



DEPARTMENT CASH FUNDS

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I. POLICY APPLICATION

This directive governs the maintenance of all cash funds or accounts where agency personnel are permitted to receive, maintain, or disburse cash. It applies to petty cash funds, cash received in records, investigative funds, and all other instances where cash funds are maintained or cash is received or disbursed.

For the purposes of this policy, each department cash fund is classified as **one** of the following types:

- A. Petty Cash Fund.
- B. Cash Drawer Fund - Central Records
- C. Cash Drawer Fund - Animal Control
- D. Special Investigative Fund:
 - 1. **Covert** - used for vice and drug enforcement purposes.
 - 2. **Non-covert** - used for routine investigations and associated expenses (C.I.D. Persons, Internal Affairs, Intelligence, etc.)

II. AUTHORIZED EXPENDITURES

A. Investigative Funds

Section commanders may authorize cash payments from investigative funds for the following purposes:

- 1. Payments to confidential informants. Index Code 1622 establishes criteria for activating and paying informants.
- 2. Payments to individuals who do not meet the criteria for establishment as confidential informants, in exchange for information that is expected to lead to the prevention of criminal activity, seizure of contraband or evidence, or successful prosecution of a criminal case.
- 3. Purchase of controlled dangerous substances or other contraband, in conjunction with an official criminal investigation.
- 4. Purchase of stolen property with the expectation of prosecution or substantiation of an existing case.
- 5. Acquisition of rental cars, facilities or equipment necessary to conduct a covert operation, or surveillance which is directly related to a criminal investigation.
- 6. Food, drink, meals, and other expenses directly related to, or necessary to maintain the clandestine nature of, a covert criminal investigation.

7. Travel for the purpose of extraditions, investigation of an existing case, or out-of-County court testimony, when time constraints prohibit applying for travel funds. Travel expenses will be reimbursed.

B. Petty Cash Funds

Petty cash funds are available to reimburse small administrative (non-investigative) expenditures made by County personnel in support of the operation of the County government. Petty cash funds may not be used to circumvent County budget and procurement regulations. The maximum amount reimbursable from petty cash for a single purchase is \$25.00, unless previously approved by Management & Planning.

III. UNAUTHORIZED EXPENDITURES

Neither investigative funds nor petty cash funds may be used for purchase of:

- A. Official County travel which is preplanned or which is directly related to conferences, conventions, training or schools and covered under existing County or department directives.
- B. Personal items, alcoholic beverages, entertainment, and other expenditures which are not directly related to covert operations or which are not allowable under County or department directives.
- C. Goods or services that can be procured under the existing purchasing procedures (e.g., office supplies) without endangering a covert operation or an individual's life. Refer to Index Code 619 for details on this category of expense.
- D. Expenses that require budgetary approval.

IV. PROHIBITED PRACTICES

- A. County funds may not be intermingled with personal funds.
- B. County funds may not be disbursed for personal loans or for items of personal use or benefit and may not be used for the cashing of personal checks.
- C. Special investigative funds may not be used as petty cash.

V. ESTABLISHMENT OF CASH FUNDS; AUTHORIZATION FOR DISBURSEMENT

- A. Cash funds are established by the Anne Arundel County Office of Finance and are located in various department components at the discretion of the Chief of Police. Requests for establishment or alteration of a cash fund should be directed to the *manager* of the Management & Planning Section.
- B. The *manager* of the Management & Planning Section will inform each fund custodian in writing of the amount of money allocated to the fund.
- C. In the case of investigative funds, the section commander of the unit controlling the fund is the fund custodian, and is authorized to:
 1. Receive and disburse cash;
 2. Subdivide the fund among subordinates, and delegate the authority to receive and disburse cash to subordinates, as deemed necessary; (in such cases, each subordinate becomes a "fund custodian" and is required to maintain records and documentation of fund activities as explained below);
 3. Establish disbursement authorization levels among subordinates, as deemed appropriate;
 4. Establish administrative procedures to implement this directive.
- D. Section commanders who control investigative funds may authorize cash disbursements equal to the total fund balance. Disbursements in excess of this amount require prior approval of the Chief of Police.
- E. The *Budget Analyst* of the Management & Planning Section is the designated petty cash custodian. During the custodian's absence, the *manager of the Management & Planning Section* will be the designated alternate custodian. An accounting of petty cash funds will be arranged prior to transferring them to the alternate custodian.

VI. RECORDS & DOCUMENTATION

A. Records Required - All Funds

Each fund custodian is responsible for maintaining the following records for his or her fund, regardless of whether it is a petty cash fund or an investigative fund:

1. A balance sheet, ledger or other system that identifies initial balance, cash income received, cash disbursed, and the balance on hand;
2. Receipts or documentation for cash received;
3. Records or documentation for cash expenditures;
4. A reconciliation and accounting of cash activities at least monthly.

B. Documentation - Petty Cash Expenses

Claims for reimbursement from the petty cash funds must be requested on PD Form #5, and be supported by documentation. In all cases the use of funds must be identified by item or service purchased.

Documentation is defined as sales slip, paid memo bill, receipt, cash register receipt and identification of item or service purchased. This definition is not all-inclusive.

C. Documentation - Investigative Expenses

Individuals receiving monies from special investigative funds are fully accountable for all such funds. Officers who spend advanced funds or request reimbursement of investigative expenses must submit a written report detailing the circumstances of the payment or expense, along with records, receipts, or documentation to support the police report.

Commanders of units that are allocated funds for investigative expenses are required to establish standard operating procedures to comply with this requirement, and the requirements of CALEA standard 17.4.2.

VII. FUND REPLENISHMENT

Cash funds will be replenished once a month, after fund custodians have completed the required monthly reconciliation and accounting for expended funds. Requests for replenishment must be received in Staff Inspections by the seventh day of each month. Requests received after the seventh will be processed the following month.

A. Covert Investigative Funds

To request replenishment of a covert special investigative fund (a fund used in vice and drug enforcement activities), the fund custodian will complete and submit a summary of expenses for his or her fund for the month, and supporting documentation listed below to the commander of the Staff Inspections Unit, via the chain of command. At least one officer above the requesting fund custodian must review and approve the request for reimbursement.

The reimbursement request must be supported by an itemization of cash payments or expenses identifying the following information for each expense or payment:

1. Name and ID number of officer
2. Case number
3. Date of expense
4. Purpose of expense
 - a. If for purchase of CDS, list the type and approximate amount
 - b. Provide CI number for informant payments
 - c. Itemize all other investigative expenses according to their type

The accounting period for reimbursements begins on the first day of each month and ends on the last day of each month.

Fund custodians are free to devise any method of forwarding this information to Staff Inspections, as long as it is in writing; for example, photocopies of detectives' monthly expense logs will satisfy this requirement. Staff Inspections will forward the reimbursement requests to the Budget Unit of the Management & Planning Section.

B. Non-Covert Investigative Funds

Fund custodians requesting replenishment of non-covert investigative funds (e.g., funds assigned to C.I.D. Persons or Intelligence) will complete and submit PD Form 748, "Special Investigative Fund Expense Statement", to the Staff Inspections Unit, via the chain of command. At least one officer above the requesting fund custodian must review and approve the request for reimbursement.

C. Petty Cash Funds

When petty cash reaches a low limit, the fund custodian will fill out a Petty Cash Voucher form and Summary Replenishment form, and submit them along with proper documentation for expended money. A duplicate copy of the package is to be retained by the custodian.

D. Management & Planning Section

The Management & Planning Section will process all requests for fund replenishment according to their standard operating procedures. All fund replenishment will be in the form of a check issued by Anne Arundel County and made payable to the individual fund custodian. Checks will be mailed to Management & Planning.

VIII. FUND AUDITS

As a basis for determining the financial integrity of the agency's fiscal control procedures, the Staff Inspections Unit will conduct an independent audit at least annually of all agency cash funds. Audits of cash accounts will be unannounced. This audit provision is in addition to any financial audits stipulated by applicable County statutes or regulations.

IX. PROPONENT UNIT: Management & Planning Section.

X. CANCELLATION: This directive cancels Index Code 619.1, dated 10-01-04.