



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

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## Confidential Fund Accounting and Forms

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Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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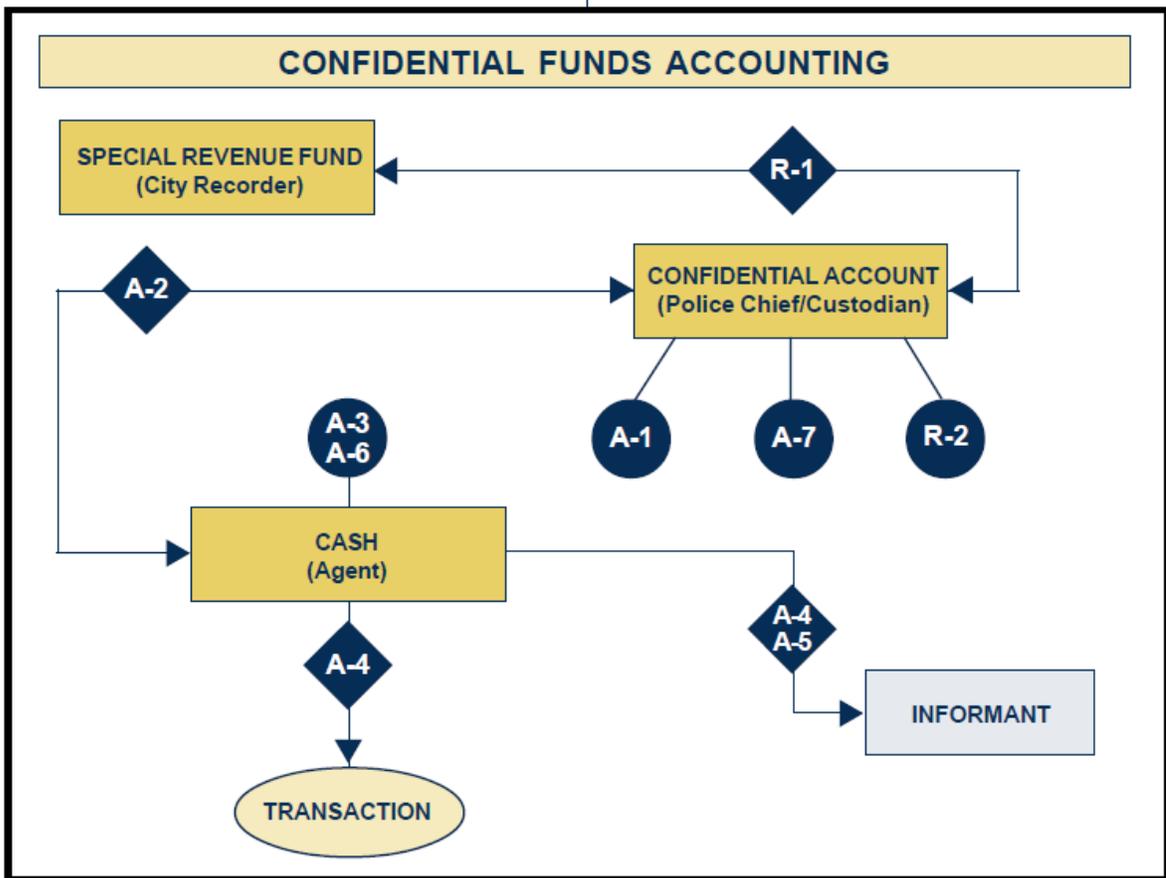
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## Confidential Fund Accounting and Forms

**Reference Number:** MTAS-383

Most municipal 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 dependant on documentation prepared by the police officers.

The comptroller's office has developed several forms to document the various types of confidential cash transactions and are covered on subsequent pages. 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.



### A1 - Custodian's Activity Log for Confidential Funds

**Reference Number:** MTAS-385

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.



## A2 - Transaction Record of Confidential Funds

**Reference Number:** MTAS-386

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 A-2

#### TRANSACTION RECORD OF EACH ADVANCE AND RETURN OF CONFIDENTIAL FUNDS

ADVANCE	Transaction Number _____
Agent's name _____ ID number _____	
Unit _____	
Amount of advance \$ _____ Case or reference # _____	
Intended purpose: <input type="checkbox"/> Investigative advance <input type="checkbox"/> Use as a flash roll *	
Advance approved by _____	
Signature of chief law enforcement official or designee	Date _____
Advance received by _____	
Agent's signature	Date _____
Check # _____ Date _____	
* Flash rolls shall be returned within 72 hours unless extended for an additional 48-hour period.	

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RETURN	Transaction Number _____
Agent's name _____ ID number _____	
Unit _____	
Amount returned \$ _____ Case or reference # _____	
Advance returned by _____	
Agent's signature	Date _____
Advance returned to _____	
Signature of chief law enforcement official or designee	Date _____
Receipt # _____ Date _____	

Original: Filed with Fund Custodian  
 Copy: Retained by Agent

## A3 - Agents Activity Log for Confidential Funds

**Reference Number:** MTAS-387

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.



# A4 - Accountability of Confidential Funds

Reference Number: MTAS-388

## Form A-4

### ACCOUNTABILITY OF CONFIDENTIAL FUNDS

Case # \_\_\_\_\_

**FUNDS EXPENDED**

Transaction Number \_\_\_\_\_

**EVIDENCE:**

Type and quantity \_\_\_\_\_

Date \_\_\_\_\_ Amount spent \$ \_\_\_\_\_

**UNDERCOVER MOTOR VEHICLE:**

Gasoline and Oil

Date \_\_\_\_\_ Amount spent \$ \_\_\_\_\_

Station/store \_\_\_\_\_

Date \_\_\_\_\_ Amount spent \$ \_\_\_\_\_

Station/store \_\_\_\_\_

Date \_\_\_\_\_ Amount spent \$ \_\_\_\_\_

Station/store \_\_\_\_\_

**INFORMANT EXPENSES:**

Code name \_\_\_\_\_ CI # \_\_\_\_\_

Date \_\_\_\_\_ Receipt – Yes [ ] No [ ] Amount \$ \_\_\_\_\_

**MISCELLANEOUS:**

Explanation \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Explanation \_\_\_\_\_ Date \_\_\_\_\_ Amount \$ \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I certify that the above expenditures are true and correct.

\_\_\_\_\_  
Agent's signature Date

Original: Filed with Fund Custodian

Copy: Retained by Agent

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

## A5 - Receipt for Payment to Informant

**Reference Number:** MTAS-389

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 pre-assigned code name. The receipt also should be witnessed by another officer.

Form A-5

RECEIPT FOR PAYMENT TO INFORMANT

A. Case or reference # \_\_\_\_\_ Date \_\_\_\_\_

I hereby acknowledge receipt of \$ \_\_\_\_\_ ( \_\_\_\_\_ )  
numbers words

paid to me by: \_\_\_\_\_ for consideration of

[ ] information and/or [ ] services

Described as follows: \_\_\_\_\_

\_\_\_\_\_

*Section B is to be filled out when funds are advanced to informant for future purchase(s).*

B. It is understood and agreed that this money is to be expended by me only for the purchase, as evidence, of controlled substances. If no such purchase is made, or if such purchase is made for less than the total sum furnished to me before \_\_\_\_\_, (date/time)

I will forthwith refund the sum furnished or the balance thereof to the above-named officer of the \_\_\_\_\_ (agency name). In any event, upon demand by the above-named officer at any time, I will forthwith refund to him/her the total amount of any sum thus furnished to me that has not yet been expended by me for the purchase, as evidence, of controlled substance(s). Furthermore, it is understood that this money is the property of \_\_\_\_\_ (city) and that misuse or conversion of the money to my personal use will render me liable to prosecution.

C. \_\_\_\_\_ Date \_\_\_\_\_  
Payee code name or number

\_\_\_\_\_ Date/Time \_\_\_\_\_  
Officer's signature

\_\_\_\_\_ Date \_\_\_\_\_  
Witness's signature

Original: Filed with fund custodian

Copy: Retained by agent

## A6 - Summary of Informant Payment Log

**Reference Number:** MTAS-390

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.



MTAS-391

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

Form A-7

CONFIDENTIAL FUND MONTHLY RECONCILIATION REPORT

A. RECONCILIATION

Bank balance per statement \$ \_\_\_\_\_

Date of statement \_\_\_\_\_

Add: Deposits in transit (from section B).  
[Deposits recorded on Activity Log (A-1),  
but not appearing on the bank statement.] \$ \_\_\_\_\_

Subtract: Outstanding checks (from section C).  
[Checks written and recorded on Activity  
Log (A-1) but not appearing on the bank statement.] \$ \_\_\_\_\_

Balance per Activity Log \$ \_\_\_\_\_

Date \_\_\_\_\_

B. DEPOSITS IN TRANSIT

Date	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL \$ _____	

C. OUTSTANDING CHECKS

Check #	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL \$ _____	

D. CONFIDENTIAL FUNDS WITH AGENTS

Name	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL \$ _____	

\* Parts A, B, and C are completed only if confidential funds are maintained in a separate bank account.

E. SUBMISSION AND APPROVAL

\_\_\_\_\_ Prepared by \_\_\_\_\_ Approved by \_\_\_\_\_

## R1 - Report of Confidential Funds Requested or Returned

**Reference Number:** MTAS-392

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 R-1

**REPORT OF CONFIDENTIAL FUNDS REQUESTED OR RETURNED**

To: \_\_\_\_\_  
City recorder/finance director

I am requesting funds in the amount of \$ \_\_\_\_\_ for use in the drug enforcement program.

I am returning funds of \$ \_\_\_\_\_ that have accumulated in the drug control (confidential funds) account.

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**LAW ENFORCEMENT AGENCY'S CERTIFICATION:**

Submitted by \_\_\_\_\_  
Chief law enforcement official

Title \_\_\_\_\_

Date \_\_\_\_\_

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**CITY RECORDER/FINANCE DIRECTOR CERTIFICATION OF RECEIPT OR PAYMENT**

Amount Received \$ \_\_\_\_\_ Receipt # \_\_\_\_\_

Amount Paid \$ \_\_\_\_\_ Warrant or Check # \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

## R2 - Quarterly Report of Confidential Funds

Reference Number: MTAS-393

The police chief must submit a quarterly report to the recorder by the 30th of the month following the close of the quarter.

### Form R-2

### QUARTERLY REPORT OF CONFIDENTIAL FUNDS

For the quarter ending \_\_\_\_\_, 20\_\_\_\_

TO: \_\_\_\_\_  
City Recorder/Finance Director

The following represents a true and accurate accounting of confidential funds held by the office of \_\_\_\_\_ for the quarter listed above.  
Police chief or designee

Balance of confidential funds, first of quarter	\$ _____
Add: Funds received from City Recorder/Finance Director	\$ _____
Less: Expenditures from confidential funds	\$(_____)
Less: Funds returned to City Recorder/Finance Director	\$(_____)
Balance of confidential funds, end of quarter	\$ _____

Submitted by \_\_\_\_\_  
Chief law enforcement official

Title \_\_\_\_\_ Date \_\_\_\_\_

This report must be filed with the City Recorder/Finance Director within 30 days of the end of the months of September, December, March and June each year.

Original: Filed with City Recorder/Finance Director  
Copy: Retained by the law enforcement agency

*DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.*

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