



United States Department of the Interior
OFFICE OF THE ASSISTANT SECRETARY - INDIAN AFFAIRS

Washington, D.C. 20240



IN REPLY REFER TO:

National Policy Memorandum

Assistant Secretary - Indian Affairs
Deputy Assistant Secretary – Management

Effective: 01/27/14

Expires: 01/27/15

Number: NPM-FIN-07

Title: Confidential Advanced Funds (CAF)/Law Enforcement Imprest Fund

1. Purpose

This memorandum establishes the requirements for Indian Affairs Confidential Advanced Funds (CAF)/Law Enforcement Imprest Fund.

2. Scope

This policy applies to all commissioned personnel within the Bureau of Indian Affairs (BIA), Office of Law Enforcement and all tribal, local, state and other Law Enforcement agencies participating in BIA, Office of Justice Services (OJS) Office of Law Enforcement Services (OLES) supervised task forces.

3. Policy

It is the policy of Indian Affairs to comply with federal regulations, and policy and direction from the Department of the Interior (DOI) and the Office of Management and Budget (OMB) to ensure adequate internal controls measures and reviews are established and implemented. IA has implemented procedures pursuant to the *Policy and Standard Operating Procedure Subject: Confidential Advanced Funds*. The policy is attached to this Memorandum. Also attached are *Financial Management Memorandum 2010-013 (Vol. II e) – Annual Imprest Fund Reporting* and *Financial Management Manual (FMM) 2012-022 Policy Directive Imprest Funds*, for reference.

4. Procedures

The Special Agent submits a requisition form 4314 combined with a Request for Confidential Advanced Funds Memo and an Overall Operations Plan to make cash payments for the purchase of evidence, information or to pay for miscellaneous expenses incurred during undercover

investigations. The Supervisory Special Agent, Special Investigations, or Associate Deputy Director of Operations signs and approves the request and submits the documentation to the OJS Imprest Fund cashier. The funds are disbursed via treasury check to the agent/requestor. A register is maintained by the cashier to chronologically record the cash transactions. The cashier also provides the Special Agent with a Receipt for Cash-Sub voucher which will be submitted upon receipt of funds to the Bureau.

The Special Agent maintains a receipt record of all transactions on an expenditure log. The agent must substantiate all transactions with an enforcement report and/or a CAF Accounting report and receipt. The Special Agents submits the Receipt for Cash- Sub-voucher form, containing the total amount of funds expended and referenced case numbers along with unexpended funds within 30 days. The Imprest Fund is replenished at least monthly. The Cashier prepares a monthly accountability report.

The designated Regional Finance Manager reviews the OJS Imprest Fund Cashier's monthly accountability report for errors and potential misuse of funds. The Finance Manager conducts four (4) unannounced audits annually with a witness and provides the results of the account audit to the Imprest Fund Cashier, who signs the report. The Finance Manager prepares an Annual Imprest Fund Certification and sends it to the IA Central Office of the Chief Financial Officer for review of the accuracy of the certification and potential misuse of funds.

5. Authorities

A. Statues and Regulations:

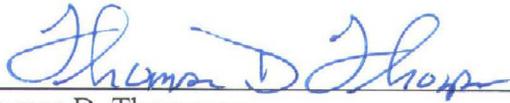
- 1) Federal Acquisition Regulation (FAR):
<http://www.acquisition.gov/far/html/FARTOCP07.html>
- 2) DOI Departmental Manual: <http://elips.doi.gov/elips/0/fol/1338/Row1.aspx>
- 3) General Services Administration Acquisition Regulation (GSAR):
<http://www.acquisition.gov/gsam/current/html/GSAMTOC501.html#wp436256>
- 4) Principles of Federal Appropriations Law, Vol. I, Chapter 5: Bona Fide Needs Rule:
<http://www.gao.gov/assets/210/202437.pdf>
- 5) Principles of Federal Appropriations Law, Vol. II, Chapter 7: Obligation of Appropriations: <http://www.gao.gov/assets/210/202819.pdf>
- 6) A payment by EFT is waived in accordance with provisions in 31 CFR 208 Management of Federal Agency Disbursements at Section 208.4. Waivers and payments involve national security interests, military operations or natural disasters; payments are made in furtherance of law enforcement action;
- 7) 31 USC 3321-3333; 31 CFR 208, Management of Federal Agency Disbursements; Final Rule.

B. Guidance

- 1) Debt Collection Improvement Act of 1996. Manual of Procedures and Instructions for Cashiers, Department of Treasury, Financial Management Service (June 1993).

- 2) FBMS Separation of Duties (SoD) Policy: <http://www.doi.gov/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>

6. Approval



Thomas D. Thompson
Deputy Assistant Secretary – Indian Affairs (Management)

1/31/2014
Date



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

MAY 15 2013

MEMORANDUM

To: All FBMS Acquisition Requisitions and Receiving Officials

Through: Director, Bureau of Indian Affairs
Director, Bureau of Indian Education

From: Deputy Assistant Secretary – Management

Subject: Financial and Business Management System Requisitioner and Receiving Official Roles and Responsibilities

This memorandum applies to all Indian Affairs (IA) headquarters, field, and program staff under the authority of the Assistant Secretary – Indian Affairs (AS-IA), including the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE).

Since the Financial and Business Management System (FBMS) became operational for IA on November 5, 2012, a number of questions have arisen regarding the roles and responsibilities of two primary IA FBMS roles: the Acquisition Requisitioner (ACQ_REQ) and Receiving Official (ACQ_COR). This memorandum defines the roles and responsibilities of these two critical roles.

Prior to deploying FBMS, IA conducted an extensive role mapping exercise to assign the appropriate roles to each employee to ensure that they could effectively complete their duties. During this process, IA limited the number of individuals assigned as requisitioners in FBMS based on guidance from the FBMS Project Management Office and lessons learned from other deployed bureaus. This limit would enable smoother and more efficient processing in FBMS for this critical business role.

Furthermore, to simplify the procurement-to-pay life cycle in FBMS, the requisitioners would also serve as the receiving officials in FBMS. In that vein, IA allocated a select number of ACQ_REQ/COR roles to each Indian Affairs region/division/office. The FBMS team communicated this process and subsequently executed it using the FBMS Change Coordinators in collaboration with the supervisors in each region/division/office.

Those FBMS users holding the ACQ_REQ and ACQ_COR roles are accountable for the following:

Acquisition Requisitioner (ACQ_REQ) –

- Create or change purchase requisitions (PRs) in FBMS for goods or services.

Acquisition COR / Receiving Official (ACQ_COR) –

- Follow up with the region/division/office, if necessary, to ensure goods and/or services were received.
- Create or change the goods receipt (GR) or service entry sheet (SES) in FBMS.
- Review invoice; reject the workflow, if necessary, with appropriate reason for Accounts Payable Technician, or successfully complete the GR/SES and mark the workflow “complete.”

Note: The receiving official with the FBMS ACQ_COR role is not the trained/certified COTR. He/she may or may not be the actual individual receiving goods and/or services in the field.

In addition to the responsibilities above, FBMS requisitioners must input manual PR forms submitted by requestors in the field. Similarly, FBMS requisitioners must review receiving reports, where applicable, and input this information into FBMS using a GR or SES.

IA personnel who do not have the FBMS requisitioner role must complete the manual PR form and/or the receiving report and e-mail or fax it to an FBMS requisitioner for input into FBMS. All IA personnel have access to the current list of authorized FBMS requisitioners/receivers via their respective FBMS [BIA](#) and [BIE](#) SharePoint sites.

FBMS requisitioners and receivers are an essential component to ensure that vendors are paid appropriately and timely. According to the Federal Acquisition Regulations 5 Code of Federal Regulations 1315, the Federal Government must receive and accept the goods and services within seven days of receipt; therefore, a GR/SES must be completed within this timeframe in FBMS. The Prompt Pay Act requirements and administration goal is to pay all small businesses as soon as possible and/or less than the standard 30 days; delays in the encoding of a GR/SES can result in payment delays and agencies incurring late interest penalties. It is critical that FBMS requisitioners and receivers complete their responsibilities on time and with precision. Offices and programs will be held responsible for any additional cost associated with FBMS payments not processed in a timely manner.

If you have questions about any of this information, you can e-mail ia_fbms_team@bia.gov or contact David Brown at 703-390-6605 or Lynn Stapor at 703-390-6518.

cc: Director, Division of Acquisition Services; Chief, Division of Fiscal Services



POLICY DIRECTIVE

PREAMBLE -- IMPREST FUNDS

Summary

This Policy Directive requires that Federal agencies eliminate agency imprest funds, except for waived payments described below, by October 1, 2001.¹

The Financial Management Service (FMS) is eliminating Treasury Financial Manual (TFM) Part 4, Section 3000, Imprest Fund Cash Held at Personal Risk by Disbursing Officers and Cashiers, and is replacing that TFM chapter with this Policy Directive. Section 3040.70 of the TFM covering Third Party Drafts will remain in effect until publication of a Treasury Policy Directive on the use of Third Party Drafts and other draft instruments.

This Policy Directive affects two FMS operating manuals, the TFM and the Manual of Procedures and Instructions for Cashiers (Cashiers Manual).² The relevant policy sections of the TFM and the Cashiers Manual have been replaced by this Policy Directive. The operational guidance contained in the TFM will be merged into the Cashiers Manual.

Background

Treasury is requiring agencies to eliminate agency imprest funds because they are labor intensive, require relatively more internal controls than non-cash payment mechanisms, and the government does not earn interest on money held in these accounts.

The National Performance Review, *Report on the Elimination of Imprest Funds in the Federal Government Through the Use of Electronic Commerce* (hereinafter "Report") concluded that due to today's electronic technology advances, most imprest funds in the Federal Government could be closed.³ Further, the Report stated that doing so would save the government millions of dollars in operating costs by increasing operational efficiency and improving government service. The Report indicated that it is feasible and appropriate for government agencies to replace their imprest funds with a form of electronic funds transfer (EFT) or type of third party paper.⁴

The Debt Collection Improvement Act of 1996 (DCIA) requires most Federal payments to be made electronically as of January 2, 1999, except for tax refunds, subject to the authority of the Secretary of the Treasury to grant waivers. On September 25, 1998, Treasury published a final rule (EFT rule) implementing the requirements of the DCIA.⁵ The EFT rule established the circumstances under which waivers from EFT are available and set forth the responsibilities of Federal agencies and payment recipients under the regulation, among other requirements.

Research and Analysis

FMS surveyed the Federal agencies and bureaus that make the majority of Federal payments on their use of imprest funds. In addition, FMS held several meetings of the EFT interagency policy workgroup to discuss broad agency imprest fund issues, and relied on the final

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recommendations of the imprest fund subgroup of the EFT workgroup.

The research indicated that many agencies continue to use imprest funds to make a variety of payments to all classes of payment recipients, such as employees, vendors, beneficiaries, and other individual payment recipients. Agencies reported that they also use imprest funds to satisfy mission-specific payment needs where payment by EFT or check is not possible. For example, mission-specific payments include emergency and payments to agency beneficiaries, and payments to individuals to whom the agency must provide untraceable payments--usually for national security or law enforcement actions. Agencies reported that small dollar payments are another area of significant imprest fund use.

In contrast, several agencies with diverse missions have eliminated or nearly eliminated their use of imprest funds. For example, a large benefit agency has eliminated most of their imprest funds by using a combination of EFT payments and third party draft payments.⁶ This agency uses third party drafts to make most emergency and administrative payments that cannot be effectively made by EFT. The agency has guaranteed the acceptance of their third party drafts by making agreements with financial institutions near each of their offices. Another agency has nearly eliminated their imprest funds by using a combination of EFT and convenience checks.⁷

Section-by-Section Analysis

The availability of waivers, described in (a) - (f) below, should be determined by the agency responsible for making the payment. There is no requirement in the Policy Directive that Treasury approve the applicability of such waivers.

For all payments waived from the requirement that imprest funds not be used, EFT is the preferred payment mechanism. Agencies using cash for these payments should continue seeking electronic or other cost effective means to make their payments.

(a) A payment by EFT is waived in accordance with the provisions of 31 CFR 208, Management of Federal Agency Disbursements, at §208.4 Waivers; and,

Imprest funds may only be used when the EFT requirement has been waived. Therefore, an imprest fund payment must meet the requirement of (a) **and** one other waiver described in (b) through (f).

(b) Payments involve national security interests, military operations, or national disasters;

Several Department of Justice (Justice) bureaus commented that without this exemption, agency activities in these areas could be threatened or compromised.

(c) Payments are made in furtherance of a law enforcement action;

In addition to Justice and the Environmental Protection Agency, the EFT workgroup and the imprest fund subgroup commented that an exemption should be made to the imprest fund policy for

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payments made in furtherance of a law enforcement. Specifically, this exemption is provided for payment circumstances in which an agency must avoid leaving any trail that may jeopardize a particular operation or result in endangering the safety of an individual.

(d) *The amount owed is less than \$25;*

The EFT workgroup and the imprest fund subgroup recommended that the Policy Directive accommodate small dollar cash payments. Treasury agrees that occasionally agencies will need to make small cash payments to individuals with whom an agency has a mission related relationship and to vendors that do not accept payment by EFT or check. Agencies may not split a payment greater than \$25 into two or more smaller payments in order to meet this exemption.

(e) *The political, financial, or communications infrastructure of a foreign country does not support payment by a non-cash mechanism; or*

The Departments of Justice and State commented that they are often required to do business in foreign countries that do not have the political, financial, or communications infrastructure to support any other payment mechanism other than cash;

(f) *Payments are made in emergencies, or in mission critical circumstances, that are of such an unusual and compelling urgency that the Government would otherwise be seriously injured, unless payment is made by cash;*

The majority of agencies, the EFT workgroup and the imprest fund subgroup agreed that agencies should have some discretion as to whether emergency or mission critical payments should be made by cash if non-cash methods were not feasible or possible.

This exemption is intended to provide some flexibility to agencies in determining conditions under which a form of payment other than cash would “seriously injure” the government. FMS intends for agencies to invoke the “serious injury” exemption only under those circumstances that the agency has determined would negatively impact individual agency program objectives.

For Further Information Contact:

Matthew Friend, Financial Program Specialist, at (202)874-7032; Charlotte Glinski, Financial Program Specialist, at (202) 874-8645; Sally Phillips, Senior Financial Program Specialist, at (202) 874-7106; or Cynthia L. Johnson, Director, Cash Management Policy and Planning Division, at (202) 874-6590. Inquiries may also be directed by electronic mail to imprest.inquiry@fms.treas.gov or by filling out an inquiry form available at www.fms.treas.gov/imprest.

The Imprest Fund Policy Directive and other supporting documents are available on the Internet at www.fms.treas.gov/imprest.



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IMPREST FUND POLICY STATEMENT

POLICY

All Federal agencies must eliminate agency Imprest Funds by October 1, 2001, except where provided under this directive.

AUTHORITY

Statutes: 31 USC §§ 3321-3333

Regulations: 31 CFR 208, Management of Federal Agency Disbursements; Final Rule

SCOPE

This Policy Directive applies to all Federal payments and, except where waived below, requires such payments to be made using non-cash methods, preferably electronic funds transfer.

DEFINITION

Imprest Fund: A fixed-cash or petty-cash fund in the form of currency or coin that has been advanced as Funds Held Outside of Treasury. Federal agencies are required to report their imprest funds in General Ledger Account 1120 - Imprest Funds, on their annual financial statements.

WAIVERS

Imprest funds may only be used when:

- (a) A payment by EFT is waived in accordance with the provisions of 31 CFR 208, Management of Federal Agency Disbursements, at §208.4 Waivers, *and*,
- (b) Payments involve national security interests, military operations, or national disasters;
- (c) Payments are made in furtherance of a law enforcement action;

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- (d) The amount owed is less than \$25;
- (e) The political, financial, or communications infrastructure of a foreign country does not support payment by a non-cash mechanism; or
- (f) Payments are made in emergencies, or in mission critical circumstances, that are of such an unusual and compelling urgency that the Government would otherwise be seriously injured, unless payment is made by cash.

Signed by Commissioner Richard L. Gregg,
November 9, 1999

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ENDNOTES

1. An imprest fund is a fixed-cash or petty-cash fund in the form of currency or coin that has been advanced as Funds Held Outside of Treasury. The imprest fund cash is charged to a specific appropriation account by a Government agency official to an authorized cashier for cash payment or other cash requirement as specifically authorized. The fund may be of a revolving type, replenished to the fixed amount as spent or used, or may be of a stationary nature such as a change-making fund.

2. Treasury Financial Manual, *Imprest Fund Cash Held at Personal Risk by Disbursing Officers and Cashiers*, Department of the Treasury, Financial Management Service, 4-3000, p.1, (April 1995); *Manual of Procedures and Instructions for Cashiers*, Department of the Treasury, Financial Management Service, (June 1993).

3. From Red Tape to Results: Creating A Government That Works Better And Costs Less, *The Report on the Elimination of Imprest Funds In the Federal Government Through the Use of Electronic Commerce*, Department of the Treasury, Financial Management Service, p.1, (January 1996).

4. Third party paper instruments encompass third party drafts and credit card convenience checks. Both third party drafts and credit card convenience checks are considered third party paper because they are indistinguishable in how they are accepted as payment and processed by financial institutions.

5. Management of Federal Agency Disbursements; Final Rule, 31 CFR 208, (1998).

6. Third party drafts are check-like payment instruments used by a Federal agency, drawn against and paid by an outside-the-government service provider that may be a financial institution. After the drafts, which have been furnished by the service provider, are issued by the agency and presented at the service provider's financial institution, the service provider bills the agency for the amount of the drafts plus the service fees.

7. Convenience checks are check-like payment instruments, which are an integrated part of the purchase card program. Purchase card contractors are required to supply agencies with convenience checks that are drawn on and paid by the financial institution. Unlike third party drafts, convenience checks are billed to a specific purchase card account instead of one general account that is managed by agency or bureau. Convenience checks are subject to specific use limits under the GSA purchase card contract. See GSA SmartPay, Master Contract, CC.11, p. 211-212 (December 12, 1998).

I General Purpose

The general purpose of this policy is to establish guidelines for the accounting of Confidential Advanced Funds during the course of criminal investigations. This policy will apply to all commissioned personnel within the Bureau of Indian Affairs, Office of Law Enforcement and all tribal, local, state and other Law Enforcement agencies participating in BIA, OLES supervised task forces. The Confidential Advanced Fund is essential to the function and success of the Division of Special Investigations by providing funds for the purpose of:

1. Making cash payments for information in connection with violations of the U.S. Federal Criminal Code, any Tribal Criminal Codes, any State Criminal Codes, and any other laws enforced, by the Bureau of Indian Affairs, Office of Law Enforcement.
2. Making cash payments for the purchase of evidence in connection with violations of the U.S. Federal Criminal Code, any Tribal Criminal Codes, any State Criminal Codes, and any other laws enforced, by the Bureau of Indian Affairs, Office of Law Enforcement.
3. Utilizing confidential advanced funds to pay for miscellaneous expenses incurred during undercover investigations.

Funds are advanced for the above-stated purpose and operate as revolving funds under the guidelines and, policies and procedures of the U.S. Treasury Department.

II Accounting for Confidential Advanced Funds

1. A Bureau of Indian Affairs, *Requisition Form 4314* combined with a *Request for Confidential Advanced Funds Memo* and an *Overall Operations Plan* shall be submitted for approval by the Supervisory Special Agent, Special Investigations or Associate Deputy Director of Operations for approval. The *Overall Operations Plan* shall be consistent with the Operations Planning policy. The requisition will then be submitted to the Imprest Cashier for disbursement.
2. Each request will be limited to \$2,000.00 for each DSI office. If the full amount is not required, request for a less amount. If the operation requires more than \$2,000.00, the Special Agent will enter a justification on the requisition for the additional funds.
3. A register of advanced fund transaction shall be maintained by the Imprest Cashier to chronologically record each transaction as it occurs and will supply the Special Agent with a *Receipt for Cash- Subvoucher*, which will be submitted upon return of funds

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NUMBER: 07 _____

SUBJECT: Confidential Advanced Funds

to the Bureau.

4. Each Special Agent shall maintain receipt records of all transactions involving Confidential Advanced Funds and shall maintain such information on an *Expenditure Log of Confidential Advanced Funds* form for auditing purposes.
5. All CAF transactions, whether it is an expenditure for a purchase of evidence, information, payment to a confidential source, transfer of funds or miscellaneous undercover expenses, will be substantiated with an enforcement report and/or a *Confidential Funds Accounting Report and Receipt*.
6. Funds may be transferred to other BIA, Tribal or State Special Agents who will utilize the funds in accordance with this policy within Indian Country, only when the DSI, Special Agent absolutely cannot be present during the operation where the funds will be expended. If the funds are transferred to another BIA, Tribal or State Special Agent, they will be required to submit a complete and separate CAF report to attach to the DSI, Special Agent's CAF report. They will also be required to return all unexpended funds to the responsible DSI, Special Agent to be returned to the Bureau within the 30-day requirement.
7. Special Agents will submit their Receipt for Cash- Sub-voucher form, containing the total amount of funds expended and referenced case numbers (case numbers must be entered on this form), along with an unexpended funds. A copy of the expenditure Log of Confidential Advance Funds must also be submitted. It is imperative Special Agents return all confidential advanced funds and above forms to the Bureau within the 30-day requirement, per U.S. Treasury Department policies and procedures. All appropriate expenditure receipts and CAF reports should be completed for review prior to submission of the above forms.
8. Each Special Agent is accountable for Confidential Advanced Funds at all times and can be periodically audited without advanced notice.

III Safekeeping of Confidential Advanced Funds

1. Confidential Advanced Funds shall be kept in a safe location and shall be available for inspection upon demand.
2. Under no circumstances shall advanced funds be co-mingled with personal or other funds. Advanced funds shall not be deposited in a bank account or safe deposit box in the Special Agent's name.
3. Under no circumstances shall advanced funds be utilized for personal use.

IV Authorized Confidential Advanced Fund Expenditures

1. The following payments may be made from the Confidential Advanced Fund for the purpose of furthering investigations connected with violations of law enforced by the Bureau of Indian Affairs, Office of Law Enforcement. All expenditures will be documented on a *Confidential Funds Accounting Report and Receipt Form*, which shall include applicable receipts.
 - a. Payments can be made for information and/or service to a Confidential Source at a price, which corresponds with the value of the information or service. General enforcement information of interest to the B.I.A. may be purchased whether or not it appears an arrest is likely or recovery will be immediately affected. This is permissible since neither an arrest nor a recovery is a prerequisite to the purchase of information, but should be considered along with results previously accomplished by the Confidential Source and any facts or circumstances pertinent to the particular case.
 - b. Other considerations when determining the amount of money to pay a source for services or reward, should include, amount of time, effort, how cooperative the source was during the investigation, amount of drugs seized, quality of case produced, number of defendants indicted, and the danger the source was exposed to during the investigation.
 - c. Special Agents are authorized to expend up to \$200.00 for purchase of information, payment of confidential sources and miscellaneous expenses, without prior approval. Anything above \$200.00 will require the approval of the Supervisory Special Agent.
 - d. The following personnel are authorized to expend the level of funds at any one time, without prior approval for the purchase of evidence.

Special Agents	\$1,500.00
Supervisory Special Agent/Chief, DSI:	\$1,500.00 +
Assoc. Director/Deputy Director, OLES:	\$10,000.00
2. Payment to a Confidential Source for travel expenses. Acceptable travel expenses can be, gasoline, meals, lodging and personal needs. Applicable receipts shall be collected.
3. Fronting of money is a type of investigative technique, which is not to be relied upon as an easy alternative method of investigation. Money fronts should only be enacted as a last resort and only when a target has been positively identified and appropriate

surveillance has been established to follow the money. Money fronts are sometimes conducted to link co-conspirators and identify sources of supply.

- a. If any monies are lost as a result of fronting, the agent will be responsible for submitting a memorandum to the Chief, DSI, regarding the incident. A critical review will be made of the incident based upon all available information. If negligence, improprieties, or poor investigative skills are the result, appropriate disciplinary action will be taken, including reimbursement of lost funds.
4. Payments of rewards in major criminal investigations will be subject to all CAF reporting requirements, including documentation of the payee as a confidential source. Payments to undocumented sources will not be authorized, the only exception being, when a confidential source has telephoned a Division of Special Investigations reporting hot line and does not want to be identified.
 - a. Rewards and final payments will only be paid after the investigation has been closed and all court proceedings have been completed, and the information or services provided was essential and favorable to the investigation.

V Policy Violations

Violations of the CAF reporting requirements can be identified in the Department of the Interior Personnel Handbook, Charges and Penalty Section, number 4, under nature of offense, as:

“Insubordination, refusal to comply with proper orders, or disregard of directives or regulations. Refusing to do assigned work; failure to do assigned work; carelessness in performing assigned work. (See Notes 3 and 3a).”

To ensure Standardized accountability throughout the OLES, the following adverse actions will occur for violations of the CAF reporting requirements as it pertains to each individuals responsibility. More severe disciplinary action will apply for criminal misuse of the Confidential Advanced Funds. All offenses relating to the CAF Program will be reflected in the employee's appraisal and personnel file.

First Offense:	Letter of Reprimand
Second Offense:	Five-Day Suspension
Third Offense:	Reduction-in-Grade and reassignment

IV Confidential Funds Expenditure Report

1. **Instructions for *Expenditure Log of Confidential Advanced Funds*.** The *Expenditure Log* will be the cover sheet for the total CAF report. The CAF reports will be generated from sub-voucher numbers. The *B.I.A. Requisition Form 4314* will follow the *Expenditure Log*.

- a. SUB-VOUCHER NO

When an advancement of funds is received, the sub-voucher number will be entered (Line 1).

- b. DATE

Enter the date the advancement of funds was issued and the date of every other transaction of funds thereafter (Line 2).

- c. CASE NO.

A Case Number must be assigned for all transactions, except for advancement of funds, transfer of funds to other agents, and return of funds to the Bureau (Line 3).

- d. LOCATION

Enter the location where the expenditure took place, ie. office, town or city (Line 4).

- e. TYPE OF TRANSACTION

Enter the type of transaction conducted, ie., receipt of funds, purchase of evidence, purchase of information, miscellaneous expenses, payment to confidential source or transfer of funds. If a payment to a confidential source is entered, include confidential source number (Line 5).

- f. DRUG TYPE AND AMOUNT

Enter the type/description and weight/number of the drug purchased (Line 6).

- g. AMOUNT EXPENDED/AMOUNT RECEIVED

Enter the amount of funds expended or received (Line 7).

h. RUNNING TOTAL

Enter the running total of funds expended or received (Line 8).

i. TOTAL CAF EXPENDED

Enter the total amount of confidential funds expended during the 30-day sub-voucher (Line 9).

j. TOTAL CAF AMOUNT RETURNED TO THE BUREAU

Enter the total amount of confidential funds returned to the Bureau within the 30-day requirement (Line 10).

k. SUBMITTED BY

Enter the signature of the Special Agent generating the CAF report and the date (Line 11).

l. SUPERVISOR REVIEW/APPROVAL

Enter the signature of the Supervisor reviewing and approving the CAF report, and date (Line 12).

2. **Instructions for Confidential Funds Accounting Report and Receipt.** The *Confidential Funds Accounting Report and Receipt* will be utilized for each and every transaction of funds. The *Confidential Funds Accounting Report and Receipt* will be supported by business receipts whenever possible. Each transaction will be documented on a separate *CAF Report and Receipt* form. Each document will be signed and dated by the Special Agent conducting the transaction, and a supporting witness to the transaction.

a. **Section 1. Transfer of Confidential Funds.** This section will be completed when money is transferred to another LEO. The person receiving the funds will be indicated along with their title, agency, amount and reason for the transfer.

b. **Section 2. Expenditure for Purchase of Evidence.** This section will be completed when a purchase of any type of evidence is made. The person making the purchase will be indicated, regardless if it was made by an LEO or by a source employed by an LEO, along with the case number, defendant, amount paid, type of drug, weight and the place of purchase.

- c. Section 3. **Undercover/Miscellaneous Expenses (attach receipts).** This section will be completed when undercover or miscellaneous expenses are incurred by LEO=s. Whenever possible receipts will be attached. LEO=s will indicate the case number, amount expended, items purchased or miscellaneous expenses incurred, remarks concerning the purchase and the location of the transaction.

- d. Section 4. **Receipt for Purchase of Confidential Information/Expenses.** This section will be completed when payments are made to confidential sources for information, services or expenses incurred by the source while assisting in an official investigation. The Confidential Source=s assumed name and code number will be indicated along with the case number, amount paid, person paying the source, the date of payment, remarks concerning the payment, the source=s assumed name signature and the date of signature.

VI Audit of Confidential Funds.

The Chief, DSI will require quarterly unannounced audits of confidential funds throughout the Bureau by the Bureau's Inspections Division. The audits will ensure there are no discrepancies or criminal misuse of the funds and all information is properly documented and accounted for. Audits will consist of the following:

- 1. Confidential Source File Review
 - a. Confidential Source personal history/criminal history/photograph
 - b. Confidential Source working agreement, consent and waiver
 - c. Confidential Source true/assumed name and CS number (signatures will be verified to coincide with payment receipts)
 - d. Confidential Source photograph/fingerprints
 - e. Confidential Source payment history/copies of payment receipts

- 2. Investigative Case File Review
 - a. Case report explaining circumstances and amount paid to purchase evidence

- 3. Completed CAF Report
 - a. Expenditure log completed

- b. Completed and signed CAF requisition
 - c. Complete Receipt for Cash Sub-voucher (with case numbers)
 - d. Completed Confidential Funds Accounting Report and Receipt for each transaction, signed by Special Agent and Witness (signatures will be verified). Consumer business purchase receipt attached to accounting report and receipt if applicable.
 - e. Individual CAF Reports for funds transferred to other Special Agents or other LE agencies.
4. Audit of outside funds, such as tribal, state or HIDTA

VII CAF as Evidence

If on occasion, CAF monies become evidence in a buy, buy bust or search warrant operation, the following procedures will be in effect:

1. The Special Agent will separate the CAF monies from other monies seized.
2. The Special Agent will log seized CAF monies into evidence. The CAF monies should have been photocopied or logged by serial number prior to the commencement of the operation.
3. The Special Agent will make contact with the prosecutorial entity to inquire if the CAF monies are needed as evidence. On some buy Operations, large bill change is made during the transaction.
4. If the monies are needed as evidence complete a *Confidential Funds Accounting Report and Receipt* for the expenditure and submit documents as any other CAF expenditure.
5. If CAF monies are not needed as evidence, proceed with procedures of returning CAF to the Bureau's Imprest Cashier.
6. After final disposition of the case, properly return the monies to the Bureau Imprest Cashier with an explanation. If the CAF was introduced as evidence in a criminal proceeding, apply for an Order from the appropriate Court directing the return of the money to the Bureau Imprest Cashier.

VIII CAF Files

Confidential Fund files will be maintained in a restricted file cabinet by the Special Agents and /or Supervisory Special Agents at the direction of the Chief, DSI or Associate Deputy Director.

IX Tribal, State or Other Funds

There are occasions when a tribal government will obligate funds in furtherance of a criminal investigation within their reservation when the BIA, DSI confidential advanced funds are not available. Federal task force funds may also be obligated for use by the BIA, DSI in Indian Country. The DSI, Special Agent or BIA task force supervisor will make every effort to designate a tribal representative to receive and administer the funds during the investigation. This representative will be accountable to their government for the expenditure of the funds and the documentation of the expenditures. The Tribal government can choose to have the DSI, Special Agent receive and administer the funds during the investigation. The DSI, Special Agent, Commissioned Bureau Police Officer or Special Agent, or any participant in a BIA supervised task force will notify the Supervisory Special Agent, DSI of the use of tribal funds to further a criminal investigation. The Special Agents will utilize the funds in accordance with this policy. A copy of all CAF documents pertaining to the use of tribal or other funds will be provided to the tribal government upon request. If the government is a non-law enforcement entity, sensitive information on the documents will be redacted. These funds will also be subject to Bureau auditing requirements.