



DEPARTMENTAL  
GENERAL  
ORDER

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Index as:

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Bank/Credit Card Accounts  
Undercover Cash, Maximum  
Allowable  
Expenditures, Undercover  
Undercover Expenditures

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## UNDERCOVER EXPENDITURES

The purpose of this order is to control and account for undercover expenditures and the proper maintenance of the Police Imprest Account.

### I. USE OF UNDERCOVER FUNDS

- A. In accordance with City directives, undercover funds from the Police Operations Imprest Account shall be used only for police activities which require procurement for cash, with or without receipts, of services or evidence required to solve or suppress crimes, or to identify and apprehend persons involved in or suspected of committing crimes in Oakland. Undercover funds shall not be given or loaned to other agencies even if the purpose is related to undercover activity. Undercover funds shall not be used unless a purchase must be made to achieve a specific crime suppression purpose.
- B. The Police Operations Imprest Account is the only authorized account used for the aforementioned purposes. Additional undercover bank accounts, credit card accounts, or cash funds may be established with the prior written approvals of the Chief of Police and the Financial Services Agency (FSA) Director.
- C. Undercover funds budgeted under a grant award do not unilaterally authorize the grant project manager to establish a bank account, credit card account or cash fund without the required approvals.

- D. Members and employees who wish to establish a new undercover bank account, credit card account, or cash fund shall submit a letter of justification to the Chief of Police. Approved requests shall be forwarded to the Budget and Accounting Division (B&A) Manager for processing and transmittal to the FSA Director.
- E. The Chief of Police is accountable for the integrity and proper use of all Departmental undercover funds, including any bank or credit card accounts opened on behalf of the Department. In the case of grant-funded projects managed by non-City employees, the designated project managers shall be responsible for the accounting, reporting, and integrity of all cash funds.
- F. The B&A Manager is responsible for budgeting and managing undercover fund accounts, completing the required reports and establishing adequate controls to ensure the integrity of the funds. Specific duties include, but are not limited to the following:
1. Maintain the Police Imprest Account procedures;
  2. Conduct periodic internal audits of Departmental undercover funds; and whenever a new Chief of Police or Deputy Chief of the Bureau of Services is appointed:
    - a) Conduct an unannounced audit of all cash funds;
    - b) Reconcile all checking account balances; and
    - c) Summarize all findings in a report to the new Chief/Deputy Chief within sixty (60) calendar days following the appointment date.
  3. Promptly revise names and signatures of employees authorized to sign bank checks or bank forms and forward them to the City Treasury Manager.

4. Ensure that division employees assigned to work with Imprest funds have passed the required background checks.
5. Evaluate and implement new undercover fund accounts approved by the Chief of Police.
6. Coordinate with outside auditors and respond to audit recommendations.

**II. ACCOUNTABILITY FOR FUNDS ON HAND**

- A. The Department is authorized to hold \$25,000 in the Police Operations Imprest Checking Account (corporate) at the Bank of America. This amount may only be increased with written approvals from the FSA Director and the City Manager. The funds in this account are used to replenish an authorized undercover expense operating fund (cash or separate authorized bank accounts) as listed below:

<b>Description of Operating Fund</b>	<b>Responsible Member/ Employee</b>	<b>Maximum Cash on Hold (cash or separate bank account)</b>
Vice/Narcotics Undercover Fund	Vice/Narcotics Section Commander	\$2,000 (budgeted under City General or Asset Forfeiture funds)
Weed and Seed Project Undercover Fund (as long as the grant is active)	Vice/Narcotics Section Commander	\$2,000 (if funds have been budgeted under an active grant award)
Intelligence Division Undercover Fund	Intelligence Division Commander	\$250 (budgeted under General Fund Baseline)
Criminal Investigation Division Undercover Fund	Homicide Commander	\$400 (budgeted under General Fund Baseline)
Homicide Prevention Project Fund	Homicide Commander	\$5,000 (budgeted under special one-time General Fund Project appropriations for FY 1999-2001)

Description of Operating Fund	Responsible Member/ Employee	Maximum Cash on Hold (cash or separate bank account)
Child Exploitation Investigation Fund (has separate undercover bank and credit card account)	Youth Services Division Commander	\$2,500 (budgeted under General Fund Baseline)
East Oakland Partnership/ Youth Alive Grant	CID Commander	\$3,000 (expenditures up to \$20,000 for the duration of the 2000 Grant)
Alameda County Regional Auto Theft Task Force (ACRATT)	Non-Departmental Team Project Managers	As determined by ACRATT Project Managers and established budget

- B. Each time money is expended, the responsible unit commanders shall ensure that two copies of the Expense Receipt (TF-972, 6/99) are completed and filed in a secure place. Receipts can also be kept, along with the cash, in a locked box/safe to facilitate monthly reconciliation and periodic audits. (ACRATT project managers maintain their own procedures for undercover and petty cash fund management.)
1. The name and serial number of the member making the expenditure, the purpose of the expenditure, the date, the exact amount involved, and the related RD number or arrest number, if any, shall be recorded on each Expense Receipt.
  2. The names of informants or other individuals receiving money may be coded on the Expense Receipt to preserve confidentiality.
- C. The total of the funds on hand and the funds accounted for on Expense Receipts (TF-972, 6/99) completed since the last reimbursement request shall not exceed the allowable maximum amounts.

- D. The responsible unit commanders shall also conduct a monthly cash count of each undercover fund and document cash and receipts on hand in a memorandum addressed to the FSA Director. The original and one copy of the memorandum shall be forwarded to the B&A Division Manager.
- E. In the event that a separate undercover bank account has been authorized to hold the undercover funds, the check book, stubs, deposit receipts, bank statements, reimbursement forms, and supporting invoices and receipts shall be kept in a separate locked drawer/box/safe to facilitate monthly reconciliation and periodic audits. A copy of the bank statement shall also be forwarded to the B&A Division Manager for preparation of the monthly bank reconciliation report.
- F. There shall be no commingling of General Fund Baseline undercover funds with grant or project undercover funds. This includes physical transfer or loan of cash from one cash box to another, and cashing checks drawn on one undercover account for deposit to another cash fund.

### **III. REIMBURSEMENT FOR EXPENDITURES**

- A. At their discretion, the responsible unit commanders may request reimbursement for expenditures before funds on hand are depleted.
- B. Prior to submitting a request for reimbursement, the responsible commander shall cause one copy of the Confidential Expenditure Account (TF-833) form to be completed for each officer who has spent undercover money since the last reimbursement request was made. The TF-833 shall detail each officer's expenditures. If the commander intends to retain copies of the Account forms, two shall be completed for each officer.
- C. Reimbursement requests shall be submitted on three copies of the Supply Order (TF-043, 2/98) with supporting documentation attached which details expenditures made since the last reimbursement request. The supporting documents shall be as follows:

1. One copy of each Expense Receipt (TF-972, 6/99).
  2. One copy of each Confidential Expenditure Account form (TF-833).
- D. The total amount of expenditures accounted for on the Expense Receipts and the funds on hand balance shall be listed on the Supply Order. The amount of reimbursement requested plus the funds on hand balance shall not exceed the total funds the commander or supervisor is authorized to hold.
- E. The responsible unit commanders shall retain duplicate copies of Expense Receipts in a secure place for five years.

#### **IV. DEPUTY CHIEF RESPONSIBILITIES**

The responsible Deputy Chief shall review Supply Orders, retain the supporting documents (Expense Receipts, Confidential Expenditure Accounts, and a copy of the Supply Order); and sign and forward the original and one copy of the approved Supply Orders to the Chief of Police. The Deputy Chief shall also retain the supporting documents for five years.

#### **V. CHIEF OF POLICE RESPONSIBILITIES**

The Chief of Police shall retain copies of all correspondence and audit reports relating to the use of undercover funds and the Police Imprest Account for five years.

#### **VI. BUDGET & ACCOUNTING DIVISION (B&A) PROCEDURES**

The B&A Division shall maintain written procedures on the use of undercover funds and promptly revise bank records whenever designated signers are transferred or terminated. (Also see B&A Division Manager responsibilities under Part I, F.)

A. Reimbursement Requests

Upon receiving a Supply Order signed by the Chief of Police, the responsible B&A Division employee shall:

1. Complete an Imprest Account Voucher (TF-3120) and record the appropriate budget accounts (Fund, Organization, Account, Project, and Program Codes) from which the amount of reimbursement should be deducted.
2. Prepare an Imprest bank check for the amount requested and hand-carry the check to the authorized signers. Two signatures are needed for each Imprest bank check.
3. Retain the signed check while the appropriate member is notified that it is available.
4. Obtain the check recipient's signature on the Imprest Account Voucher, and retain a copy of the Imprest bank check before releasing it to the designated recipient.
5. Record the Imprest Voucher number on the check stub in the bank register and update the running bank account fund balance.
6. On a bi-weekly basis, process a direct payment request for a warrant debiting the various divisions for the amount of the Imprest checks issued. Attach the original Imprest Account Vouchers to the request. The City warrant shall be made payable to the "Police Imprest Account."
7. Upon receipt of the City warrant, deposit the check at the local Bank of America branch and obtain a bank receipt. File the receipt, City warrant check stub, and request form with the yellow copy of the Imprest Account Vouchers.

B. Shortage Reports

1. In accordance with City procedures, the B&A Division Manager shall cause shortages of undercover expense funds of \$10 or more to be reported to the FSA Director immediately.
2. The B&A Division Manager shall cause shortages of less than \$10 to be explained and reported with the next claim for reimbursement to the Police Operations Imprest Account.

C. End of Month Reports

1. In accordance with City procedures, transactions involving undercover expense funds shall be reflected in the monthly Police Imprest Account Bank Reconciliation Reports and the month-end Cash Count Reports prepared by the responsible unit commanders.
2. The responsible B&A Division accountant shall complete the bank reconciliation reports as soon as the bank statements are received.
3. The accountant shall submit the bank reconciliation reports via the B&A Division Manager to the Chief of Police for signature and forwarding to the FSA Director.

D. Quarterly Audits

The B&A Division Manager shall assign a different Accounting Section employee to conduct periodic unannounced audits of undercover expenditure funds and forward a written report of each audit to the Chief of Police. The employee conducting the audit shall be authorized to review Expense Receipts and Confidential Expenditure Accounts and any other documents necessary to conduct the audit.



**VII. RECOVERY OF EXPENDITURES FROM OFFENDERS AS A  
CONDITION OF PROBATION**

A. Investigators

1. In the event that undercover expenditures are made in connection with the investigation and arrest of a suspect, the investigator may request the court to order the offender to make restitution to the City of Oakland as a condition of probation.
2. Reimbursement may be requested for buy money and for out-of-pocket expenses but not for compensation to informants.
3. The investigator shall complete four copies of the Declaration Re: Investigation Expenses form (TF-851), certifying the amount and purpose of the undercover expenses.
  - a) The investigator shall submit two copies of the form to the prosecutor with the other required documentation at the time that a charge is requested.
  - b) The investigator shall forward one copy of the Declaration form to the Alameda County Probation Department.
  - c) The remaining copy of the form shall be placed in the case file.

- B. In the event that the court grants an order requiring an offender to repay the City for undercover expenditures incurred in connection with his/her case, collection from the offender will be accomplished in one of two ways, depending on the type of probation he/she receives.

1. Formal Probation

If the offender is placed on formal, supervised probation, the probation officer will monitor the defendant's payments, and the County Central Collections will forward a warrant to the City of Oakland when the defendant completes the restitution.

2. Court Probation

If the offender is placed on unsupervised court probation, the judge will give him/her a copy of the probation form, which will be completed to indicate the amount the defendant must pay to the Department, the reason for the restitution, whether payment is to be made in full or by installments, and date(s) payments are due. The Criminal Investigation Division (CID) Commander shall forward a copy of the court order containing the restitution requirements and the defendant's payments (cash or check) to the B&A Manager for deposit to the City's General Fund.

3. In the event that the court order specifies that restitution payments shall be retained by the Department for use in future criminal investigations, the CID Commander shall direct the B&A Manager to deposit and appropriate the funds to the Department's Criminal Investigation Project.

By order of

Richard L. Word  
Chief of Police