

2012

# Confidential Fund Guide

Byrne Justice Assistance Grant (JAG)

Planning, Grants, and Research  
Idaho State Police



<p style="text-align: center;"><b>EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT CONFIDENTIAL FUND GUIDE</b></p>
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### **Confidential Fund Description and Background**

Among the grant programs administered by Idaho State Police (ISP) Planning, Grants, and Research (PGR), the Edward Byrne Memorial Justice Assistance Grant (JAG) is the only one in which confidential funds are authorized. Confidential funds are normally described as being in one of three (3) distinct categories of usage: **Purchase of Services (P/S), Purchase of Evidence (P/E), and Purchase of Specific Information (P/I)**. All recipients, **including subgranted task force members**, must follow these guidelines in order to comply with federal and state rules and regulations. The following is a compilation of requirements taken from the Office of Justice Programs (OJP) Financial Guide and PGR Administrative Guide.

- **Purchase of Services:** This category includes travel or transportation of a non-Federal officer or an informant; the lease of an apartment, business front, luxury-type automobile, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money, flash rolls, etc.) for undercover purposes, within reasonable limits. In the majority of cases, flash roll funds are not expended, but are available if circumstances require the officer or agent to utilize these funds to properly proceed with the investigation.
- **Purchase of Evidence:** This category is for purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, and so forth, required to determine the existence of a crime or to establish the identity of a participant in a crime.
- **Purchase of Information:** This category includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S or P/E and charged accordingly.

Confidential funds must only be accessed by authorized subgrantee staff when the particular merits of a subgrant-related investigation warrant their expenditure. The provisions of this guide apply to all JAG subgrantee projects whose award includes confidential funds, including task force members requesting confidential funds.

A flow chart graphically depicting the establishment, use, and accountabilities for confidential funds is provided in Appendix 1.

Samples of specific forms necessary to document confidential fund transactions are included in Appendix 2, and are identified in appropriate portions of the guide. **Although documentation requirements for confidential funds may appear to be daunting, each form of documentation is a critical element in the proper management of this fund source. The extremely delicate nature of confidential fund transactions requires an additional level of security and protection beyond those afforded federal funds in more general budget categories.**

## **Confidential Funds Requirements**

As stated, other federal funds require reasonable levels of protection against abuse or misuse, but confidential funds impose far more stringent requirements on subgrantee management systems. **Prior approval** is required for all recipients of these funds, including all members of task forces, and must be based on a finding that they are a reasonable and necessary element of project operations.

In this regard, the approving authority at each subgrantee level must also ensure that the controls over disbursement of confidential funds are adequate to safeguard against the misuse of these funds. The following specific design features are required of **all** recipients of confidential funds:

### **1. Confidential Funds Certification**

A signed certification that the project director and unit supervisor have read, understand, and agree to abide by these provisions is required from all recipients of confidential funds. The signed certification must be submitted by the original subgrantee at the time of grant application as well as by task force agencies when funds are requested. Procedures **must be** in place prior to the expenditure of any confidential funds. **The Subgrantee Confidential Fund Certification form is included in Appendix 2.**

### **2. Written Procedures**

Each subgrant project authorized to disburse confidential funds must develop and follow written internal procedures which incorporate the following elements, at a minimum. Deviations from these elements must receive prior approval from PGR.

#### **a. Imprest Fund**

The funds authorized for confidential expenditures must reside in an imprest fund which is controlled by a **bonded cashier**. An imprest fund is essentially a dedicated fund for advances of confidential monies.

#### **b. Advance of Funds**

The supervisor of the unit to which the imprest fund is assigned is the authorization source for all advances of confidential funds. Authorization for fund withdrawal must be in written form and must include the case number or other reference. In addition, the authorization must include the amount of expenditures or fund usage, specify the information to be received, and the name of the officer or agent requesting the funds. In all P/I purchases the assumed/code name of the informant must also be included. In those P/E or P/S cases which involve the use of an informant, the assumed/code name must also be included.

### c. Additional Cashier Responsibilities

The imprest fund cashier must maintain a confidential fund activity log, which is a summary document for all payments made from or returned to the imprest fund. **An example of the Confidential Fund Activity Log is provided in Appendix 2.** The cashier will also provide financial data to the project financial officer or project director to enable their completion of the quarterly reconciliation.

### d. Informant Files

Informant files are confidential files of the true names, assumed names, and signatures of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the informant payee(s) must also be maintained. In the RISS Program (see Section e) the informant files are to be maintained at the member agencies only. Project headquarters may maintain case files. **For more details regarding informant file requirements, see page 6.**

### e. Regional Information Sharing Systems (RISS) Program <http://www.riss.net/>

RISS is a national federally funded program of regionally oriented services designed to enhance the ability of local, State, Federal, and tribal criminal justice agencies to:

- Identify, target, and remove criminal conspiracies and activities spanning multi-jurisdictional, multi-state, and sometimes international boundaries.
- Facilitate rapid exchange and sharing of information among the agencies pertaining to known suspected criminals or criminal activity.
- Enhance coordination and communication among agencies that are in pursuit of criminal conspiracies determined to be inter-jurisdictional in nature.

### f. Cash Requests/Receipts/Reconciliation

The officer or agent seeking a confidential fund payment will complete the appropriate portion of the Cash Request/Receipt/Reconciliation form, obtain authorization from the unit supervisor, and present it to the imprest fund cashier for payment. The imprest fund cashier will complete his/her portion of the request/receipt form prior to making a confidential payment. Following the transaction, but no more than **10 days** after receipt of the advance payment, the officer or agent must present a completed expense voucher and assist in the completion of the transaction in conjunction with the imprest fund cashier.

For security purposes, there must be a 48-hour limit on the amount of time for which funds advanced for P/E, P/I, or P/S expenditures may be held outstanding. In the case of confidential funds issued to a task force member by the subgrantee agency, the clock starts when the member agency's cashier makes the disbursement to the officer or agent on the case.

If it becomes apparent at any point within the 48-hour period that the funds will not be used, the funds must be returned to the advancing cashier as soon as possible. A written extension to the 48-hour limit must be granted by the level of management that approved the advance.

Extensions are generally limited to no more than an additional 48 hours. Recipients must consult with the project director prior to determining the final course of action. Beyond this time period, the funds must be returned and re-advanced if necessary. Factors to consider in granting an extension are the amount of funds involved, safeguarding of funds, length of extension required, and importance of the expenditure.

Regardless of circumstances, within 48 hours of the advance, the fund cashier must be presented with either the unexpended funds; an executed receipt for P/I, P/E, or P/S or written notification by management that an extension has been granted. **A sample Cash Request/Receipt/Reconciliation form is included in Appendix 2 .**

#### **g. Informant Payee Receipt**

An Informant Payee Receipt must identify the exact amount paid to and received by the informant on the date of the actual transaction. Cumulative or anticipatory receipts are **not** permitted. Once the receipt has been completed, **no alteration is allowed**. The officer or agent preparing the receipt must ensure that it contains the following information, at a minimum:

- The name of agency/jurisdiction;
- A description of the information received;
- The amount of payment, **both in numerical and word form**;
- The date on which the payment was made;
- The signature of the informant payee;
- The signature of the case officer or agent making payment;
- The signature of at least one other officer witnessing the payment; and
- The signature of the first line supervisor authorizing and certifying the payment.

**A sample Informant Payee Receipt form is included in Appendix 2.**

#### **h. Review and Certification for P/I Expenditures**

The signed receipt from the informant payee with a memorandum detailing the information received must be forwarded to the officer or agent in charge.

The officer or agent in charge will compare the signatures, evaluate the information received in relation to the expense incurred and make any explanatory remarks on the report of the officer or agent who made the expenditure, and will ensure that the receipt is retained in the informant file.

#### **i. Record of Confidential Fund Usage**

The nature of confidential funds usage requires the subgrantee to examine each expenditure to determine the degree to which the funds benefit investigations or other project goals. **A mechanism designed for this purpose is the Record of Confidential Fund Usage form included in Appendix 2.** This record allows the project director to describe the details of each confidential fund transaction, and provides a basis for the analysis required in the quarterly reconciliation described below. This report must be retained and made available for review upon request.

#### **j. Confidential Fund Quarterly Reconciliation Report**

The project director must prepare a quarterly reconciliation report on the imprest fund for the duration of the project's federal funding. **The report should not be forwarded to PGR, but will be reviewed during on-site compliance reviews, unless otherwise requested.**

This report includes basic fund financial data, as well as an analysis of the investigative value of funds used, i.e. did the information contribute slightly to the investigation effort, did it contribute substantially, or not at all?

Beyond becoming an additional source document, this report will provide the subgrantee with a tool to determine the ongoing value of informant information.

In most cases this reconciliation report will be completed by the project director or his/her designee, with financial input from the project financial officer, and/or the imprest fund cashier. **A sample of a Quarterly Reconciliation Report is included in Appendix 2.**

#### **k. Duplication of Services**

A critical consideration for subgrantees utilizing confidential funds is avoiding the potential duplication of informant payments for the same services, evidence, or information. This is of particular concern to multi-jurisdictional task forces in which several agencies may be involved in the development of cases. The **Informant Agreement, included in Appendix 2,** clearly prohibits the informant from receiving duplicate payments. The project director and his/her officers or agents must exercise constant vigilance as they engage in subgrantee activities to ensure duplication of payments does not occur.

#### **l. Records Retention and Audit**

Each subgrantee expending confidential funds must retain all necessary records for no fewer than three (3) years after the final subgrantee reports have been approved. **This three-year period may be extended if an audit resolution process for any or all of the subgrantee funds is incomplete.** All records relating to the use of confidential funds **must** be made available for review by authorized federal officials or PGR with the sole exception of the true names of informants.

## **Informant File Security and Maintenance**

A separate file must be established for each informant for accounting purposes.

- Informant files must be kept in a separate and secure storage facility and under the exclusive control of the project director, manager, or an employee designated by him/her.
- The facility must be locked at all times when unattended.
- Access to these files must be limited to those employees who have a necessary and legitimate need.
- An informant file must not leave its immediate area within the storage facility, except for review by a management official or the handling agent, and must be returned prior to the close of business on the day of its review.
- Sign-out logs must be kept indicating the date, informant number, time in and out, and the signature of the person reviewing the file.

Each file must include the following documentation:

- Informant Payment Record easily accessible on top of the file. This record provides a summary of informant payments.
- Informant Establishment Record, including complete identifying and locating data, plus any other documents connected with the informant's establishment.
- Current photograph and fingerprint card (or Federal Bureau of Investigation [FBI]/State criminal identification number).
- Agreement with cooperating individual.
- Receipts for P/I.
- Copies of all debriefing reports (except for the headquarters case file).
- Copies of case initiation reports showing the use of an informant (except for the headquarters case file).
- Copies of statements signed by the informant (unsigned copies will be placed in appropriate investigative files).
- Any administrative correspondence pertaining to the informant, including documentation of any representations made on his/her behalf or any other nonmonetary considerations furnished.
- Any deactivation report or declaration of an unsatisfactory informant.

## **Procedural Safeguards for Confidential Funds**

In exercising his/her authority to approve these expenditures, the unit supervisor must consider the significance of the investigation, the need for this expenditure to further that investigation, and anticipated expenditures needed for other investigations.

Funds for P/E, P/I, or P/S expenditures should be advanced to the officer or agent for a specific purpose. If they are not expended for that purpose, they must be returned to the cashier. **All flash roll amounts advanced must be returned to the cashier, with the exception of those cases in which the officer or agent is compelled to expend some portion of these funds to further the cause of the investigation. If such cases occur, the officer or agent must provide an appropriate level of documentation for the unplanned expenditure as he/she completes the fund reconciliation process.**

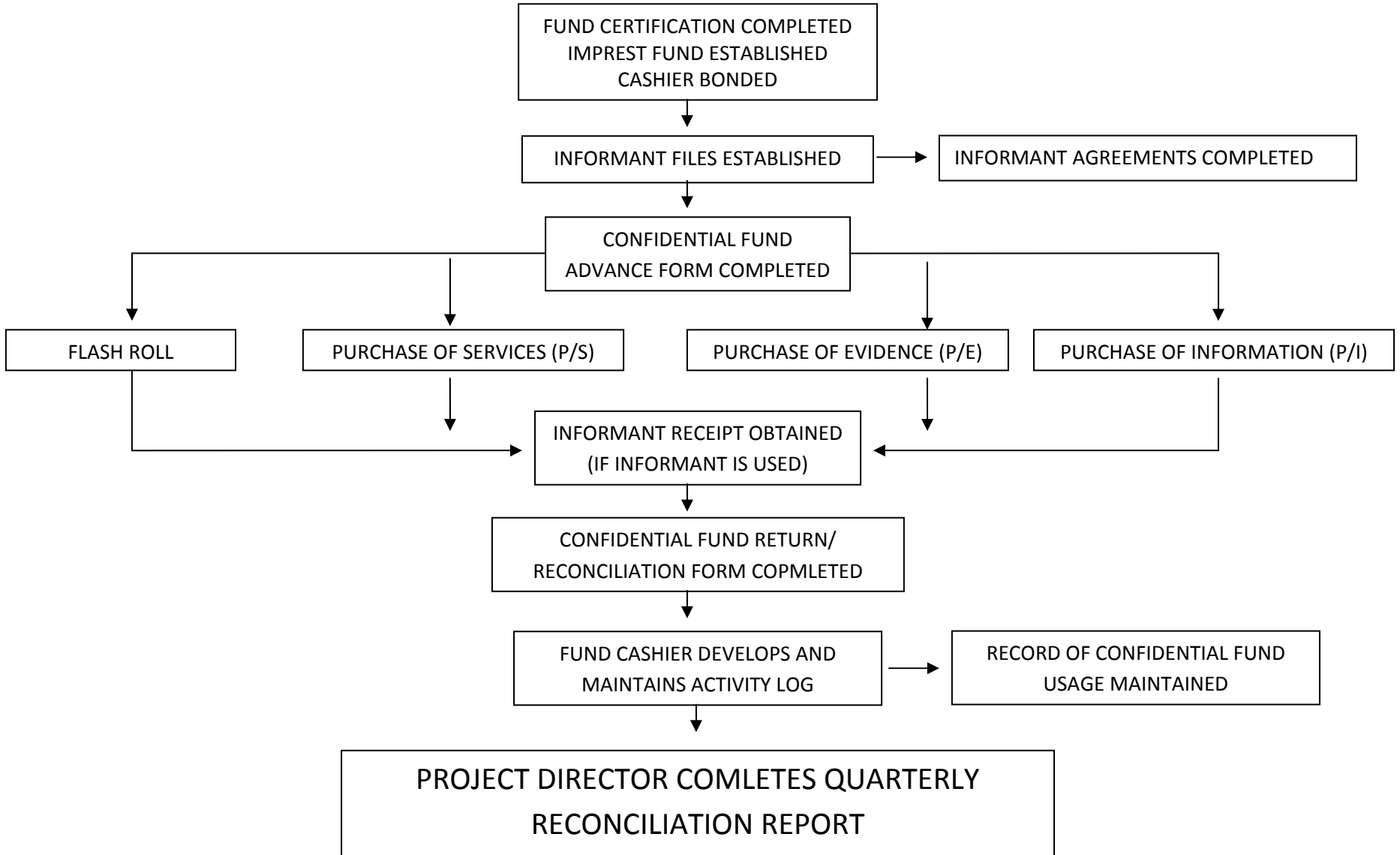
Funds advanced for a specific purpose must not be used for another purpose without a return and reauthorization for the new purpose.

When not endangering the safety of the officer, agent, or informant; P/S expenditures need to be supported by canceled tickets, receipts, lease agreements, or similar appropriate documents. If not available, the unit supervisor or project director must provide a brief memorandum for record stating the reason for the lack of documentation.



**Appendix 1**  
**FLOW CHART**

# BYRNE JUSTICE ASSISTANCE GRANT (JAG) CONFIDENTIAL FUND FLOW CHART



**Appendix 2**  
**FORMS**

**PLANNING, GRANTS AND RESEARCH**  
**SUBGRANTEE CONFIDENTIAL FUND CERTIFICATION**

This is to certify that I have read, understand, and agree to abide by all of the conditions and requirements for confidential funds as set forth in the Edward Byrne Memorial Assistance Grant Confidential Fund Guide published and provided by the Idaho State Police Planning, Grants and Research Section.

\_\_\_\_\_  
Subgrantee Agency Name

\_\_\_\_\_  
Subgrant Number

\_\_\_\_\_  
Project Director Signature

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Unit Supervisor Signature

\_\_\_\_\_  
Date of Signature



**CONFIDENTIAL FUND ADVANCE  
CASH REQUEST/RECEIPT/RECONCILIATION FORM**

**I. OFFICER/AGENT REQUEST**

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Name of Requesting Officer/Agent: \_\_\_\_\_ Date of Request: \_\_\_\_\_

Work/Cell Phone: \_\_\_\_\_

Amount of Requested Advance: \$ \_\_\_\_\_ Case or Reference Number: \_\_\_\_\_

Request of Purchase Type (Check One):  Services (P/S)  Evidence (P/E)  Information (P/I)

Informant's Code Name (If requesting P/I advance): \_\_\_\_\_

Signature of Requesting Officer/Agent: \_\_\_\_\_ Date of Signature: \_\_\_\_\_

**II. AUTHORIZATION**

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Name of Unit Supervisor: \_\_\_\_\_ Title of Unit Supervisor: \_\_\_\_\_

Work/Cell Phone: \_\_\_\_\_

Authorizing Individual Signature: \_\_\_\_\_ Date of Signature: \_\_\_\_\_

**III. ADVANCE PAYMENT/RECEIPT**

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Form of Payment to Officer/Agent:  Cash  Check # \_\_\_\_\_

Amount of Payment (If different than Section I request): \_\_\_\_\_

Signature of Imprest Fund Cashier: \_\_\_\_\_ Date of Payment: \_\_\_\_\_

**IV. RECONCILIATION OF ADVANCE**

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Name of Returning Officer/Agent: \_\_\_\_\_

Actual Expenses Incurred: \$ \_\_\_\_\_ Actual Amount Returned or Due to Officer/Agent: \$ \_\_\_\_\_

Amount of Additional Payment Made to Officer or Agent: \$ \_\_\_\_\_

Signature of Imprest Fund Cashier: \_\_\_\_\_ Date of Signature: \_\_\_\_\_

Signature of Officer or Agent: \_\_\_\_\_ Date of Signature: \_\_\_\_\_

**V. REMARKS**

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**INFORMANT PAYEE RECEIPT**

Case or Reference Number: \_\_\_\_\_

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For and in consideration of the sale and delivery to the \_\_\_\_\_ of:  
(Agency Name)

Services     Evidence     Information

described as follows:

I hereby acknowledge receipt of \_\_\_\_\_ ( \_\_\_\_\_ ) paid to me  
(Numerals) (Words)

on \_\_\_\_\_ .  
(Date of Payment)

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Signature (Informant/Payee)

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Signature (Witness)

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Signature (Officer/Agent)

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Signature (Authorizing Supervisor)





**CONFIDENTIAL FUND  
QUARTERLY RECONCILIATION**

**I. FUND RECONCILIATION**

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Subgrant Number: \_\_\_\_\_

Reporting Quarter: \_\_\_\_\_

Quarter Beginning Balance: \_\_\_\_\_

Expenses this Quarter: \_\_\_\_\_

Quarter Ending Balance: \_\_\_\_\_

**II. CONFIDENTIAL FUND TRANSACTION ANALYSIS:**

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*Provide a narrative description of confidential funds utilized during the reporting quarter. This narrative should focus on the investigative value derived from expenditures. Use additional sheets as necessary:*

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Project Director Signature

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Date

**CONFIDENTIAL FUND  
INFORMANT AGREEMENT**

It is understood and agreed that any funds advanced to the informant herein named are provided for the purposes described below. The informant further agrees to provide, to the best of his or her ability, the evidence, information, or services described in this agreement and will not accept duplicate payments from any other entity to provide the same evidence, information, or services.

Furthermore, it is understood that funds issued for these stated purposes are the property of the agency named below, provided by the U.S. Department of Justice through the Idaho State Police, and any misuse of the same by the informant will render the informant liable to prosecution.

It is further understood that the informant enters into this agreement freely and without coercion.

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**Description of evidence, information, or services to be provided by the informant:**

\_\_\_\_\_  
Informant Name

\_\_\_\_\_  
Informant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agency Name

\_\_\_\_\_  
Agency Address (Street, City, State and Zip Code)

\_\_\_\_\_  
Officer/Agent Name

\_\_\_\_\_  
Officer/Agent Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness Name

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Date