

City of



CITY MANAGER'S OFFICE – INTERNAL AUDIT

DATE: December 5, 2011

TO: JERRY DYER, Chief of Police, Police Department
ROBERT NEVAREZ, Deputy Chief, Police Department

THROUGH: RENENA SMITH, Assistant City Manager *Renena Smith*

FROM: BOB KOURY, Principal Internal Auditor *Bob Koury*
Budget and Management Studies - Internal Audit

SUBJECT: FOLLOW-UP REVIEW - CASH COUNTS – POLICE DEPARTMENT
INVESTIGATIVE, BUY AND “FLASH” FUNDS AUDIT

This is the Final Follow-Up Review Report of the Cash Count Audit of the Police Department Investigative, Buy and “Flash” Funds issued on April 18, 2011. This follow-up review was performed in accordance with AO 1-12 and Government Auditing Standards. The Police Department’s formalized response and current status of both audit recommendations is included in the attached Memorandum dated November 16, 2011.

The Police Department is adequately accounting for their Investigative, Buy and “Flash” Funds which totaled \$140,000 as of our date (schedule attached).

Policies and Procedures

The cash count audit included the request for and review of pertinent “policies and procedures” related to these special Police Department Funds. AO 1-2 “Petty Cash and Change Fund Procedures” is not applicable to the Police Department special Funds nor does it address these Funds.

When Internal Audit requested the Police Department’s current formalized “policies and procedures” for the control, accountability, recordkeeping and reporting of these specific Funds, they provided “Draft” Administrative Orders numbered 1-12 & 1-13 dated June 22, 2005 and September 21, 2004, respectively (copies attached). However, these “AO’s” were never formally approved by the City Manager’s Office and incorporated into the City’s Administrative Order Manual. In addition, Internal Audit received the attached “Narcotics Unit Flash Fund” procedures from the Police Department dated 9/10/08.

The “Controller” and the “Finance Department” are referenced throughout these three documents, but it was not determined during the audit if the Finance Department ever reviewed and approved these policies and procedures. They appear to be adequate and appropriate for the control and accountability of these City monies in the possession of the Police Department; however, they should be formally approved by the Finance Department and Police Chief and maintained for future reference and/or audit purposes.

Audit Recommendations

1. The Police Chief or his designee should immediately request the Finance Department to formally review and approve the Investigative Funds Procedures for the Fields Operations Division and Special Investigation Bureau, as well as the “Narcotics Unit Flash Fund” procedures related to all Departmental Investigative, Buy and “Flash” Funds.

Current Status/Management Response to Recommendation 1

Fully Implemented. The Narcotics Unit Flash Fund procedures were reviewed and approved by the Interim Controller, Karen Bradley, in September 2008. Buy Fund procedures were reviewed and approved by Principal Accountant, Mike Getty, in June 2005, and nothing has changed. Because of the nature of the funds used in undercover operations, we do not wish to formalize the procedures into Administrative Orders, but will continue to use them in the bureau operations manuals.

2. Upon approval of the Investigative, Buy and “Flash” Fund procedures by both the Finance Department and Police Chief, they should be reformatted for incorporation into the Police Department’s Operations Manual and provided to all appropriate Departmental staff for compliance and internal control purposes.

Current Status/Management Response to Recommendation 2

Partially Implemented. The Professional Standards Unit is formalizing the “Finance-approved” version of the Flash Fund and the Buy Fund procedures in accordance with CALEA standards. Once approved by the Chief, the documents will be incorporated into the Department operations manual for staff compliance and internal control. The expected completion date is January 2012.

We wish to thank the Police Chief and his staff for their assistance and cooperation during the course of this Follow-up Review.

If there are any questions or if we can be of further assistance to you or your staff regarding this matter, please contact Bob Koury, Principal Internal Auditor, at 621-7072. Thank you.

Attachments

cc: Ashley Swearengin, Mayor
Council Members
Mark Scott, City Manager
Bruce Rudd, Assistant City Manager
Georgeanne White, Chief of Staff, Mayor’s Office
James Sanchez, City Attorney
Karen Bradley, Interim Finance Director/City Controller
Rene Watahira, Administrative Manager, Police Department
Kim Jackson, MA III, Finance Department
Mike Getty, Principal Accountant, Finance Department

POLICE DEPARTMENT INVESTIGATIVE, BUY AND "FLASH" FUNDS

	Authorized Amount Per Finance 1/26/11	Amount Counted by Internal Audit	Internal Auditor Comments
<u>Investigative & Buy Funds</u>			
Special Investigative Fund - Vice/Narcotics	\$25,000	\$25,000	
Investigational Fund - Investigation - SVB	\$500	\$500	
Police Buy Fund - ABC	\$500	\$500	
Police Buy Fund - NE	\$2,000	\$2,000	
Police Buy Fund - NW	\$2,000	\$2,000	
Police Buy Fund - SE	\$2,000	\$2,000	
Police Buy Fund - SW	\$2,000	\$2,000	
Police Buy Fund - VCIT Section 1	\$500	\$500	
Police Buy Fund - VCIT Section 2	\$500	\$500	
Police Buy Fund - C-CATT	\$0	\$5,000	New Buy Fund established 3/25/11
<u>"Flash" Funds</u>	\$100,000	\$100,000	
Total PD "Special Funds"	\$135,000	\$140,000	

DRAFT

Subject: Investigative Funds Procedures B Special Investigation Bureau	Number: 1-12
Responsible Department: Finance Department	Date Issued/Revised: June 22, 2005
	Approved:

Purpose

1. The purpose of this Administrative Order is to provide uniform procedures for the control and administration of the Police Department Special Investigation Bureau (SIB) Investigative Funds.

Policy/Procedures

General

1. SIB Investigative Funds are established for designated amounts from which payments and/or reimbursements for expenditures may be made. At all times, the cash on hand plus the dollar amount of expenses supported by expenditure vouchers should equal the designated amount of the particular Investigative Fund.
2. SIB Investigative Fund expenses include, but are not limited to, the following:
 - a. Purchasing narcotics;
 - b. Purchasing contraband;
 - c. Direct payment to informants;
 - d. Purchase of meals and/or beverages for informants; and,
 - e. Items or services needed during any other approved narcotics or vice investigation.
3. Informant Expenditures
 - a. All moneys expended in connection with the use of the informant shall be recorded in the informant=s individual file.
 - b. The golden rod signed Investigative Funds Expenditure Voucher will be kept in the informant=s individual file.
 - c. Upon payment, the informant must sign the AInvestigative Funds Expenditure Voucher@ unless directed otherwise by the Investigative Commander.
4. Informant Files

Informant files have been set up for the following purposes:

 - a. To enable the Special Investigation Commander of the Special Investigations Bureau to review and evaluate the expenditures made for this activity; and,
 - b. To minimize incidents which could question the integrity of the investigators.

Establishment of SIB Investigative Funds

1. All SIB Investigative Funds will be established through the Controller=s Office. Written requests are to be sent to the Controller=s Office for approval and action. Requests for these funds should contain:
 - a. Reason for the fund;
 - b. The account, fund and organization to be charged;

- c. The amount requested; and,
- d. Individual assigned responsibility (custodian) and backup for the fund.

Increase of SIB Investigative Funds

1. Increasing an existing SIB Investigative Fund requires a written memo from the SIB Commander, through the chain of command, to the Finance Department. Requests should contain:
 - a. Reason for the increase;
 - b. The account, fund and organization to be charged; and,
 - c. The amount requested.

Termination or Reduction of SIB Investigative Funds

1. An SIB Investigative Fund may be terminated or reduced at any time at the request of the SIB Commander and through the chain of command, or as directed by the Controller. To close an Investigative Fund, the cash balance on hand and all receipts for the fund are to be returned to the Finance Department. If the total of the cash to be returned plus the receipts does not equal the total amount authorized for the Investigative Fund account, an explanation, in writing, signed by the fund custodian and SIB Commander, must be provided.

Uses and Restrictions

1. The SIB Investigative Fund shall consist of an authorized amount of \$18,000 in revolving funds, reimbursed by the City, following the audit of all vouchers incurred since the date of the last audit.
2. The SIB Investigative Funds should be issued to assigned personnel as follows:
 - a. Narcotics supervisors in the amount of \$2,000 each; or Street Intelligence/vice Unit supervisor in the amount of \$1,000;
 - b. All remaining funds will be kept in the SIB safe to be reimbursed as needed for incurred expenses required by bureau activities.
3. Personnel who expend funds should be reimbursed upon presentation of a voucher (see Exhibit B), completed in ink, and containing the following information:
 - a. Date and time B Enter the exact date and time that the expenditure occurred;
 - b. Vice/narcotics number - Enter the vice/narcotics number assigned to the investigation;
 - c. Fresno Police Department (FPD) case number B When FPD case number has been issued;
 - d. Location B Exact location where expenditure was made;
 - e. Confidential Informant (CI) Number B When an expense occurs in connection with the use of a CI, enter the CI number;
 - f. Details B Briefly describe the reason for the funds;
 - g. Amount spent B When expenses are incurred in the furtherance of a police investigation, they shall be delineated as follows:
 1. Expenses B List all expenses other than a narcotics purchase or payments to a CI;
 2. Narcotics Buy B List the exact amount expended for an undercover narcotics purchase;
 3. Confidential Informant B List the exact amount paid to the CI; and ,

4. Total B All listed categories shall be totaled. When the amount expended is for only one or two categories, a line shall be drawn through the unused categories;
 - h. Contraband seized B When expenditure has resulted in the seizure of contraband, the quality of contraband shall be listed;
Note: When more than one voucher is submitted for the investigation involved in any one seizure of contraband, the amount of narcotics seized shall be listed on only one voucher;
 - i. Employee=s signature B The employee requesting reimbursement shall sign his/her name and badge number and write out the total amount expended (e.g., twenty dollars);
 - j. Approving supervisor B The supervisor (commanding officer or section supervisor) approving the expenditure shall review the voucher for content and completeness and sign his/her full name and rank;
 - k. Confidential informant B When payment is made to a CI, the exact amount shall be written out and signed by the CI; and,
 - l. Witness B A sworn member shall sign the voucher as witnessing all expenditures of more than \$20. When possible, a sworn member shall witness all expenditures.
4. A copy of all vouchers for expenditures to a CI shall be given to the case agent for inclusion in the CI=s file, after approval by the Sergeant and Commander.
 5. An original receipt properly documenting the purpose of each expenditure should be forwarded with the original voucher whenever possible.
 6. All expenditures submitted for reimbursement or are voided shall be recorded on the ledger cash control summary page with the following information:
 - a. Officer=s name followed by a brief description of the reason for the expenditure;
 - b. Vice/Narcotics report number entered;
 - c. Voucher number entered;
 - d. Date of transaction as it appears on voucher entered;
 - e. Dollar transaction (cash received, voucher expense and cash advance) entered; and,
 - f. Asset column listing the actual cash on hand following reimbursement for that debt(s).
 7. Additions to the Fund must be recorded in the ledger cash control by entering the following:
 - a. Finance Reimbursement in the name/description column;
 - b. The date of addition of funds; and
 - c. The amount of the monies added to the revolving funds in the cash received column.
 8. The following transactions are prohibited uses of SIB Investigative Funds, except where specifically pre-approved by the City Manager or the Controller:
 - a. Entertainment, office supplies, travel reimbursements, and personal expenses are specifically excluded from authorized Investigative Fund cash disbursements;
 - b. Reimbursements for meals; for alcoholic beverages; or tickets to social, cultural or athletic events;

Custodian and Change of Custodian

1. One designated Lieutenant with one additional Sgt (as back up) as named by the SIB Commander and as communicated to the Finance Department is responsible for administration of each Investigative Fund. When the custodianship of Investigative Fund changes, witnessed, physical count of the cash and receipts on hand must be performed and documented at the time of change.
2. If and when custody of an Investigative Fund is transferred to the custody of another individual, the City Controller must be notified in writing. The responsibility of primary custodianship remains with the SIB Commander as the lead custodian.

Security of Funds

1. The SIB Investigative Funds shall be maintained in the SIB safe, under the control of the SIB commander.

Custodian Responsibilities

1. The SIB fund custodian shall be responsible for the following matters related to the operation of the fund:
 - a. Safe and secure storage;
 - b. Keeping each SIB Investigative Fund separate from all other funds;
 - c. Ensuring that each transaction is for the established purpose of the SIB Investigative Fund;
 - d. Providing proper documentation to support each expenditure;
 - e. Replenishing the SIB Investigative Fund in a timely manner;
 - f. Notifying the City Controller or other designee when changing a custodian, changing the location of the SIB Investigative Fund, or changing the physical security of the Fund; and,
 - g. Reporting discrepancies or theft of the SIB Investigative Fund in a timely manner to the SIB Commander and the City Controller.
2. The SIB Investigative Fund custodian will be required to sign a statement indicating responsibility for the Investigative cost center. (See Exhibit A "Acknowledgment of Receipt of Funds & Policies and Procedures Related Thereto".)

Documentation of SIB Investigative Uses

1. A properly completed "Investigative Funds Expenditure Voucher" (See Exhibit B) and acceptable documentation is required for each cash request.
2. The SIB Investigative Fund custodian is responsible for ensuring the completeness and accuracy of the "Investigative Funds Expenditure Voucher".

Replenishment of SIB Investigative Fund

1. The "Request for Payment" reimbursement voucher (See Exhibit C) must be supported by proper original receipts. Receipts other than original receipts (or any other form of documentation) must be signed by the department head and is subject to the approval of the City Controller.

Bookkeeping Procedures and Control Procedures

1. The SIB Investigative Fund should be reconciled by the custodian on or before the last day of each month. In addition, a Reconciliation Worksheet (See Exhibit D) is to be prepared and submitted to Finance on the last day of the fiscal year. An Investigative log may be retained by the custodian in order to facilitate a running balance of funds currently on hand (See Exhibit E).
2. The following control procedures are in place and will be utilized to safeguard the Investigative Fund:
 - a. SIB Investigative Funds are subject to surprise cash counts by the City Manager, the City Controller, Assistant City Controller and/or the Internal Audit Division of the Finance Department;
 - b. Segregation of SIB Investigative Funds from other funds should be monitored; and
 - c. Investigative Fund shortages exceeding \$5 should be reported to the City Controller or designee and to the Accounting Section.

Audit Procedures

1. The City Controller or designee is responsible for ensuring that each SIB Investigative Fund is audited periodically. Custodians will not be notified in advance. The purpose of the audit is to ensure that the Department funds are properly safeguarded. This would, in turn, enable an effective verification of cash held by the custodian with the official records.

Review and Responsibility

Responsible Parties: City Manager, City Controller, Assistant City Controller, Fresno Police Department Chief & SIB Commander, and Fund Custodians.

Attachments:

- Attachment A - Acknowledgment of Receipt of Investigative Funds & Policies and Procedures Related Thereto
- Attachment B - Investigative Funds Expenditure Voucher
- Attachment C - Request for Payment
- Attachment D - Investigative Fund Reconciliation Worksheet
- Attachment E - Log of Investigative Funds Transactions

DRAFT

Subject: Investigative Funds Procedures B Field Operations Division	Number: 1-13
Responsible Department: Finance Department	Date Issued/Revised: September 21, 2004
	Approved:

Purpose

1. The purpose of this Administrative Order is to provide uniform procedures for the control and administration of the Police Department Field Operations Division (FOD) Investigative Funds.

Policy/Procedures

General

1. FOD Investigative Funds are established for designated amounts from which payments and/or reimbursements for expenditures may be made. At all times, the cash on hand plus the dollar amount of expenses supported by "Expenditure Vouchers" should equal the designated amount of the particular FOD Investigative Fund.
2. FOD Investigative Fund expenses include, but are not limited to, the following:
 - a. Purchasing narcotics;
 - b. Purchasing contraband;
 - c. Direct payment to informants;
 - d. Purchase of meals and/or beverages for informants; and,
 - e. Items or services needed during any other approved narcotics or vice investigation.
3. Informant Expenditures
 - a. All moneys expended in connection with the use of the informant shall be recorded in the informant=s individual file.
 - b. The original signed Investigative Funds Expenditure Voucher will be kept in the informant=s individual file.
 - c. Upon payment, the informant must sign the Investigative Funds Expenditure Voucher unless directed otherwise by the District and Metro Bureau Commanders.

4. Informant Files

Informant files have been set up for the following purposes:

- a. To enable the District and Metro Bureau Commanders to review and evaluate the expenditures made for this activity; and,
- b. To minimize incidents which could question the integrity of the investigators.

Establishment of FOD Investigative Funds

1. All FOD Investigative Funds will be established through the Controller=s Office. Written requests are to be sent to the Controller=s Office for approval and action. Requests for these funds should contain:
 - a. Reason for the fund;

- b. The account, fund and organization to be charged;
- c. The amount requested; and,
- d. Individual assigned responsibility (custodian) and backup for the fund.

Increase of FOD Investigative Funds

1. Increasing an existing FOD Investigative Fund requires a written memo from one of the District or Metro Bureau Commanders to the Finance Department. Requests should contain:
 - a. Reason for the increase;
 - b. The account, fund and organization to be charged; and,
 - c. The amount requested.

Termination or Reduction of FOD Investigative Funds

1. A FOD Investigative Fund may be terminated or reduced at any time at the request of one of the District or Metro Bureau Commanders, or as directed by the Controller. To close an Investigative Fund, the cash balance on hand and all receipts for the fund are to be returned to the Finance Department. If the total of the cash to be returned plus the receipts does not equal the total amount authorized for the Investigative Fund account, an explanation, in writing, signed by the fund custodian and District/Metro Bureau Commander, must be provided.

Uses and Restrictions

1. The FOD Investigative Funds shall consist of revolving funds reimbursed by the City, following the audit of all expenditure vouchers incurred since the date of the last audit.
2. The FOD Investigative Funds should be issued limited amounts to designated supervisors as assigned by the District and Metro Bureau Commanders as follows:
 - a. Each districts in the amount of \$2,000;
 - b. Metro Bureau in the amount of \$500;
 - c. Criminal Investigation Bureau (CIB) in the amount of \$500;
 - d. All remaining funds will be kept in the Special Investigation Bureau (SIB) safe to be reimbursed as needed for incurred expenses required by bureau activities.
3. Supervisors shall disburse the funds to officers under their supervision. Supervisors shall maintain a payout sheet for each officer and track all monies or vouchers for monies spent. Money disbursed to any officer shall be returned to the issuing supervisor within five working days or, if the money was used during the investigation, a completed expenditure voucher shall be returned to the issuing supervisor within five working days.
4. Personnel who expend funds should be reimbursed upon presentation of a voucher (see Exhibit B), completed in ink, and containing the following information:
 - a. Date and time B Enter the exact date and time that the expenditure occurred;

- b. Vice/Narcotics/SIIR Number - Enter the Vice/Narcotics & SIIR number assigned to the investigation;
 - c. Fresno Police Department (FPD) case number B When FPD case number has been issued;
 - d. Location B Exact location where expenditure was made;
 - e. Confidential Informant Number (CI) B When an expense occurs in connection with the use of a CI, enter the CI number;
 - f. Details B Briefly describe the reason for the funds;
 - g. Amount spent B When expenses are incurred in the furtherance of a police investigation, they shall be delineated as follows:
 1. Expenses B List all expenses other than a narcotics purchase or payments to a Confidential Informant (CI);
 2. Narcotics Buy B List the exact amount expended for an undercover narcotics purchase;
 3. Confidential Informant B List the exact amount paid to the CI; and ,
 4. Total B All listed categories shall be totaled. When the amount expended is for only one or two categories, a line shall be drawn through the unused categories;
 - h. The type and quantity of narcotics or stolen property seized as a result of the expenditure of investigative funds. When multiple vouchers are submitted for an investigation resulting in a single seizure of narcotics or stolen property, the amount of narcotics or stolen property seized shall be listed on only one voucher;
 - i. The requesting officer's full name and badge number, and the amount expended (e.g., \$20.00 shall be written "twenty dollars");
 - j. The name of the supervisor approving the expenditure after his/her review of the voucher to ensure its completeness;
 - k. Confidential informant B When payment is made to a CI, the exact amount shall be written out and signed by the CI; and,
 - l. Witness B A sworn officer shall sign the voucher as witnessing all expenditures of more than \$20. When possible, a sworn officer shall witness all expenditures.
5. All vouchers shall be issued as a book of sequentially numbered vouchers.
 6. A copy of all vouchers for expenditures shall be maintained in the vice/narcotics case file in numerical order.
 7. A copy of all vouchers for expenditures to a CI shall be given to the District or Metro Bureau Commander for inclusion in the CI=s file.
 8. An original receipt properly documenting the purpose of each expenditure should be forwarded with the original voucher whenever possible.
 9. All expenditures submitted for reimbursement or are voided shall be recorded on the ledger cash control summary page with the following information:
 - a. Officer=s name followed by a brief description of the reason for the expenditure;
 - b. Vice/Narcotics report number entered;
 - c. Voucher number entered;
 - d. Date of transaction as it appears on voucher entered;

- e. Dollar transaction (cash received, voucher expense and cash advance) entered; and
 - f. Asset column listing the actual cash on hand following reimbursement for that debt(s).
10. The supervisor shall review all vouchers and submit them to his/her Commander for reimbursement. In cases where a CI was used, the supervisor shall attach the appropriate copy of the voucher to the CI's file prior to submitting the remaining copies for reimbursement.
11. Additions to the Fund must be recorded in the ledger cash control by entering the following:
- a. Finance Reimbursement in the name/description column;
 - b. The date of addition of funds; and
 - c. The amount of the monies added to the revolving funds in the cash received column.
12. The following transactions are prohibited uses of FOD Investigative Funds, except where specifically pre-approved by the City Manager or the Controller:
- a. Entertainment, office supplies, travel reimbursements, and personal expenses are specifically excluded from authorized Investigative Fund cash disbursements;
 - b. Reimbursements for meals; for alcoholic beverages; or tickets to social, cultural or athletic events;

Custodian and Change of Custodian

1. One designated employee with one additional employee (as back up) as named by the District or Metro Bureau Commander and as communicated to the Finance Department is responsible for administration of each Investigative Fund. When the custodianship of the Investigative Fund changes, a witnessed, physical count of the cash and receipts on hand must be performed and documented at the time of change.
2. If and when custody of an Investigative Fund is transferred to the custody of another individual, the City Controller must be notified in writing. The responsibility of primary custodianship remains with the District or Metro Bureau Commander as the lead custodian.

Security of Funds

1. The FOD Investigative Funds shall be maintained in the safes in the policing districts, and in the Metro Bureau under the control of the District and Metro Bureau Commanders.

Custodian Responsibilities

1. The fund custodian shall be responsible for the following matters related to the operation of the fund:
 - a. Safe and secure storage;
 - b. Keeping each Investigative Fund separate from all other funds;
 - c. Ensuring that each transaction is for the established purpose of the Investigative Fund;
 - d. Providing proper documentation to support each expenditure;
 - e. Replenishing the Investigative Fund in a timely manner;

- f. Notifying the City Controller or other designee when changing a custodian, changing the location of the Investigative Fund, or changing the physical security of the Fund; and,
 - g. Reporting discrepancies or theft of the Investigative Fund in a timely manner to the SIB Commander and the City Controller.
2. The Investigative Fund custodian will be required to sign a statement indicating responsibility for the Investigative cost center. (See Exhibit A "Acknowledgment of Receipt of Funds and Policies and Procedures Related Thereto" form.)

Documentation of Investigative Uses

1. A properly completed "Investigative Fund Expenditure Voucher" (See Exhibit B) and acceptable documentation is required for each cash request.
2. The FOB Investigative Fund custodian is responsible for ensuring the completeness and accuracy of the "Investigative Funds Expenditure Voucher."

Replenishment of Investigative Fund

1. The "Request for Payment" reimbursement voucher (See Exhibit C) must be supported by proper original receipts. Receipts other than original receipts (or any other form of documentation) must be signed by the department head and is subject to the approval of the City Controller.

Bookkeeping Procedures and Control Procedures

1. The Investigative Fund should be reconciled by the custodian on or before the last day of each month. In addition, a Reconciliation Worksheet (See Exhibit D) is to be prepared and submitted to Finance on the last day of the fiscal year. An Investigative log may be retained by the custodian in order to facilitate a running balance of funds currently on hand (See Exhibit E).
2. The following control procedures are in place and will be utilized to safeguard the Investigative Fund:
 - a. FOD Investigative Funds are subject to surprise cash counts by the City Manager, the City Controller, Assistant City Controller and/or the Internal Audit Division of the Finance Department;
 - b. Segregation of FOD Investigative Funds from other funds should be monitored; and
 - c. Investigative Fund shortages exceeding \$5 should be reported to the City Controller or designee and to the Accounting Section.

Audit Procedures

1. The City Controller or designee is responsible for ensuring that each Investigative Fund is audited periodically. Custodians will not be notified in advance. The purpose of the audit is to ensure that the component Department funds are properly safeguarded. This would, in turn, enable an effective verification of cash held by the custodian with the official records.

Administrative Order 1-13
July 16, 2004
Page 6

Review and Responsibility

Responsible Parties: City Manager, City Controller, Assistant City Controller, Fresno Police Department Chief and District and Metro Bureau Commanders, and Fund Custodians.

Attachments:

- Exhibit A – Acknowledgment of Receipt of Funds & Policies and Procedures Related Thereto**
- Exhibit B – Investigative Funds Expenditure Voucher**
- Exhibit C – Request for Payment**
- Exhibit D – Investigative Fund Reconciliation Worksheet**
- Exhibit E – Log of Investigative Funds Transactions**

K:AO/PC/Investigative Funds AO Field Operation Division.doc

Narcotics Unit Flash Fund

1. The Fresno Police Department Narcotics "Flash Fund" is established and maintained independently of the Narcotics Buy Fund. The flash fund is used for the purpose of flash or show only. It is not to be used to purchase narcotics, but only to convey the intention and ability.

2. The Flash Fund consists of \$100,000 pre-recorded serial number bills and is maintained in the SIB Commanders money safe. The Flash Fund will not be commingled with any other monies.

To ensure accurate recording of the serial numbers of each bill, the flash funds will be photocopied upon receipt from the bank. The photocopies will be digitized, and a digital file will be provided to the City Controller, the Police Business Manager and the SIB Lieutenant.

3. Only the SIB Commander (or designee in absence), or the Division Commander (or designee in absence), has authorization authority for use of the flash fund. Prior to receipt of the flash funds from the bank, a list of exclusively authorized individuals will be provided to the Controller and the Police Business Manager. An updated list will also be provided every June 30, and whenever changes occur.

4. A Flash Fund Money Ledger shall be maintained by the SIB Commander. The ledger shall contain the following information:

- a. The date of the usage.
- b. Who approved the usage.
- c. The name of the sergeant obtaining the funds, and signature.
- d. The amount of the funds being used.
- e. The date fund is returned.
- f. Name and signature of person receiving fund.

5. The Ledger shall be fully completed during the sign-out of the funds and upon return of the funds. When the funds are returned they shall be recounted and signed off by the SIB Commander. This ledger will be available for year end audits and surprise counts. Surprise counts will be conducted annually by the Finance Department.

6. The money safe and combination will be under the control of the SIB commander (or designee in absence). The Flash Fund shall be returned to the SIB Commander's money safe at the conclusion of the narcotics operation. When the funds are returned they shall be recounted and signed off by the SIB Commander.

7. The funds will be counted each time they are checked out and checked back in with a currency counting device. Counts will be verified and signed off by two parties, including the SIB Commander. Should any discrepancy occur with the fund balance, the SIB Commander will prepare a memo outlining the circumstances. This will be

forwarded to the Division Commander via the chain of command. Finance will also be notified of any shortfall consistent with the requirements related to all other Petty Cash funds. See the Administrative Order 1-2. All information will be available for review at any time by the Finance Department, including external auditors

8. The Flash Fund shall be audited quarterly by the Business Office utilizing the attached reconciliation form, and Finance will be provided with a copy of the quarterly audit results upon completion.

REVISED 9/10/08