



Series 100	Effective Date 9/9/2014	Review Date Annually	Directive Number 103.1
Chapter 103 RESOURCE CONTROL			
Reviewing Office Fiscal Operations			<input type="checkbox"/> New Directive <input type="checkbox"/> Amends <input checked="" type="checkbox"/> Reviewed
References			
Chief of Police			

FISCAL OPERATONS

103.1-1 PURPOSE

It is the purpose of this directive to provide members with policies, procedures, and guidelines for financial management and record keeping.

103.1-2 POLICY

The Chief of Police is responsible for preparation and fiscal operations of the department’s budget. It is the policy of this department to conform to the budgetary controls as established by the City of Detroit’s Budget Department and City Council.

103.1- 3 Receipts

Whenever a citizen requests a service of this department for which a fee is required, that citizen shall receive an original receipt for value received. The receipt shall be filled out completely and signed by the member or employee receiving the fee and then presented to the citizen.

Customer Receipts: The department utilizes City of Detroit’s Official Receipt (C of D 24-OR (11/81)) to issue to the customer/citizen for the fees collected for the various types of services. The original (WHITE COPY) receipt shall be given to the customer; a second copy (YELLOW COPY) shall be forwarded to Fiscal Operations with deposit and the third copy –(AUDIT COPY) shall be retained in the receipt book.

Intra-Department Receipts: A pre-numbered Intra-Department Receipt Book (C of D 655 RE-A) is used to account for service fees collected by each command. Each department command, which collects service fees, shall prepare an intra-department receipt for their daily collection. All fees collected, and two (2) copies (White and Blue) of the intra-department receipt shall be forwarded to Fiscal Operations, Monday through Friday, between the hours of 8:30 a.m. and 3:30 p.m.

103.1 Fiscal Operations

Fiscal Operations shall compare the fees received to the figures entered on the intra-department receipt for correctness. If the fees and receipts are correct, the Fiscal Operations clerk will endorse all copies of the intra-department receipts, to indicate receiving the money. The original copy of the intra-department receipt shall be retained by Fiscal Operations and remaining copies will be returned to the precincts or commands and retained for a period of three (3) years. If the fees and receipts are not correct, the cashier will not accept the deposit and will notify the Fiscal Manager/Supervisor for further action. If it becomes necessary to void an intra-department receipt, the voided receipt and all copies shall be presented to Fiscal Operations when service fees are presented.

Cash Receipt Vouchers: Department's daily revenue collection shall be deposited in the City of Detroit's bank accounts on a daily basis. Fiscal Operations shall prepare a cash receipt voucher and submit with the validated deposit slips to the City Treasurer's Office. Fiscal Operations shall retain a copy of the cash receipt voucher as a permanent record after the City Treasurer's Office has acknowledged the receipt of the funds.

Revenue Collections Report: Fiscal Operations shall be responsible for maintaining a monthly and an annual revenue collections report of various types of service fees received by various commands. This report, at the direction of the Chief of Police, shall be available for review by the Audit Unit.

Fiscal Operations shall be responsible for maintaining a journal of service fees received from the various department commands. This journal, at the direction of the chief of police, shall be available for review by the Audit Unit.

103.1-3.1 Responsibility of Commanding Officers

Each commanding officer shall ensure that proper security is maintained over all blank receipts; that personnel of the command are properly instructed in the preparation of each type of receipt; and that every six (6) months a report verifying the accuracy of receipts issued as well as any recommendations for service fee changes are forwarded through official channels to the chief of police for review.

103.1 - 4 Confidential Funds Management

As used herein, the term "confidential fund" shall refer to the Secret Service Fund and/or Special Operations Imprest Cash Account. Confidential funds are intended for the purchase of evidence, information, or services in support of covert operations.

103.1 Fiscal Operations

103.1-4.1 Major Objectives

1. A prime objective of the management system is that of facilitating access to the fund by operations personnel for authorized purposes.
2. An equally important objective is that the management system delegates 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:
 - a. Initial creation and periodic replenishments of the fund;
 - b. Each disbursement from it;
 - c. Subsequent handling and expenditures of those disbursements.
3. Procedures and documentation shall clearly indicate the amount received from the fund, date received, purpose of the funds received, amount spent, and the amount, if any, that was returned to the fund unspent.
4. A third objective of the management system is to gauge the effectiveness of the funds by linking their use to the results or benefits received. For example, documentation on informant related expenditures shall include sufficient information to allow management to do a cost/benefit analysis of each informant and/or case.
5. The management system must protect the department's reputation for integrity by incorporating all reasonable precautions for handling and using the fund. 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. The department must possess documentation to answer any and all questions which may arise.
6. No individual should have total control over every phase of any significant transaction.
7. Workflows 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. Those who authorize the use of cash and other assets should not also be responsible for custody.
8. Record keeping and bookkeeping activities should be separated from the handling and custody of assets.

103.1-4.2 Confidential Fund Purpose and Scope

The confidential fund is established as an imprest cash fund to provide for the purchase of evidence, information, or services in support of covert operations. Disbursements from the fund for any purpose for which general funds or other funding sources are available are prohibited.

103.1-5 Allowable Purchases – Confidential Funds

103.1-5.1 Purchase of Evidence (P/E).

This category is for the purchase of evidence and/or contraband (e.g., narcotics, firearms, stolen property, etc.), required to determine the existence of a crime or to

103.1 Fiscal Operations

establish the identity of a participant in a crime. These purchases will range in scope from low-level street sales to wholesale delivery of multi-kilo loads of narcotics.

103.1-5.2 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 purchase of service and charged accordingly.

103.1-5.3 Purchase of Services (P/S).

This category shall include: travel of officers or informants necessary for a covert operation, such as, interviewing witnesses or informants being incarcerated in other jurisdictions; interviewing witnesses or informants under a witness protection program; following up on information in major crimes; surveillances which continue beyond the metropolitan area; and bringing informants or witnesses back to Detroit to testify or give information. This category may include the following (not inclusive):

1. Purchases necessary to maintain an undercover role;
2. Telephone calls;
3. Monthly phone bills for undercover phones;
4. Room rentals for spot surveillances;
5. Lodging and food for witnesses under death threat when they must be relocated to protect their lives;
6. Lease and maintenance of surveillance and/or undercover vehicles, such as lease of zero visibility vehicles for surveillance crews; routine maintenance of leased vehicles; emergency repairs such as flat tires; repair of accident damage;
7. Special vehicle rentals for transportation of dignitaries, as mandated by security requirements;
8. Lease of an apartment or business front or the purchase of equipment or supplies required for a specific covert operation, such as, rental of a storefront for "sting" operations;
9. Rental or lease of a house or apartment to be used as a front; securing furniture, equipment or supplies to maintain a front; and purchase and maintenance of security systems;
10. Expenses incurred for the protection of dignitaries, or facilities at risk, such as: room rental for use as a command post; providing necessary security measures to facilities or equipment at risk; travel with city officials who have received death threats; and providing security to political candidates, world leaders or other VIP's arriving on short notice when security is a cause for concern.

103.1 Fiscal Operations

103.1-6 Types of Accounts

103.1-6.1 Primary Accounts

There shall be one primary account administered through the Deputy Chief, Budget Operations. This account shall be used only for the purpose of replenishing secondary accounts.

103.1-6.2 Secondary Accounts

The Deputy Chief, Budget Operations upon approval of the Chief of Police, shall establish secondary accounts. These accounts will be funded with confidential funds by the primary account and shall be the only accounts, which receive disbursements directly from the primary account.

103.1-6.3 Sub Accounts

Sub-accounts may be established by the commanding officer responsible for the secondary account and shall consist of separate accounts for commands or sub-entities organizationally reporting to the commanding officer responsible for the secondary account. The custodian of a sub-account shall be the officer in charge of the sub-entity organizationally reporting to the commanding officer whose secondary account is funding the sub-account.

103.1-6.4 Custodial Responsibility - Primary Account

1. The custodian of the Confidential Fund's Primary Account shall be the Deputy Chief, Budget Operations. The alternate custodian shall be the Assistant Chief of Administrative Operations. The Deputy Chief, Budget Operations, shall appoint an individual as Fiscal Officer to maintain the ledger and necessary records. A second individual shall be appointed to maintain the checkbook and to prepare checks for the required two signatures.
2. The authorized signers for the primary account shall be the Assistant Chief, Administrative Operations, Deputy Chief, Budget Operations, and the commanding officer of Fiscal Operations. The Fiscal Officer or keeper of the checkbook shall not be authorized to sign checks.

103.1-6.5 Custodial Responsibility- Secondary Accounts

1. The custodian of each secondary account shall be the commanding officer of the command to which the account is assigned. Each commanding officer shall appoint an individual as Fiscal Officer to maintain the ledger and necessary records. Where staffing levels permit, a second individual should be appointed to maintain the checkbook and prepare checks for the required two signatures.
2. For those commands having leased vehicles, a separate account with parallel ledger, activity log and necessary records shall be maintained for the payment of vehicle leases and/or maintenance.

103.1 Fiscal Operations

3. The authorized signers for secondary accounts shall include the commanding officer and such other individuals as deemed necessary. In no event shall the fiscal officer and/or keeper of the checkbook be an authorized signer.
- 4 All unusual or questionable expenditures from secondary accounts shall require the approval of the Chief of Police or the Deputy Chief, Budget Operations.

103.1 - 6.6 Custodial responsibility - Sub-Accounts

1. The custodian of a sub-account shall be the officer-in-charge of the sub-entity organizationally reporting to the commanding officer whose secondary account is funding the sub-account. A fiscal officer shall be appointed to maintain the ledger and records and to ensure safe storage of the funds.
2. Where necessary to establish a crew fund under a sub-account, the crew leader or supervisor shall act as fiscal officer and shall maintain the ledger and necessary records.

103.1 - 7 Custodial Responsibility General

1. Any individual designated as a custodian, fiscal officer, keeper of the checkbook or signer for any account, may not also serve in the same capacity for a subordinate account.
2. All disbursements of confidential funds, whether by check or in cash, shall require the review and approval of at least two individuals delegated with that authority.
3. All transactions shall be properly documented, recorded, and signed for as required. This shall include all documentation related to requests for funds, authorizations, receipts, and other records necessary to track and justify all expenditures. All records, with the exception of informant identities shall be subject to periodic audits. These audits shall be retained for six (6) years after an independent auditor, as required by law, has reviewed the confidential fund.
4. Bank statements and canceled checks shall be sent to a designated person other than the fiscal officer, custodian, or signer, who shall be responsible for reconciling the account against the bank statement on a monthly basis (see Confidential Fund Monthly Reconciliation Report, Form CF-6).
5. Each month, fiscal officers of all secondary accounts shall prepare a report (see documentation below) to the Deputy Chief, Budget Operations reconciling the account's current unexpended balance with the account's authorized amount. The fiscal officer of the primary account shall retain this report for three (3) years.
6. Unannounced internal audits, at the direction of the Chief of Police, shall be conducted at least four (4) times a year by duly authorized and identified personnel of the department's Fiscal Operations, or authorized representatives of the City Finance Director or Budget Director. A written record of these audits shall be retained for six (6) years.

103.1 Fiscal Operations

7. Internal audits shall be available to the Auditor General within 30 days of the completion of the audit. This information shall be kept in the highest confidence and shall be provided for the eyes of the Auditor General only.
8. In addition to the audit procedures enumerated above, the Auditor General shall, in accordance with the City Charter and the responsibilities ascribed to the Auditor General, conduct periodic audits of this fund, at the Auditor General's discretion. The Auditor General shall keep in mind the confidential nature of the information provided.
9. When internal audits are completed, duplicate reports shall be forwarded simultaneously to the Chief of Police and the Board of Police Commissioners. Further, the internal auditor shall be prepared to meet with the Board at its request. The Auditor General shall also provide the Board with a copy of all audits.
10. The commanding officer responsible for a secondary fund must review and approve all expenditures before reimbursement can be requested from the primary fund. Reimbursement requests must be submitted through channels.
11. Commanding officers having control of confidential funds shall ensure that access to the funds is limited to the commanding officer and the authorized fiscal officer.

103.1-8 Documentation

Documentation of each and every transaction, at all levels, is essential to the integrity of the system and the personnel involved.

103.1-8.1 Ledger

Use of the 300 page bound record book shall be continued as a ledger. Ledger entries shall be made using the same format as the Activity Log for Confidential Funds (Form CF-1) below.

103.1-8.2 Activity Log for Confidential Funds (Form CF- 1)

The Fiscal Officers of all accounts shall use this form as an administrative tool to summarize each fund transaction. The form shall be typewritten or printed in black ink. On the first of each month the current sheet shall be closed out and a new sheet begun.

103.1-8.3 Use of the Form

Use of the form is self-explanatory except for Transaction Number. This is a sequential control number and upon adoption shall begin with the number 001. This number shall increase by one for each entry and shall not reset by month or year. A coded alphabetic prefix for these numbers, identifying each account, shall be assigned and maintained by the fiscal officer of the primary account. If cash is

103.1 Fiscal Operations

received by, or disbursed from, the fund, the amount should be recorded as such on the Form CF-1, and the payee should give a cash receipt to the payer.

103.1-8.4 Transaction Record of each Confidential Fund Advance (Form CF-2)

This form 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 the specific expenditures.

103.1-8.5 Officer Reimbursement Voucher (Form CF-3)

This form is a voucher that is completed by the officer to document case-related expenditures, which may or may not have involved an advance. It records, in sanitized form, payments for information or evidence, which are documented in detail on Forms CF-4 or CF-5. If recording payment for services, appropriate receipts must be attached.

103.1-8.6 Record of Payment to Informant (Form CF-4)

This form is used by the officer to record the details of a payment to an informant, including what was achieved as a result of the payment. The form shall be retained by the unit knowing the true identity of the informant in the source of informant's numerical jacket.

103.1-8.7 Receipt From Informant for Payment (Form IR-1)

This form is a receipt to be signed by an informant acknowledging a payment to the informant by the department. In the event an informant refuses to sign, two members shall make the payment together and sign the form-indicating refusal. This form shall be attached to Form CF-4 for filing.

103.1-8.8 Receipt from Informant of Payment for Purchase of Controlled Substance (Form IR-2)

This is an alternate receipt to be signed by an informant when the payment is for the future purchase of controlled substances. This form shall be attached to Form CF-4 for filing.

103.1-8.9 Non-Informant Case-Related Expenditures (Form CF-5)

The officer shall document non-informant case-related expenditures, including what those payments achieved. This form shall be retained by the command in charge of the case.

103.1-8.10 Confidential Fund Monthly Reconciliation Report (Form CF-6)

The person responsible for reconciling the bank statement with the fund balance uses this form.

103.1 Fiscal Operations**103.1-8.11 Reimbursement Request**

1. Within five (5) working days following the end of the month, fiscal officers of secondary accounts shall make copies of the Form CF-1 that covers the prior month. These copies, together with the Confidential Fund Monthly Reconciliation Report (Form CF-6), will support the request for reimbursement.
2. An Inter-Office memorandum (DPD568) shall be prepared as a cover sheet and shall serve as the actual reimbursement request. It shall be addressed to the Deputy Chief, Budget Operations (through official channels), and shall contain a standard format recapitulating the total amount of monies spent (as supported by the Activity Log for Confidential Funds (Form CF-1) copies and the Monthly Reconciliation Report (Form CF-6), to the amount requested. The memorandum shall bear the signature of the commanding officer. After review and approval by the Deputy Chief, Budget Operations, the fiscal officer of the primary account shall retain these reports.
3. Reimbursement shall be requested by fiscal officers of sub-accounts on Secret Service Funds Transferred from Secondary Account (Form CF-7).
4. Checks shall never be made payable to cash. All checks shall be made payable to specific individuals or vendors.
5. Confidential funds shall not be co-mingled with any other funds, including personal funds. Personal funds shall not be used to pay informants.
6. Under each account, specific individuals shall be identified and delegated with the authority to authorize expenditures of confidential funds. The fiscal officer and the keeper of the checkbook shall not have such authority.
7. The merits and benefits of all confidential fund expenditures shall be reviewed and evaluated by the commanding officer-custodian of the fund. The custodian or alternate custodian of the primary fund shall ensure that all funds are analyzed for effectiveness at regular intervals.
8. A designated supervisory officer shall compare the signatures on Forms IR-1 and/or IR-2 of informants receiving payment with signatures on file at the command before reimbursement is authorized.
9. The true identity of informants shall not be divulged to auditors or any outside agency without the written directive of the Chief of Police.