

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**CASH VERIFICATION OF
THE METROPOLITAN POLICE
DEPARTMENT'S MAIN
IMPREST FUND, IF-FA-39**

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INSPECTOR GENERAL**

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OFFICE OF THE INSPECTOR GENERAL**

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MAIN IMPREST FUND, IF-FA-39**

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INTRODUCTION AND PURPOSE

The District of Columbia (D.C.) Office of the Inspector General (OIG) has conducted an unannounced cash verification and audit on selected departments (hereafter called elements) of the D.C. Metropolitan Police Department (MPD) regarding the imprest funds assigned from the MPD's Main Cash Advance Fund (MPD imprest fund). The MPD imprest fund, which is accounted for as imprest fund IF-FA 39, is authorized at \$125,000 and is administered by the MPD's Finance and Budget Division.

The purpose of the cash verification was to determine whether MPD imprest funds assigned to the elements were maintained in accordance with the provisions of Mayor's Memorandum 82-29; Imprest Fund Procedures, D.C. Municipal Regulations (DCMR), Title 27, Section 1815, Imprest Funds, and MPD General Order 304.5 Confidential Fund Procedures. Specifically, the audit was to determine whether the funds were expended for intended purposes, the expenditures were adequately approved and documented, and controls are in place and operating effectively to safeguard the funds.

BACKGROUND

The mission of the MPD is to provide law enforcement and other police services to people living, working, and visiting in D.C.; and to improve the quality of life in the city. The MPD is a community-oriented police organization that works with individual neighborhoods in identifying resources available to solve crime and maintain order while assisting with the resolution of problems affecting the community's quality of life.

To accomplish this mission, the MPD was provided a \$100,000 imprest fund for use in the prevention and detection of crime. In March 1997, the MPD requested and received an increase in the fund to \$125,000. The MPD used the imprest fund to establish fourteen confidential and imprest funds at the various elements within the MPD for varying amounts. The commanders/directors of an element are required to sign cash advance sub-vouchers for the amount of MPD imprest funds allocated to their respective elements. An officer from each element is designated by the Commander/Director to perform the duties of the confidential or imprest fund custodian. The confidential funds are used by the elements to pay informants (special employees) and witnesses, and to fund undercover operations for the prevention and detection of crime.

The MPD's Finance and Budget Division (FBD) is responsible for the proper distribution of and accounting for the \$125,000 MPD imprest fund. The FBD maintains \$38,100 of the fund to reimburse the various elements' confidential and imprest fund expenditures. The FBD submits its reimbursement requests to the District's Deputy Chief Financial Officer (CFO), Office of Financial Operations and Systems (OFOS) for funding.

In addition to the \$38,100 fund, the FBD also maintains an additional \$25,000 which was previously maintained by the Criminal Investigation Division (CID)-Backup Fund custodian. These additional monies were returned to the FBD custodian by the Federal Bureau of

Investigations (FBI) after it seized the \$25,000 for evidence upon the arrest of the CID-Backup fund custodian. The funds were transferred to the FBD custodian on May 22, 1998. The CID-Backup Fund was used to reimburse the various elements' confidential funds when the FBD office was closed.

The FBD custodian accounts for the \$125,000 by including cash on hand, the disbursements issued to replenish the various element fund expenditures, and the cash advance sub-voucher receipts supporting the amount of funds issued to the elements. Records at the OFOS list the FBD Accounting Officer and one alternate cashier as the individuals responsible for the \$125,000 MPD imprest fund.

Mayor's Memorandum 82-29, dated May 18, 1982, provides the basic guidelines for the establishment, use, reimbursement, safeguarding, and auditing of the imprest funds. Section III of the Memorandum requires that use of the imprest fund shall be restricted to the purpose for which it was established. The authority to modify or to abolish all imprest funds is vested with the Mayor, who has delegated this authority to the OFOS. The OFOS is also responsible for approving and assigning identification numbers to imprest funds.

MPD's General Order Series 304.5 provides the basic guidelines for the establishment of procedures for controlling and disbursing funds allocated to the Confidential Fund. Part I of the Order outlines the responsibilities and procedures for special assignment personnel, and Part II outlines the responsibilities and procedures for supervisory and command personnel.

SCOPE AND METHODOLOGY

Audit procedures employed during the cash verification included performing unannounced cash counts of the FBD, CID-Homicide Division, the Fourth District, and records maintained to account for the respective fund balances and the MPD imprest fund balance of \$125,000. We examined fund expenditures for adequate support, and for proper approval and compliance with MPD General Order 304.5 and imprest fund regulations. We reviewed internal controls over the safeguarding of MPD imprest funds and examined prior audit and inspection reports to determine if prior issues were resolved. We held discussions with the MPD and FBD officials and other employees who currently handle the confidential funds and the FBD imprest fund. In addition, we examined related MPD imprest fund records maintained at the OFOS.

The cash verifications were conducted on March 11 (CID), March 17 (Fourth District), and April 6 (FBD), 1998. Records related to the CID-Homicide and FBD funds were examined for the period October 1, 1995 through December 31, 1997, and from October 1, 1996 through September 30, 1997 for the Fourth District fund.

With respect to the CID-Homicide confidential fund of \$1,000, we were unable to verify that all expenditures and reimbursements to the fund were adequately recorded and accounted for by the fund's former custodian. The PD Forms 128 (PD 128 control sheets) used to record all expenses and reimbursements were not available for our examination.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards.

SUMMARY AND CONCLUSION

Our cash verification disclosed that control and accountability over the imprest funds were inadequate. We noted that documentation acknowledging the receipt and responsibility for thirteen (13) sub-funds, totaling \$61,900, was not updated. As a result, we could not determine who was responsible for each of the thirteen sub-funds, and the amount in each.

The FBD safe also contained \$8,453.06 of an unidentified fund that was previously reported on in the OIG audit report, OIG No. 9512-07 dated February 8, 1995. The prior IG report recommended that the Chief of Police deposit the unidentified funds to the General Fund if the funds were no longer needed. This recommendation was not implemented.

In addition to the cash count, our audit of the FBD records revealed that the FBD:

- did not cancel either the original PD 152 sub-vouchers prior to submitting the items for reimbursement and did not return the duplicate copy to the element's custodian when paid;
- stopped recording MPD imprest fund activity to the Confidential Fund-Account Book; and
- did not report imprest fund losses to the OIG.

Our cash count and analysis of the CID-Homicide safe contents indicated that the confidential fund's \$1,000 was, for the most part, accounted for. There was an expenditure of \$100 that was not documented as issued from the fund, and there was an outstanding advance for \$120. Further, our discussions with the current CID-Homicide custodian indicated that training, MPD policies and procedures, and imprest fund regulations regarding the control and maintenance of the confidential fund were not provided.

Because of the unavailability of documents, we were unable to verify that all expenditures and reimbursements were accounted for and properly recorded. The PD 128-control sheets were missing for most of the audit period that we reviewed. This lack of documentation prevented us from determining if the former CID-Homicide custodian properly recorded expenditures for advances issued and recorded reimbursements from the FBD to replenish the confidential fund.

The cash count of the Fourth District confidential fund revealed a \$5,030 balance with an unexplained \$30 overage. Our audit of transactions noted that the confidential fund custodian did not timely record transactions to the PD 128-control sheet and, therefore, did not know the balance in the account at any given time. We determined that controls over the approval, issuance and recording of advances and expenditures for payments were inadequate and did not comply with MPD General Order 304.5.

We have provided recommendations for the Chief of Police to take the proper actions to address these conditions.

FINDINGS AND RECOMMENDATIONS

FINANCE AND BUDGET DIVISION

Prior Audit Recommendations Not Implemented

Our audit disclosed that an unidentified sum of \$8,453.06, which was previously reported in an OIG audit, still remained idle in the FBD safe. The FBD custodian informed us that the unidentified funds were not deposited due to an ongoing investigation by the MPD's Office of Professional Responsibility (previously Internal Affairs) for possible wrongdoing. He also stated that FBD officials wanted to wait until after the results of the MPD investigation before removing the funds from the safe. As a result, the unidentified funds have remained idle for over three years.

The \$8,453.06 unidentified fund was previously reported by the OIG in its report, OIG No. 9512-07, dated February 8, 1995. In that report, it was noted that the funds were from a special \$20,000 fund established in 1976 by a miscellaneous voucher to fund a special narcotics investigation. However, there was no determination regarding the source of the fund, the purpose of the fund, or what the funds were expended for. In the prior report, the OIG recommended that "...the Chief of Police take administrative action to:

- determine the source, purpose and original amount of the \$8,453.06 in unidentified funds;
- ensure that the total amount of unidentified funds is accounted for and take appropriate action if there are funds unaccounted for; and,
- deposit the unidentified fund to the District's General Fund if the purpose for which the funds were to be used no longer exists...."

To date, we have not been informed in regard to the current status or results of the MPD investigation.

Recommendations

We recommended that the Chief of Police take the following necessary action.

1. Deposit immediately the \$8,453.06 to the District's General Fund.
2. Provide our Office with the results or the status of the investigation regarding the \$8,453.06 unidentified funds.

Agency Response:

The agency concurred with the finding and recommendations. (See attachment).

1. The funds were deposited in the District's General Fund on October 22, 1998.
2. As soon as the agent concludes the investigation, the OIG will be informed of the outcome.

Inadequate Documentation From An Element's Commander Or Director

Our audit of the FBD documents disclosed that the FBD custodian did not have signed statements from the elements' current commanders or directors acknowledging their receipt and responsibility for \$61,900 of the \$125,000 imprest fund. The FBD custodian noted that he did not maintain updated cash advance receipts from each element's commander or director because his office is not notified when changes occur in commanders, directors, or the delegated custodian. Without obtaining a signed cash advance sub-voucher from the current commander or director of an element, acknowledging his/her receipt and responsibility for the funds, the FBD custodian, the imprest custodian of record, is technically liable for any fund shortages of the \$125,000 imprest fund. MPD General Order 304.5, Part II, A. provides: *"All cash advances shall be recorded by obtaining a receipt signed by the element commander or director."*

The FBD custodian only had cash advance sub-vouchers that were initially issued as far back as March 1990 to account for the \$61,900 of funds assigned to the various elements of the MPD. The individuals who signed the cash advance sub-vouchers were not the persons currently authorized to sign and issue confidential funds for the elements.

Recommendations

We recommended that the Chief of Police take the following necessary measures.

1. Have the current commanders and directors comply with General Order 304.5 and sign cash advance receipt vouchers acknowledging receipt of the funds and responsibility for the internal control of the funds assigned.
2. Require that the commanders and directors notify the FBD regarding changes in the delegated fund custodian of their elements.
3. Ensure that cash advance receipt vouchers for the commanders and directors are updated when changes occur at an element and are forwarded to the FBD custodian to account for the total MPD imprest fund.
4. Require a reconciliation of the elements' fund when a commander, director, or the designated custodian changes, holding the commander or director and the delegated custodian responsible for any fund shortages.

Agency Response:

The agency concurred with the finding and recommendations. (See attachment.)

The agency has developed a training course for managing the Confidential Fund. A draft copy of the training outline is included in the attachment.

PD 152 Sub-vouchers Not Canceled After Reimbursement

The PD 152 sub-vouchers submitted by the various elements to the FBD for reimbursement were not canceled in accordance with MPD General Order 304.5 when the FBD custodian prepared the items for reimbursement from the OFOS. Our discussions with the FBD custodian indicated that this was not done because the custodian and other FBD officials were not aware of this requirement. Failure to cancel PD 152 sub-vouchers could result in an original PD 152 sub-voucher being resubmitted for reimbursement, either in error or intentionally.

MPD General Order 304.5, Part I, E. 2. b. provides: "...After PD Form 152 has been included on a voucher for reimbursement, the word "REIMBURSED" shall be stamped in large letters across its face...."

The PD 152 sub-vouchers are used by the various MPD elements to document the expenditures from the confidential fund without divulging confidential information. The confidential fund custodians submit their PD 152 sub-vouchers to the FBD custodian for reimbursement to the fund. We examined approximately 175 reimbursement vouchers and 575 PD 152 sub-vouchers submitted by all elements to determine if the FBD followed documented procedures. None of the sub-vouchers issued during the audit period was marked as canceled. In addition, we also found that the FBD custodian did not cancel the duplicate PD 152 sub-vouchers that were returned to the element upon payment. Although not a requirement of General Order 304.5, basic accounting controls would recommend that the receipt, submitted for reimbursement, be "canceled" with some form of validation to prevent its reuse.

Recommendation

We recommended that the Chief of Police take the necessary measures to ensure that an FBD official, other than the FBD custodian, cancel all PD Form 152 sub-vouchers submitted for reimbursement in accordance with General Order 304.5.

Agency Response:

The agency concurred with the finding and recommendation. (See attachment.)

All PD 152s will be canceled immediately after reimbursement, effective November 3, 1998.

FBD Confidential Fund-Account Book Not Maintained

Our audit disclosed that the FBD custodian did not maintain the Confidential Fund-Account Book (Account Book) as required by General Order 304.5 noted below. The FBD custodian noted that he stopped recording to the Account Book due to staff shortages and prioritizing responsibilities. Although the Account Book was maintained through April 30, 1997, the FBD custodian noted that it was not kept current. Failure to adhere to established policies and procedures weakens the control functions for which the policies and procedures were established.

General Order 304.5, Part I, E.1.a. provides: *"A Confidential Fund-Account Book shall be maintained in the Office of Finance and Management consisting of three sections. The first section (Obligation) shall be a list of PD Form 152s in numerical sequence.... The second section ...shall show the exact amount of PD Form 152s paid.... The third section...shall be a list of reimbursement vouchers in numerical sequence giving the date of the voucher, control number of PD Form 152s covered, total amount of the voucher, and balance of appropriation."*

Recommendation

We recommended that the Chief of Police take the necessary measures to ensure that the FBD maintains the Confidential Fund-Account Book in accordance with the requirements of General Order 304.5.

Agency Response:

The agency concurred with the finding and recommendation. **(See attachment.)**

The Confidential Fund-Account Book was re-established on October 1, 1998.

MPD Imprest Fund Losses Not Reported To The OIG

The FBD did not report MPD imprest fund losses to the OIG in accordance with required regulations. Failure to notify the OIG of any fund shortage within twenty-four hours violates Mayor's Memorandum 82-29, "Imprest Fund Procedures," and impairs the audit trail with the passage of time. The FBD custodian noted that he was unaware of the requirement to notify the OIG of any fund losses. He stated that any missing funds from an element are reported to the Chief of Police's office for action. Consequently, we could not determine when the shortage occurred because the FBD did not follow the established procedures for handling fund shortage.

Section XII of Mayor's Memorandum 82-29 provides: *"...In the event of loss, theft, or occurrence of an unexplained shortage to the Imprest Fund, a report citing the appropriate circumstance, must be filed with the Office of the Inspector General (OIG) as well as the*

Metropolitan Police Department (MPD). Where applicable, the MPD should be called immediately while the report to the OIG should be filed within 24 hours of the occurrence...."

During examination of the FBD reimbursement requests and PD 152 sub-vouchers, we noted that a \$5,000 reimbursement was issued to the Sixth District. The reimbursement documentation noted that it was to replenish the confidential fund back to a \$5,000 fund. Documentation further noted that the element experienced a theft of the initial \$5,000 confidential fund and a special fund for \$1,000 was issued to the Sixth District for use. We were unable to obtain the results or the current status of the investigation regarding the loss of funds.

Recommendation

We recommended that the Chief of Police take the necessary measures to ensure that all imprest and/or confidential fund shortages or losses of funds are reported to the OIG in accordance with Section XII of Mayor's Memorandum 82-29 "Imprest Fund Procedures."

Agency Response:

The agency concurred with the finding and recommendation. (See attachment.)

Losses will be reported to the OIG as soon as the Office of the CFO knows of such losses through its own the reviews and audits.

Criminal Investigations Division-Homicide Unit

Cash Count Of CID-Homicide's Confidential Fund

Our cash count on March 11, 1998 of the CID-Homicide confidential fund indicated that the \$1,000 confidential fund was accounted for. Although the initial cash count indicated a fund overage of \$2,600, further analysis of the safe documents disclosed that funds in the amount of \$2,600 were previously reimbursed. Also, there was an expenditure of \$100 that was not documented as issued from the fund, and there was an outstanding advance for \$120.

We were unable to determine why the documents for previously reimbursed items remained in the CID-Homicide safe. In our opinion, this occurred because the former custodian of the CID-Homicide confidential fund did not keep the PD 128-control sheets current. The PD 128-control sheets were unavailable for examination. The following lists the payment dates and Chief of Police assigned control voucher numbers (COP voucher numbers) of items in the safe reported as unreimbursed but were reimbursed:

Date		COP Voucher	PD 152 *	PD 127 *
<u>Prepared</u>	<u>Paid</u>	<u>Number</u>		
07/13/97	07/17/97	233	970.00	
07/13/97	07/17/97	234	740.00	
09/05/97	09/09/97	276	590.00	
09/05/97	10/09/97	002		100.00
09/05/97	10/09/97	002		200.00
Total			<u>\$ 2,300.00</u>	<u>\$ 300.00</u>

* These are forms submitted by investigators and the reimbursement payments from the FBD.

We disclosed this problem to the new custodian and gave verbal instructions as to how the documents should be filed given that they had already been reimbursed.

Inadequate Records Documenting Fund Activity

Our audit noted that the records accounting for activity of the CID-Homicide fund were not adequately maintained. We found that the PD 128-control sheets used to list the PD 127 expenditures submitted by its investigators and the reimbursement payments from the FBD were not available for 17 of the 27 months that we examined. The current fund custodian and other CID officials stated that the records presented were the only records that were maintained in the safe when the current custodian took over in November 1997. Attempts to locate the records were unsuccessful. The failure of the fund custodians to maintain records adequately precludes an efficient reconciliation of the fund and eliminates the audit trail that would aid in detection of errors.

MPD General Order 304.5, Part I, C. 5. b. (2) provides "...Part 2 shall contain a separate PD 128 Log for each fiscal year. The PD 128 Log for the current fiscal year may be kept in a three-ring note book. The PD 128 Log shall be balanced at the end of each month...."

Recommendation

We recommended that the Chief of Police take the following necessary measures.

1. Reconcile periodically and examine all confidential and imprest funds issued to the various elements to ensure that the funds are accounted for.
2. Ensure that proper records are maintained in accordance with General Order 304.5.

Agency Response:

The agency concurred with the finding and recommendations. **(See attachment.)**

The Office of the CFO will conduct periodic reviews to reconcile documents and cash, and to ensure that proper records are maintained in compliance with General Order 304.5. This requirement is now a part of the workload of the general accounting staff in the Office of the CFO, MPD.

Inadequate Training Of Confidential Imprest Fund Custodians

During our cash count and examination, the current CID-Homicide custodian noted that she was unaware of the procedures governing the confidential fund. The custodian stated that training was not provided. Also, she was not provided a copy of the MPD General Order 304.5, Confidential Fund Procedures, or of Mayor's Memorandum 82-29, Imprest Fund Procedures, for guidance. Assigning confidential funds to a custodian without providing the basic policies and procedures for operating the fund may create confusion in administering the fund, which ultimately could result in errors.

Recommendations

We recommended that the Chief of Police take the following necessary measures.

1. Ensure that all confidential and imprest fund custodians are adequately trained and are provided copies of the Mayor's Memorandum 82-29 and MPD General Order 304.5 regulations.
2. Ensure that the required cash advance sub-voucher is prepared and signed when there is a change in an element's commander/director, and that the fund is reconciled when a change in fund custodian occurs. The outgoing custodian is responsible for any shortages noted in the fund on transition of the fund custodian.

Agency Response:

The agency concurred with the finding and recommendations. **(See attachment.)**

1. The Office of the CFO has developed a training curriculum to certify all custodians. Part of the training package includes distributing Mayor's Memorandum 82-29 and General Order 304.5.
2. The CFO has established new procedures to audit and reconcile the imprest funds when a change in fund custodian occurs, holding the outgoing custodian responsible for shortages.

FOURTH DISTRICT

Cash Count Of The Confidential Fund

The cash count of the Fourth District confidential fund set up as \$5,000 disclosed a total of \$5,030. This included both cash and sub-vouchers, making a \$30 unexplained overage in the fund. The current fund custodian noted that the overage was in the fund when he took over the account on January 21, 1998, although the PD 128-control sheet disclosed that the fund balance was \$5,002.

Recommendation

The OIG recommended that the Chief of Police instruct the Fourth District confidential fund custodian to submit the \$30 overage to the FBD custodian for deposit in the District's General Fund.

Agency Response:

The overage of \$30.00 was deposited in the General Fund on November 3, 1998.

Transactions Not Recorded In A Timely Manner

Confidential fund transactions were not recorded to the PD 128-control sheet in a timely manner. The PD 128-control sheet was last updated in January 1998 and therefore was not available for examination for transactions after January 1998. The fund custodian noted that he did not maintain the monthly summary sheet due to his excessive workload. However, our review of the monthly summary sheets for Fiscal Year 1997 indicated approximately 200 transactions, about 17 transactions per month.

A current PD 128-control sheet provides the daily balance of the confidential fund. It lists the daily expense and reimbursement transactions of the confidential fund and summarizes the monthly totals. It is similar to a check book register for a checking account and is a useful reconciliation tool. Failure to maintain an up-to-date PD 128-control sheet allows for errors to go undetected.

MPD General Order 304.5 Part I, C. 2. a., provides, "...the official in charge of the Confidential Fund shall, on a daily basis, enter the member's expenditures on PD Form 129 and on PD Form 128 (Monthly Summary of Expenditures and Reimbursements)." Part I, C. 4. c. provides: "The official in charge of the Confidential Fund shall enter the amount of the reimbursement on the PD Form 128 and place the cash in the safe."

Recommendations

The OIG recommended that the Chief of Police take the following necessary action.

1. Institute a monthly reconciliation and review process to ascertain that all confidential fund custodians are complying with the requirements of MPD General Order 304.5 with respect to recording expenditures and reimbursements daily to the PD 128-control sheet.
2. Ensure that the officers' qualifications are taken into consideration before designation as custodians so as to make certain that the officers can perform their assigned responsibilities while maintaining the funds as required.

Agency Response:

The agency concurred with the findings and recommendations. (See attachment.)

1. The CFO has been charged with the responsibility to conduct monthly reconciliations and a review process to ensure that all confidential fund custodians are complying with the MPD General Order 304.5 with respect to recording expenditures and reimbursements daily to the PD 128 control sheet.
2. The Officers' qualifications and workload will be taken into consideration when commanders/directors recommend custodians to the Chief of Police. Maintaining and administering the imprest fund will be a high priority for all custodians.

Inadequate Controls Over The Payment Process

We noted that controls over transactions involving Special Employees (S.E.s) were not implemented to ensure compliance with MPD General Order 304.5. We noted that S.E. identification numbers were not always recorded on the PD 153 Form, which is signed by the S.E. upon receiving payment, and which is used to support the expenditure of advanced confidential funds. Also, there were no controls in place to ensure advance approval of payment to S.E.s when the amount exceeded \$100. Failure to implement adequate controls could easily result in abuse and misuse of the confidential funds.

We examined approximately 153 payments (approximately \$16,140) made to S.E.s during the audit period. About 85% of the payments (approximately \$13,225) did not indicate the S.E. number on the PD Form 153, which was signed by the S.E. Also, there were 45 payments (approximately \$9,818) made in excess of \$100 that were made without advance approval.

MPD General Order 304.5 Part II, TRACKING VICE INVESTIGATIONS, Confidential Funds (revised July 9, 1987) provides: *"Directives must be set forth and policies emphasized to supplement the contents of this General Order at the element levels. The following procedures will facilitate accountability of confidential funds at the various element levels:*

- "...6. *In every instance that a Special Employee (SE) receives advanced MPDC Funds, whether for the purchase of evidence and/or for information and assistance provided, the Special Employee must sign a completed PD 153, Receipt for Expended Advanced MPD Funds. Every PD 153 must be reviewed and signed by a sergeant and a Vice Lieutenant or Branch Commander of the respective branch prior [to] the submission for processing. Special Employees shall be documented within element vice files and have assigned a S.E. number prior to their receipt of any Confidential Funds. The Special Employee Number shall be noted on the PD 153 along with the Investigation File Number.*"
- "7. *Any payment to a Special Employee for information and/or assistance provided which exceeds \$100.00, shall require advance approval by the Vice Lieutenant, or Branch Commander, or Watch Commander.*"

Recommendations

We recommended that the Chief of Police take action to ensure the following:

1. MPD officials supervise and inspect the maintenance of the confidential funds on a regular basis and in a timely manner. There should be a training/educational process to instruct the custodians about the established procedures and to guide them in their performance of those procedures.
2. Appropriate action is taken to establish guidelines for all elements with confidential funds to ensure compliance with established approval requirements.

Agency Response:

The agency concurred with the findings and recommendations. (See attachment.)

1. The CFO will conduct regular reconciliations and reviews of the confidential fund and report findings to the immediate supervisor through the chain of command. The CFO has developed a training curriculum to certify all custodians. Additional reviews and audits will be conducted to ensure that procedures will be followed as outlined in General Order 304.5.
2. The Executive Assistant Chief will establish guidelines to ensure that the proper approval Process is followed for payments made to Special Employees.

Non-Compliance With Approval Requirements

Our audit noted that expenditures exceeding \$300 did not have the required review and level of approval when submitted for reimbursement. PD Form 127 Confidential Expenditure Sheet (PD 127 expenditure), used to support expenditures for the cash advance, does not provide a specific place for the required level of approval for expenditures exceeding \$300. Also, the commander did not establish procedures to ensure that MPD General Order 304.5 was followed. Failure to

ensure compliance with established approval requirements could result in improper payment of confidential funds.

MPD General Order 304.5, Confidential Funds (revised July 9, 1987) provides:

“...2. *Disbursements to personnel or expenditures exceeding \$300.00 for any one (1) transaction must be approved by the vice lieutenant or, in his absence, the watch commander.*”

Recommendation

We recommended that the Chief of Police take appropriate action to revise the layout of forms PD 127, Confidential Expenditure Sheet, and PD 153, Receipt for Expended Advanced MPD Funds, to provide for indication of review and approval in accordance with MPD General Order 304.5.

Agency Response:

The agency concurred with the finding and recommendation. **(See attachment.)**

The commanders/directors will attend the custodians training to provide updates on the approval process.

GENERAL COMMENTS

PD 127, 152 and 153 Forms Should Be Pre-Numbered

The MPD should have the PD forms 127, 152, and 153 (used to document and account for individual confidential fund receipts, expenditures, and reimbursements) pre-numbered to facilitate control and accountability. Because a normal receipt or invoice does not support confidential fund expenditures, the use of a pre-numbered voucher will provide added information and an audit trail for tracing expenditures to supporting documentation.

Validate Reimbursement Documents To Prevent Reuse

There are currently no procedures in place for destroying or mutilating the reimbursement documents supporting the PD 152-reimbursement request submitted to the FBD unit to replenish the confidential fund. Because the supporting documentation is not submitted with the reimbursement request to the FBD custodian, the unit commander or director should validate the supporting documents when approving the PD 152 sub-voucher for reimbursement. With the use of pre-numbered PD 152 sub-vouchers, the commander or director could validate the supporting documents (PD 127s and PD 153s) simply by noting on the forms. "Reimbursed by PD 152 No. xxxxx dated xx/xx/xx."

Agency Response:

The agency concurred with our comments. (See attachment.)

MPD will investigate prenumbering the PD-127 and 152 forms.

METROPOLITAN POLICE DEPARTMENT
Office of the Chief Financial Officer

MEMORANDUM

TO: E. Barrett Prettyman, Jr.
Inspector General

FROM: Daniel Tangherlini ✓
Chief Financial Officer

DATE: November 3, 1998

SUBJECT: Response to the Metropolitan Police Department's Main Imprest Fund, If-FA-39

The following is the Metropolitan Police Department's response to the audit findings and recommendations contained in your draft audit report of October 1998. Additionally, we have provided draft copies of our Financial Issuance for the Confidential Fund and the course outline for imprest fund custodians and Commander/Directors which are designed to improve the administration and internal control of the Confidential Fund.

Should you have any further questions, please feel free to contact me on 727-4317.

Attachments

METROPOLITAN POLICE DEPARTMENT
Office of the Chief Financial Officer

Findings and Recommendations

Finance and Budget Division

A. Prior audit Recommendations Not Implemented

Auditor's Recommendation

The Auditor recommends that the Chief of Police take the necessary action to:

1. Deposit immediately the \$8,453.06 to the District's General Fund.

MPD's Response

MPD deposited the \$8,453.06 in the District's General Fund on October 22, 1998.

2. Provide our office with the results or the status of the investigation regarding the \$8,453.06 unidentified funds.

MPD's Response

The MPD agent who is working on the case will soon conclude his investigation. As soon as the investigation is concluded, the OIG will be informed of the outcome.

B. Inadequate Documentation From An Element's Commander or Director

Auditor's Recommendation

The Auditor recommends that the Chief of Police take necessary measures to:

1. Have the current commanders and directors comply with General Order 304.5 and sign cash advance receipt vouchers acknowledging receipt of the funds and responsibility for the internal control of the funds assigned.
2. Require that the commanders and directors notify the FBD regarding changes in the delegated fund custodian of their elements.
3. Ensure that cash advance receipt vouchers for the commanders and directors are updated when changes occur at an element and are forwarded to the FBD custodian to account for the total MPD imprest fund.
4. Require a reconciliation of the element's fund when a commander, director, or the designated custodian changes, holding the commander or director and the delegated custodian responsible for any fund shortage.

MPD Response

MPD has developed a training course for managing the Confidential Fund. All of the citations above will be fully addressed in the training manual. A draft copy of the training outline is included for your review.

C. PD 152 Sub-vouchers Not Canceled After Reimbursement.

Auditor's Recommendation

The Auditor recommend that the Chief of Police take the necessary measures to ensure that an FBD official, other than the FBD custodian, cancel all PD Form 152 sub-vouchers submitted for reimbursement in accordance with General Order 304.5.

MPD's Response

MPD agrees with the Auditor. All PD 152s will be canceled immediately after reimbursement, effective November 3, 1998.

D. FBD Confidential Fund Account Book not Maintained.

Auditor's Recommendation

We recommend that the Chief of Police take the necessary measures to ensure the FBD maintains the Confidential Fund Account Book in accordance with the requirements of General Order 304.5

MPD's Response

MPD agree with the auditor. Confidential Fund Account Book was re-established on October 1, 1998.

E. MPD Imprest Fund Losses Not Reported To The OIG

Auditor's Recommendation

We recommend that the Chief of Police take the necessary measures to ensure that all imprest and/or confidential fund shortages or loss of funds are reported to the OIG in accordance with Section XII of Mayor's Memorandum 82-29 "Imprest Fund Procedures."

MPD's Response

MPD agreed with the auditor. Losses will be reported to the OIG as soon as the Office of the Chief Financial Officer knows of such losses through the reviews and audits.

Criminal Investigations Division-Homicide Unit

A. Cash Count of CID-Homicide's Confidential Fund Auditor's Recommendation – None

The Auditor observed that previously reimbursed documents remained in the safe with unreimbursed documents due to the PD 128 control sheets were not maintained. OIG gave verbal instruction to the new custodian as to how reimbursed documents should be filed.

MPD's Response

The Office of the Chief Financial Officer has developed a training curriculum to certify all custodians. Additional frequent reviews and audits will be conducted to assure that procedures will be followed as outlined in General Order 304.5.

B. Inadequate Records Documenting Fund Activity Auditor's Recommendation

We recommend that the Chief of Police take the necessary measures to:

1. Reconcile periodically and examine all confidential and imprest funds issued to the various elements to ensure that the funds are accounted for.
2. Ensure that proper records are maintained in accordance with General Order 304.5.

MPD's Response

The Office of the Chief Financial Officer will conduct periodic reviews, to reconcile documents and cash, and ensure that proper records are maintained in compliance with General Order 304.5. This requirement is now a part of the workload of the General Accounting staff in the Office of the Chief Financial Officer, MPD.

C. Inadequate Training of Confidential Imprest Fund custodians Auditor's Recommendation

We recommend that the Chief of Police take the necessary measures to:

1. Ensure that all confidential and imprest fund custodians are adequately trained and are provided copies of the Mayor's Memorandum 82-29 and MPD General order 304.5 regulations.
2. Ensure that the required cash advance sub-voucher is prepared and signed when there is a change in an element's commander/director and the funds is reconciled when a change in fund custodian occurs. The outgoing custodian is responsible for any shortages noted in the fund on transition of the fund custodian.

MPD's Response

1. The Office of the Chief Financial Officer has developed a training curriculum to certify all custodians. Part of the training package includes distributing Mayor's Memorandum 82-29 and General Order 304.5.

2. MPD's CFO has established new procedures to audit and reconcile the imprest funds when a change in fund custodian occurs, holding the outgoing custodian responsible for shortages.

Fourth District

A. Cash Count of the Confidential Fund

Auditor's Recommendation

The OIG recommends that the Chief of Police instruct the Fourth district confidential fund custodian to submit the \$30 overage to the FBD custodian for deposit in the District's General Fund.

MPD's Response

The overage of \$30.00 was deposited in the General Fund on November 3, 1998.

B. Transactions Not Recorded In a Timely Manner

Auditor's Recommendation

The OIG recommends that the Chief of Police take the necessary action to:

1. Institute a monthly reconciliation and review process to ascertain that all confidential fund custodian are complying with the requirement of MPD General Order 304.5 with respect to recording expenditures and reimbursements daily to the PD 128- control sheet.
2. Ensure that the officers' qualifications are taken into consideration before designation as custodians so as to make certain that the officers can perform their assigned responsibilities while maintaining the funds as required.

MPD's Response

1. MPD's CFO has been charged with the responsibility to conduct monthly reconciliations and a review process to ensure that all confidential fund custodians are complying with the MPD General Order 304.5 with respect to recording expenditures and reimbursements daily to the PD 128 control sheet.
2. Officers' qualifications and workload will be taken into consideration when commanders/directors recommend custodians to the Chief of Police. Maintaining and administering the imprest fund will be a high priority for all custodians.

C. Inadequate Controls Over the Payment Process

Auditor's Recommendation

We recommend that that chief of Police take action to ensure that:

1. MPD officials supervise and inspect the maintenance of the confidential funds on a regular basis and in a timely manner. There should be a training/educational process to instruct the custodians about the established procedures and to guide them in their performance of those procedures.

2. Appropriate action is taken to establish guidelines for all elements with confidential funds to ensure compliance with established approval requirements.

MPD's Response

1. MPD's CFO will conduct regular reconciliations and reviews of the confidential fund and report findings to immediate supervisor through the chain of command. The Office of the Chief Financial Officer has developed a training curriculum to certify all custodians. Additional frequent reviews and audits will be conducted to assure that procedures will be followed as outlined in General Order 304.5.
2. The Executive Assistant Chief will establish guidelines to ensure that the proper approval process is followed for payments made to Special Employees.

D. Non-compliance with Approval Requirements

Auditor's Recommendation

We recommend that the Chief of Police take appropriate action to revise the layout of forms PD-127, Confidential Expenditure Sheet, and PD 153, Receipt for Expended Advanced MPDC Funds, to provide for indication of review and approval in accordance with MPD General Order 304.5.

MPD's Response

The commanders/directors will attend the custodians training to provide updates on the approval process.

General Comments

A. PD 127, 152 & 153 Forms should be pre-numbered

Auditor's Recommendation

The MPD should have the PD forms 127, 152, and 153 (used to document and account for individual confidential fund receipts, expenditures, and reimbursements pre-numbered to facilitate control and accountability. Because a normal receipt or invoice does not support confidential funds expenditures, the use of a pre-numbered voucher will provide added information and an audit trail for tracing expenditures to supporting documentation.

MPD's Response

MPD will investigate prenumbering the PD-127 and 152 forms.

B. Validate Reimbursement documents to Prevent Reuse

Auditor's Recommendation

There are currently no procedures in place for destroying or mutilating the reimbursement documents supporting the PD-152 reimbursement request submitted to the FBD unit to replenish the confidential fund. Because the supporting documentation is not submitted with the reimbursement request to the FBD custodian, the unit commander or director should validate the supporting documents when approving the PD152 sub-voucher for reimbursement. With the use of pre-numbered PD-152 sub-vouchers, the commander or director could validate the supporting documents (PD 127s & PD 153s) simply by noting on the forms. "Reimbursed by PD 152 No. xxxxx dated xx/xx/xx."

MPD's Response

MPD proposes to require the Commander/director to mark the reimbursed vouchers "Reimbursed" with the number of the PD 152 and the date.

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METROPOLITAN POLICE DEPARTMENT
Office of the Chief Financial Officer

Confidential Fund Training

Course Outline

- I. General Discussion on Confidential Fund
 - A. Purpose
 - B. Authority
 1. District of Columbia Municipal Regulations DCMR, Title 27, Section 1815
 2. Mayor's Memorandum 82-29
 3. MPD General Order 304.5, Confidential Fund
 4. Office of the Chief Financial Officer, Financial Issuance #99-01, Confidential Fund Procedures
 - C. Establishing or Modifying Confidential Funds
- II. Roles and Responsibilities
 - A. D.C. Chief Financial Officer
 - B. Chief of Police
 - C. MPD's Chief Financial Officer
 - D. Commander/Director
 - E. Field Custodian Cashier
 - F. Central Custodian Cashier
 - G. D.C. Inspector General
 - H. D.C. Auditor
 - I. General Accounting Office
- III. Discuss Daily Operations
 - A. Locked Safe
 - B. PD 128 Confidential Funds Monthly Summary of Expenditures and Reimbursements
 - C. PD 129 Confidential Funds – Officer's Account Record
 - D. PD 127 Confidential Expenditure Sheet
 - E. PD 152 Sub-voucher for Reimbursement of the Confidential Fund
 - F. PD 153 Receipt for Expended Advance MPDC funds.
 - G. Bates-Type Sequential Numbering Stamp
 - H. Confidential Fund Account Book
 - I. FMS Form 436, Imprest Fund Voucher
 - J. Record keeping
- IV. Emphasize new reimbursement process
 - A. Stamping of PD 152 and duplicate after reimbursement of funds
 - B. Recording of PD152 in the Confidential Fund Account Book

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- V. Audits, Reviews and Cash Reconciliation
 - A. Performed by Commander/ Director
 - B. Performed by Office of the Chief Financial
 - C. Performed when changing custodian cashiers
 - 1. Responsibilities for outgoing and incoming custodian cashier (s)
 - 2. Documentation of problems and resolutions
 - 3. Appointment of new custodian cashier (s)
 - D. Audit report and report of shortage of funds
- VI Questions and Answers
- VII. Award of Certifications

METROPOLITAN POLICE DEPARTMENT
Office of the Chief Financial Officer

October 21, 1998

To: Terrance Gainer
Executive Assistant Chief, Operations

From: Dan Tangherlini 
Deputy Chief Financial Officer

Subject: Confidential Funds Reinvention Follow-Up

Attached please find the OCFO's most recent proposal for the reorganization of the Department's various confidential funds. This reorganization attempts to address the issues raised both by the OIG Report (10/16) on confidential funds management and the Department's recent reorganization. In addition to the fund reinvention outlined in the attached memorandum, the OCFO is currently designing a curriculum for training fund managers. The training component will be critical in ensuring the future financial management success of this important activity. Please feel free to share with me any questions or comments you may have on this proposal.

METROPOLITAN POLICE DEPARTMENT
Office of the Chief Financial Officer

MEMORANDUM:

TO: Executive Assistant Chief of Operations

FROM: Daniel Tangherlini 
Deputy Chief Financial Officer

DATE: October 21, 1998

SUBJECT: Reorganization of the Mayor's Travel Fund and Confidential Fund

The following is the recommendation of the Office of the Chief Financial Officer (CFO) to reorganize the Mayor's Travel Fund and the Confidential Fund. Also included are responses to concerns expressed by members of the command staff and operational personnel who currently use the funds.

Mayor's Travel Fund

- I. Given the change in personnel; the amount of the cash shortage (\$550.00); lack of operational training in the handling and reporting of cash transactions; weak internal controls; and infrequent audits, this office recommends writing off the shortage of cash in the Mayor's Travel Fund. As part of the broader effort to reinvent cash accounts, the Mayor's Travel Fund should be included in the proposed programmatic changes detailed below.

Confidential Fund

- II. Reduce the number of sub-funds from 15 to 6 and amount of fund from \$125,000 to \$100,000.

Office of the Professional Responsibility	\$ 7,000
Office of the Chief Financial Officer	20,000
Regional Operations Command North	10,000
Regional Operations Command Central	20,000
Regional Operations Command Eastern	10,000
Special Services Group	33,000
Total	\$100,000

- II. Nominate cashiers and obtain approval by the Central CFO for employees who will be conducting cash transactions for specific imprest funds.

- III. Provide training by the Office of the CFO for the approved unit cashiers who will now be responsible for cash transactions and financial reporting.
- IV. Include a \$3,000 fund in the Special Services Group for food provision in emergency incidents for police and support staff to conduct investigations and special events that will not allow these employees to leave the worksite for meals. The \$20,000 maintained by the CFO will provide a backup when unit funds have been depleted while awaiting reimbursement checks.
- V. Answers to concerns raised by command staff and users of the Confidential Fund

Comment: (Various) Non-sworn custodians should not operate the fund.

Response: The fund will be operated by "trained" sworn staff.

Comment: (5D) Locating the funds at some location off site combined with the reduction in its base allocation would curtail or suspend certain vice operations.

Response: The location of the fund can be made convenient to handling vice operations. The CFO has funds available should your funds become depleted. If your average expenditure per month increases such that it exceeds your allocation, an increase can be provided from unit allocations that are not as active.

Comment: (formerly Support Services CID) A central location was not user friendly combined with the requirement to obtain the signature of the Chief of Police on voucher documents presents in acquiring funds and delays in obtaining reimbursement.

Response: The Chief may delegate signature responsibility.

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Office of the Chief Financial Officer

**Financial Control Directive
Financial Issuance No. 99-01**

Issuance Date: November 21, 1998

Effective Date: November 21, 1998

The purpose of this order is to establish policies and procedures for controlling and disbursing funds allocated to the Confidential Fund as approved by the D.C. Chief Financial Officer, as an imprest fund. The policies and procedures included herein will be consistent with guidelines set forth by the D.C. Chief Financial Officer and the requirements of the Metropolitan Police Department to carry out the prevention and detection of crime and vice activities.

PART I: Policy and Functional Requirements

PART II: Operational Procedures

PART I

A. Policy

1. The Confidential Fund shall be operated and housed in a locked safe, within the security of a locked office where access is controlled by the Metropolitan Police Department. Access to the locked safe must be for persons solely responsible as custodian cashiers for the funds contained in the safe.
2. The Confidential Fund shall not be used to purchase equipment, for reimbursement of gasoline mileage, or for similar purchases where normal purchasing or reimbursement procedures exist.
3. The disbursement of cash must be limited to persons authorized as custodian cashiers by the Metropolitan Police Department's Chief Financial Officer (MPD CFO) and the Chief of Police for a particular fund.

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4. A cash count and reconciliation audit must be conducted for each fund, on a monthly basis, and to change custodian cashiers.
5. Field custodian cashiers are subordinate to the central custodian cashiers in MPD's Office of the Chief Financial Officer for training, conducting financial reviews and reconciliation.

B. Terms

1. **Imprest Fund**
The total funds advanced to the Metropolitan Police Department that are used to operate the Confidential Imprest Fund.
2. **Central Custodian Cashiers**
Custodian cashiers are located in the Office of the Chief Financial Officer whose duties include instructional training to certify field custodian cashiers, review field imprest fund operations and reimburse field operations' fund allocations. Central custodian cashiers are nominated by the Chief of Police and MPD's Chief Financial Officer and approved by the D.C. Chief Financial Officer to administer the confidential fund.
3. **Field Custodian Cashiers**
Field Custodian Cashiers are located in police operational units who have been approved by the Chief of Police and the Chief Financial Officer and certified by central cashiers to administer unit confidential fund. The field custodian cashier (s) duties include maintenance of records, disbursement of cash, preparing financial reimbursement and status reports. The field custodian cashier must have sole access to the locked safe and the disbursement of cash from a particular unit's sub-fund allocation. Field cashiers are subordinate to the central cashiers.
4. **Sub-Fund Advances or Allocations**
Temporarily allocation of the total imprest fund to a division or program that is administered by the field custodian cashier.

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C. Establishing or Changing Imprest Fund Custodians and Commanders

1. To establish imprest fund cashiers, the department's Chief Financial Officer and the Chief of Police shall nominate primary central imprest fund custodian cashier (s) and field custodian imprest fund cashier (s) and alternates for approval by the D.C. Chief Financial Officer. Forms to complete and submit to the D.C. Chief Financial Officer for nomination and approval of Imprest Fund Cashier (s) include:
 - a. A signed copy of "Statement Acknowledging Responsibility of Imprest Fund Cashier (s)" for each custodian cashier;
 - b. Two completed "Signature Authorization Cards- Imprest Fund Cashier and alternate (s); and
 - c. A transmittal memorandum.
2. To change imprest fund custodian cashier (s), Commanders/ Directors must notify MPD's CFO, who will complete the forms for nomination, a transmittal memorandum requesting a deletion, by name, of each subject cashier, and if desired, a nomination for replacement (s) using the procedures for establishing imprest fund custodian cashiers as indicated above in (C. 1. a., b., and c.)
3. When Commanders/Directors are appointed over a new unit confidential fund, he/she must sign a cash advance receipt voucher acknowledging receipt of funds and responsibility for any shortages and internal control of the funds.

D. Required Materials and Forms

1. A Log Book is the ledger that records all disbursements of cash, deposits of cash and daily status of funds. There shall be at least one entry every day (365 days a year) in the log book. On days that there is no activity, including "days off", the log book shall indicate "no activity-on leave" or "days off", the previous closing day's balance shall be recorded. This log book is maintained by each central and field imprest fund custodian cashier (s).
2. Form SF 1165, " Receipt book" shall be used as an interim receipt when cash is advanced from the central imprest fund custodian cashiers to field custodian cashiers.

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3. A Bates-type sequential numbering stamp shall be used to pre-number each receipt from the receipt book. Care should be taken to ensure that the stamp is functioning properly and that the number assigned to the receipt portion of the form also appears on the corresponding interim receipt. The Bates-type sequential numbering stamps is maintained and operated by the central and field custodian cashier (s).
4. The central and field cashiers shall have a combination safe to maintain cash, reports, log books, bates-type numbering stamp, reimbursement vouchers and other forms relating to the Confidential Fund. The safe must be kept in a locked room.
5. **PD Form 127-Confidential Expenditure Sheet**
This form is used by officers who expend cash for prevention and detection of crime and vice activities. Receipts are attached to this form and submitted to the unit field custodian cashier. Field custodian cashier transfers information on the PD form 127 on to the PD form 128 and 129 regarding expenditures.
6. **PD Form 128-Confidential Funds Monthly Summary of Expenditures and Reimbursements**
This form is use by the field cashiers to record monthly expenditures and disbursements incurred by all officers and submitted the central cashier.
7. **PD Form 129-Officer's Account Record**
This form is used by the officer to record receipt of cash, disbursement of cash and cash balances.
8. **PD form 152-Sub Vouchers for Reimbursement of the Confidential Fund**
This prenumbered form is used to request reimbursement of sub-fund allocations using accumulated PD 127 Forms.

Part II. Operational Procedures

A. Receipt Requirements

Receipts shall be obtained in support of all disbursements of cash. Sworn officers (MPD employees) shall obtain receipts for submission to field cashiers for field disbursements.

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B. Reimbursement

1. The central custodian cashier shall prepare FMS Form 436 "Imprest Fund Reimbursement Voucher" after reviewing the approved reimbursement package for forms PD 128, 152, 127 and 129.
2. The Chief Financial Officer or his designee shall certify FMS Form 436 for data entry into the city's financial management system to generate a check.
3. Once the D.C. Treasurer has generated the reimbursement check, the central custodian cashier shall cash the check, deposit funds in the safe, record the cash amount and date of reimbursement of cash in the Daily Log Book, stamp or mark the relevant vouchers "Reimbursed" or "Paid."
4. The central custodian cashier will reimburse the field custodian cashiers and obtain a signed receipt. The field custodian cashier will annotate the Daily Log Book, indicating the amount reimbursed. The commander/director will cancel the PD-152 by marking "Reimbursed #xxxx date reimbursed xx/xx/xx on the PD 152 to correspond with the amounts received by the unit custodian cashier.

C. Audits

1. Cash reconciliations and audits of the funds are conducted when changes of unit custodians or commanders/directors occur.
2. The central custodian cashiers shall conduct reviews of cash transactions of imprest fund operations for the Confidential Fund and its sub-fund allocations.
2. The audits may include unannounced audits or regular monthly audits of each sub-fund or division fund that are to be conducted by MPD's CFO.
3. Results of the audits conducted by the Office of the Chief Financial Officer must be provided to the applicable field units for turnaround response of 10 days from issuance of the draft report. The final report to the Chief of Police will be submitted 20 days from issuance of the draft report. Shortage of Funds will be reported to the Office of the Inspector General.
4. The Confidential Fund is also subject to audits by the D.C. Controller, D.C. Auditor, Inspector General, Justice Department and the General Accounting Office. Responses to their audit findings will be 10 working

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days from the date of issuance of the draft report. Responses are to submitted to the Office of the Chief Financial Officer. The Chief Financial Officer will prepare the response for the Chief of Police.

*Binder
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VERNMENT OF THE DISTRICT OF COLUMBIA



OFFICE OF THE INSPECTOR GENERAL

717 14TH STREET, N.W., 5TH FL.
WASHINGTON, D.C. 20005
(202) 727-2540

MEMORANDUM

TO: Charles H. Ramsey, Chief
Metropolitan Police Department

FROM: E. Barrett Prettyman, Jr. *E. Barrett Prettyman, Jr.*
Inspector General

DATE: November 16, 1998

SUBJECT: Final Report -- "Cash Verification of the Metropolitan Police Department's Main Imprest Fund, IF-FA-39" (OIG No. 9820-16)

Attached is the final report by the Office of the Inspector General entitled "Cash Verification of the Metropolitan Police Department's (MPD's) Main Imprest Fund, IF-FA-39" (OIG No. 9820-16).

Our cash verification disclosed that control and accountability over imprest funds were inadequate. In addition to not being able to determine who was responsible for several sub-funds, there were many procedural problems that compromised the internal controls of the imprest fund. Also, our recommendation in a previous report that the Chief of Police deposit unidentified funds into the General Fund was not complied with.

We were unable to verify that all expenditures and reimbursements were properly recorded and accounted for due to the unavailability of documents. This missing documentation prevented us from determining if the former CID-Homicide custodian properly recorded expenditures for advances issued and recorded reimbursements from the FBD to replenish the confidential fund.

In a written response to our draft report, your staff concurred with the findings and recommendations. The responses are incorporated after each recommendation. In addition, the full text of the response is attached to this report.

If you have any questions or need additional information please contact me at the above number, or John N. Balakos, Assistant Inspector General for Audits, on 727-9749.

Attachment

cc: See distribution list attached