Form CF-3--*Officer Reimbursement Voucher*--which is then sent to fund custodian. Copy of CF-3 is retained by officer and placed in case file. CF-4 is placed in informant's file by authorized personnel.
 6. Form CF-2, Sections C and D. Officer and fund custodian record details about former's expenses and reimbursement therefor. Either CF-3 or CF-4 is attached to CF-2. Custodian files completed CF-2, with attachment, and provides officer with a copy for insertion in case file.*
 7. Form CF-1. Fund custodian enters highlights of transaction noted in Sections C and D of Form CF-2.

- Advances for
Payments for Other Purposes
- Step
1. Form CF-2, Sections A and B. Same as Step 1 under "Payments to Informants."
 2. Form CF-1. Same as Step 2 under "Payments to Informants."
 3. Form CF-5. Used for all noninformant payments, CF-5 is completed by officer making the expenditures, which are classified as either P/E or P/S. Receipts are attached. Copy is placed in the case file. Depending on sensitivity of information on CF-5, for reimbursement purposes, CF-5 may be either summarized in sanitized fashion on Form CF-3 or sent to fund custodian.
 4. Form CF-3. Rather than send Form CF-5 to fund custodian, sanitized version of information on CF-5 may be recorded on Form CF-3, which is then sent to fund custodian. Copy of CF-3 is retained by officer and placed in case file. CF-5 is placed in case file.
 5. Form CF-2, Sections C and D. Officer and fund custodian record details about officer's expenses and reimbursement. Either CF-3 or CF-5 is attached to CF-2. Custodian files completed CF-2, with attachment, and provides officer with copy for insertion in case file.*
 6. Form CF-1. Fund custodian enters on CF-1 highlights of transaction noted in Sections C and D of Form CF-2.

*According to M 7100, had the advance not been spent within 48 hours for the purposes for which it was drawn, the officer would either return the unexpended funds to the custodian or obtain a 48-hour extension. If the funds are returned unexpended, the custodian completes Sections C and D of Form CF-2 and makes the appropriate entry on CF-1.

EXHIBIT 10

AGENCY IS NOT BOUND BY OJP M 7100-- STEP-BY-STEP USE OF FORMS WHEN OFFICER REQUESTS AN ADVANCE FROM A CONFIDENTIAL FUND

- | <u>Step</u> | <u>Advances for
Payments to Informants</u> |
|-------------|---|
| 1. | <u>Form CF-2, Sections A and B.</u> Same as Step 1 in Exhibit 9. |
| 2. | <u>Form CF-1.</u> Same as Step 2 in Exhibit 9. |
| 3. | <u>Form IR-1 or IR-2.</u> Same as Step 3 in Exhibit 9. |
| 4. | <u>Form CF-4.</u> Recommended for agencies that use informants frequently. Other agencies may wish to weigh the additional paperwork entailed by this form against the benefits resulting from its use. If this form is used, see Step 4 in Exhibit 9. |
| 5. | <u>Form CF-3.</u> If Step 4 above is omitted, details of the payment to the informant are noted on this form, which is forwarded to the custodian in support of Section C of CF-2. If Step 4 is not omitted, see Exhibit 9 Step 5. A copy of CF-3 is retained by the officer and placed in the case file. |
| 6. | <u>Form CF-2, Sections C and D.</u> Same as Step 6 in Exhibit 9. |
| 7. | <u>Form CF-1.</u> Same as in Step 7 in Exhibit 9. |

- | <u>Step</u> | <u>Advances for
Payments for Other Purposes</u> |
|-------------|--|
| 1. | <u>Form CF-2, Sections A and B.</u> Same as Step 1 in Exhibit 9. |
| 2. | <u>Form CF-1.</u> Same as Step 2 in Exhibit 9. |
| 3. | <u>Form CF-5.</u> Use of this form is optional. When deciding whether to use this form, agencies should weigh the benefits derived against the additional paperwork involved. If CF-5 is used, see Step 3 in Exhibit 9. |
| 4. | <u>Form CF-3.</u> If Step 3 above is omitted, details of noninformant payments for evidence and services are recorded on this form. If Step 3 is not omitted, see Exhibit 9 Step 4. A copy of CF-3 is retained by the officer and placed in the case file. |
| 5. | <u>Form CF-2, Sections C and D.</u> Same as in Step 5 in Exhibit 9. |
| 6. | <u>Form CF-1.</u> Same as in Step 6 in Exhibit 9. |

EXHIBIT 12

FLASH ROLL TRANSACTION RECORD
(FORM FRF-2)

A. Request Date & Time _____ Transaction Number _____
of Request _____

Which Flash Roll _____ Fund Custodian
Name and Number _____

B. Precautions and Authorizations Explain precautions to be taken to ensure
return of flash roll _____

Precautions OK'd/Request Authorized _____

Supervisor's Name and Unit _____

Signature and Date _____

C. Receipt by Requesting Party Amount Received \$ _____

Name _____ ID Number _____
Unit _____ Phone W _____ H _____

Maximum authorized period for Case Number _____
possession of flash roll _____

Anticipated Date & Time of Return _____

Requesting Party's Signature, Date _____

D. Utilization Report Describe results of flash roll usage including: case, arrest,
or other reference numbers _____

Any problems encountered? _____

E. Return Acknowledgment Returning party's:

Name _____ ID Number _____
Unit _____ Phone W _____ H _____

Date and Time of Return _____

Amount Returned: \$ _____ [If less than received, attach a
full explanation of shortage.]

Signature of Returning Party _____

Signature of Fund Custodian _____

Signature of Witness _____

Disposition of Flash Roll: Return to Safekeeping

Loan to _____
Transaction No. _____

Remarks _____

EXHIBIT 13

FLASH ROLL FUND
WEEKLY ACTIVITY REPORT
(FORM FRF-3)

A. Status of the Fund(s) As of _____ the _____
Reporting Date Amount or Designation

Fund is intact and is currently located _____

B. Fund Activities Since Last Report

<u>Transaction</u> <u>No.</u>	<u>Date</u>	<u>Receiving Party's</u> <u>Name and Unit</u>	<u>Date</u> <u>Out</u>	<u>Date</u> <u>In</u>	<u>Problems</u> <u>Yes/No</u>

C. Problems Encountered (if any), or Comments on Fund's Operations

Submitted by _____
Fund Custodian Signature and Date

APPENDIX B

CONTROL AND USE OF CONFIDENTIAL FUNDS FROM M 7100

CONTROL AND USE OF CONFIDENTIAL FUNDS

This Guideline articulates procedures for the use and control of confidential funds by projects funded by the Bureau of Justice Assistance (BJA) Discretionary Grants Program Division. The provisions in this Guideline apply to all BJA Discretionary Grantees involved in the administration of grants containing confidential funds.

DEFINITIONS FOR TYPES OF SPECIAL LAW ENFORCEMENT OPERATIONS

1. Purchase of Services (P/S). This category includes travel or transportation of a non-federal officer or an informant; the lease of an apartment, business front, luxury-type automobiles, aircraft or boat or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses for undercover purposes, within reasonable limits.

2. Purchase of Evidence (P/E). This category is for the purchase of evidence and/or contraband such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

3. Purchase of Specific Information (P/I). This category includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S and charged accordingly.

POLICY

Confidential funds are those monies allocated to purchase of services, purchase of evidence, and purchase of specific information. These funds should only be allocated:

- When the particular merits of a program/investigation warrant this expenditure of these funds.
- When requesting agencies are unable to obtain these funds from other sources.

Confidential funds, if not specifically identified in the award process, are subject to BJA prior approval.

A signed certification that the project director has read, understands, and agrees to abide by the provisions of this Guideline is required from all projects that are involved with confidential funds from either Federal or matching funds. The signed certification must be approved at the time of grant application (See Figure 1. Sample Certification).

Reference: OJP M 7100.1C CHG 1 Appendix 11

FIGURE 1. SAMPLE CERTIFICATION

CONFIDENTIAL FUNDS CERTIFICATION

This is to certify that I have read, understand, and agree to abide by all of the conditions for confidential funds as set forth in the effective edition of OJP Guideline Manual 7100.1, Financial and Administrative Guide for Grants.

Date _____ Signature _____
Project Director

FIGURE 2. SAMPLE RECEIPT OF INFORMANT PAYEE

RECEIPT

For and in consideration of the sale and delivery to the State, County, or City of _____ of information or evidence identified as follows: _____

I hereby acknowledge receipt of \$ (numerical & word amount entered by payee) paid to me by the State, County, or City of _____.

Date _____ Payee _____ (Signature)
Case Agent/Officer _____ (Signature)
Witness _____ (Signature)

Case or Reference: _____ Signature _____

PROCEDURES

Each project authorized to disburse confidential funds must develop and follow internal procedures that incorporate the following elements. Deviations from these elements must receive prior approval from BJA.

1. Imprest Fund. The funds authorized will be established in an imprest fund that is controlled by a bonded cashier.

2. Advance of Fund. The superior of the unit to which the imprest fund is assigned must authorize all advances of funds for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures, and assumed name of the informant.

3. Informant Files. Informant files are confidential files of the true names, assumed names, and signature of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the informant payee should also be maintained. Refer to the "Documentation" paragraph for a list of required documents for the informant files.

4. Cash Receipts.

- a. The cashier shall receive from the agent or officer authorized to make a confidential payment, receipt for cash advanced to him/her for such purposes.
- b. The agent or officer shall receive from the informant payee a receipt for cash paid to him/her (See Figure 2. Sample Receipt of Informant Payee).

5. Review and Certification. The signed receipt from the informant payee with a memorandum detailing the information received shall be forwarded to the agent or officer in charge. The agent or officer in charge shall compare the signatures. He/she shall also evaluate the information received in relation to the expense incurred, and add his/her evaluation remarks to the report of the agent or officer who made the expenditure from the imprest fund. The certification will be witnessed by the agent or officer in charge on the basis of the report and the informant payee's receipt.

6. Reporting of Funds. Each project shall prepare a reconciliation report on the imprest fund on a quarterly basis. Information to be included in the reconciliation report will be the assumed name of the informant payee, the amount received, the nature of the information given, and to what extent this information contributed to the investigation. Grantees shall retain the reconciliation report in their files and available for BJA review. The reconciliation report may be requested as part of the Grantee's Quarterly Progress Report to BJA.

7. Record and Audit Provisions. Each project and member agency must maintain specific records of each confidential fund transaction. At a minimum, these records must consist of all documentation concerning the request for funds, processing (to include the review and approval/disapproval), modifications, closure or impact material, and receipts

and/or other documentation necessary to justify and track all expenditures. Refer to "Documentation," Item 1, for a list of documents that should be in the informant files. In projects where grant funds are used for confidential expenditures, it will be understood that all of the above records, except the true name of the informant, are subject to the record and audit provisions of the Bureau of Justice Assistance and the Office of Justice Programs legislation.

DOCUMENTATION

1. Informant File Security and Contents.

- a. For each informant, a separate file must be established for accounting purposes. Informant files must be kept in a separate and secure storage facility, segregated from any other files, and under the exclusive control of the office head or an employee designated by him. The facility must be locked at all times when unattended. Access to these files must be limited to those employees who have a necessary legitimate need. An informant file must not leave the immediate area except for the review by a management official or the handling agent, and must be returned prior to the close of business hours. Sign-out logs should be kept indicating the date, informant number, time in and out, and the signature of the person reviewing the file.
- b. Each file must contain the following documents:
 - (1) Informant Payment Record, kept on top of the file. This record provides a summary of informant payments.
 - (2) Informant Establishment Report, including complete identifying and locating data, plus any other documents connected with the informant's establishment.
 - (3) Current photograph and fingerprint card (or FBI/State Criminal Identification Number).
 - (4) Cooperating Individual Agreement.
 - (5) Receipt for purchases of information.
 - (6) Copies of all debriefing reports (except for the Headquarters case file).
 - (7) Copies of case initiation reports bearing on the utilization of the informant (except for the Headquarters case file).
 - (8) Copies of statements signed by the informant (unsigned copies will be placed in appropriate investigative files).

- (9) Any administrative correspondence pertaining to the informant, including documentation of any representations made on his behalf or any other nonmonetary considerations furnished.
- (10) Any deactivation report or declaration of an unsatisfactory informant.

2. Receipt for Purchase of Information. An informant payee receipt shall identify the exact amount paid to and received by the informant payee on the date executed. Cumulative or anticipatory receipts are not permitted. Once the receipt has been completed, no alteration is allowed. The agent or the officer shall prepare an informant payee receipt containing the following information:

- a. The jurisdiction initiating the payment.
- b. A description of the information/evidence received.
- c. The amount of payment, both in numerical and word form.
- d. The date on which the payment was made.
- e. The signature of the informant payee.
- f. The signature of the case agent or officer making payment.
- g. The signature of at least one other officer witnessing the payment.
- h. The signature of the first line supervisor authorizing and certifying the payment.

INFORMANT MANAGEMENT AND UTILIZATION

All persons who will be utilized as informants must be established as such. The specific procedures required in establishing a person as an informant may vary from jurisdiction to jurisdiction but, at a minimum, must include the following:

1. Assignment of an informant code name to protect the informant's identity.
2. An informant code book controlled by the office head or his/her designee containing:
 - a. Informant's code name.
 - b. Type of informant (i.e., informant, defendant/informant, restricted-use informant).
 - c. Informant's true name.
 - d. Name of establishing law enforcement officer.
 - e. Date the establishment was approved.
 - f. Date of deactivation.
3. Establish each informant file in accordance with the above section on Documentation, Item b.1.
4. For each informant in an active status, the agent or officer should review the informant file on a quarterly basis to

assure it contains all relevant and current information. Where a MATERIAL fact that was earlier reported on the Establishment Report is no longer correct (e.g., a change in criminal status, means of locating him/her, etc.), a supplemental establishing report must be submitted with the correct entry.

5. All informants being established must be checked in all available criminal indices. If a verified FBI number is available, request a copy of the criminal records from the FBI. Where a verified FBI number is not available, the informant must be fingerprinted with a copy sent to the FBI and appropriate state authorities for analysis. The informant may be utilized on a provisional basis while awaiting a response from the FBI.

PAYMENTS TO INFORMANTS

1. Any person who is to receive payments charged against PE/PI funds must be established as an informant. This includes persons who may otherwise be categorized as sources of information or informants under the control of another agency. The amount of payment must be commensurate with the value of services and/or information provided and must be based on the following factors:
 - a. The level of the targeted individual, organization, or operation.
 - b. The amount of the actual or potential seizure.
 - c. The significance of the contribution made by the informant to the desired objectives.
2. There are various circumstances in which payments to informants may be made:
 - a. Payments for Information and/or Active Participation. When an informant assists in developing an investigation, either through supplying information or actively participating in it, he/she may be paid for his/her service either in a lump sum or in staggered payments. Payments for information leading to a seizure, with no defendants, must be held to a minimum.
 - b. Payments for Informant Protection. Although it is an allowable expense, grantees should be cautious in accepting the financial burden of informant relocation expenses. However, when an informant needs protection, law enforcement agencies may absorb the expenses of relocation. These expenses may include travel for the informant and his/her family, movement and/or storage of household goods, and living expenses at the new location for a specific period of time (not to exceed six (6) months). Payments for these expenses may be either lump

sum or as they occur, and must not exceed the amounts authorized law enforcement employees for these activities.

- c. Payments to Informants of Another Agency. To use or pay another agency's informant, he/she should be established as an informant. These payments must be a duplication of a payment from another agency; however, sharing payment is acceptable.
3. Documentation of payments to informants is critical and must be accomplished on a receipt for purchase of information. Payment must be made and witnessed by two law enforcement officers and authorized payment amounts must be established and reviewed by at least the first line supervisory level. In unusual circumstances, a nonofficer employee or an officer of another law enforcement agency may serve as witness. In all instances, the original signed receipt must be submitted to the project director for review and recordkeeping.

ACCOUNTING AND CONTROL PROCEDURES

Special accounting and control procedures must govern the use and handling of confidential expenditures, as described below:

1. It is important that expenditures which conceptually should be charged to PE/PI/PS are in fact so charged. It is only in this manner that these funds can be properly managed at all levels, and accurate forecasts of projected needs be made.
2. Each law enforcement entity must apportion its PE/PI/PS allowance throughout its jurisdiction and delegate authority to approve PE/PI/PS expenditures to those offices, as it deems appropriate.
3. Headquarters management must establish guidelines authorizing offices to spend up to a predetermined limit of their total allowance on any one buy or investigation.
4. In exercising his/her authority to approve these expenditures, the supervisor must consider: (1) the significance of the investigation; (2) the need for this expenditure to further that investigation; (3) anticipated expenditures in other investigations. Funds for PE/PI/PS expenditures must be advanced to the officer for a specific purpose. If they are not expended for that purpose, they must be returned to the cashier. They must not be used for another purpose without first returning them and repeating the authorization and advance process based on the new purpose.

5. Funds for a PE/PI/PS expenditure must be advanced to the officer on a suitable receipt form. A receipt for purchase of information or a voucher for purchase of evidence must be completed to document funds used in the purchase of evidence or funds paid or advanced to an informant.
6. For security purposes there must be a 48-hour limit on the amount of time funds advanced for PE/PI/PS expenditure may be held outstanding. If it becomes apparent at any point within the 48-hour period that the expenditure will not materialize, then the funds must be returned to the advancing cashier as soon as possible. An extension to the 48-hour limit may be granted by the level of management that approved the advance. Factors to consider in granting such an extension are the amount of funds involved, the degree of security under which the funds are being held, how long an extension is required, and the significance of the expenditure. Such extensions must be limited to 48 hours. Beyond this, the funds must be returned and readvanced, if necessary. Regardless of circumstances, within the 48 hours of the advance, the fund cashier must be presented with either the unexpended funds, an executed voucher for payment for information or purchase of evidence, or written notification by management that an extension has been granted.
7. Purchase of Services expenditures, when not endangering the safety of the officer or informant, need to be supported by cancelled tickets, receipts, lease agreements, etc. If not available, the office head, or his immediate subordinate, must certify that the expenditures were necessary and justify why supporting documents were not obtained.

ABOUT THE AUTHORS

Edward F. Connors, III, President of ILJ, has nearly 20 years experience in law enforcement. He is currently the director of the Narcotics Control Technical Assistance Program for BJA.

Hugh Nugent, an ILJ Principal Associate, is an attorney who has spent over 30 years practicing law, teaching, consulting, and working in the field of law and criminal justice.

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INSTITUTE FOR LAW AND JUSTICE

The Institute for Law and Justice (ILJ) is a nonprofit corporation dedicated to consulting, research, and training in law enforcement and criminal justice. Since 1979, the firm has had a distinguished record of service to over 200 clients, including cities, counties, states, federal agencies, associations, foundations, and private industry. ILJ brings high academic credentials and prior law enforcement field experience to every project.

Some of the specialized services that ILJ delivers include the following:

- Management and Productivity Studies
- Staffing Projections and Work Scheduling
- Information Systems Design and Computer Crime
- Training and Technical Assistance
- Narcotics Control

Under a cooperative agreement with the Bureau of Justice Assistance to administer the Narcotics Control Technical Assistance Program (NCTAP), ILJ provides state and local law enforcement agencies nationwide with expert training and technical assistance to improve narcotics enforcement. In 1988 alone, 35 training courses were delivered to over 2,000 officers in 20 states. Training courses include:

- Drug Investigation for Patrol Officers
- Basic Drug Investigators Course
- Supervision/Management of Drug Investigations
- Narcotics Street Sales Enforcement
- Narcotics Enforcement and Organized Gangs
- Investigation of Clandestine Drug Laboratories
- Advanced Narcotics Investigations: Conspiracy and RICO

The NCTAP also provides other services to law enforcement including telephone and on-site assistance, an agency-to-agency personnel exchange program, a free monthly newsletter, and legal briefs and technical monographs.

Law enforcement agencies may call the toll-free NCTAP Answer Line, 1-800-533-DRUG, for information on the above courses and on other services available through the NCTAP.