

## CONFIDENTIAL FUNDS ACCOUNTING

Most local law enforcement agency transactions produce stacks of documentation. There may be requisitions, purchase orders, invoices, receipts and cancelled checks. Confidential cash transactions do not produce any such normal documentation. The integrity of the entire confidential funds process is dependent on documentation prepared by the law enforcement officers. The comptroller's office has developed several forms to document the various types of confidential cash transactions.

### **FORM A1 – Custodian's Activity Log for Confidential Funds:**

Maintained by the custodian, this form is used for every transaction involving the custodian. This log records payments into and out of the confidential account, the type of transaction, key details about the transaction, and a running balance of the confidential account. The log is cumulative and tracks multiple transactions over time.

**FORM A2 Transaction Record of Each Advance and Return of Confidential Funds:** This form is completed each time funds are transferred between an agent and the custodian, including both advances of cash to agents and return of cash by agents. A separate form is completed for each transaction. It also serves as a request for cash by an agent.

### **FORM A3 – Agent's Activity Log for Confidential Funds:**

Maintained by the agent, this form tracks every transaction an agent makes in paying informants, buying drugs and incurring miscellaneous confidential expenses. It is cumulative and tracks multiple transactions over time. It also maintains a running balance of funds in the custody of the agent.

### **FORM A4 Accountability of Confidential Funds:**

This form is completed by the agent for *each* transaction and provides documentation of the agent's expenses.

### **FORM A5 Receipt for Payment to Informant:**

This form should be completed by the agent each time he or she pays an informant for information or for services performed, including the purchase of drugs. It should be signed by the informant, using a preassigned code name. The receipt also should be witnessed by another officer.

### **FORM A6 Summary Informant Payment Log:**

This form, maintained by the agent, is a cumulative log of all transactions with a single informant who is identified by code name. The form should be placed on top of the informant file.

### **FORM A7 Confidential Fund Monthly Reconciliation Report:**

Completed by the custodian, this form serves the same purpose as reconciling a checkbook with the monthly bank statement.

**FORM R1 Report of Confidential Funds Requested or Returned:**

This form is used by the custodian to actually request funds from the special revenue account (Drug Fund) for the confidential account. It also is used to return excess funds back to the special revenue account.

**FORM R2 Quarterly Report of Confidential Funds:**

The sheriff/police chief must submit a quarterly report to the county trustee/recorder by the 30<sup>th</sup> of the month following the close of the quarter.

The flowchart below should serve as a “roadmap” for use of the various forms required by the comptroller’s office when accounting for cash transactions relating to undercover operations. Diamonds indicate the form to be completed for *each* transaction. Circles indicate cumulative or periodic reports.

# Drug Fund Flowchart

