

Managing the Drug Fund

September 2023

*Presentation for TGFOA Fall
Conference*



What are we going to do?



We're going to learn what the drug fund is and what you can buy with the money.



We're going to learn how to document or account for cash transactions.



Distinguish between drug fund controls and confidential account controls



Discuss “best practices”

The “Drug Fund”

Special Revenue Account

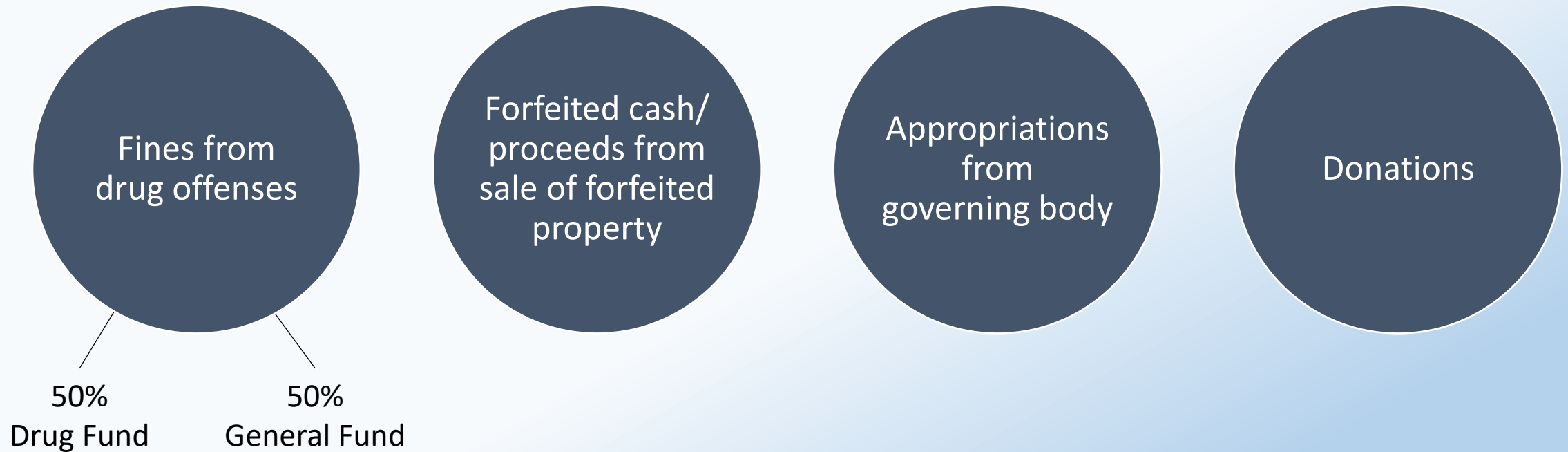
Just like solid waste fund account
or street aid fund account

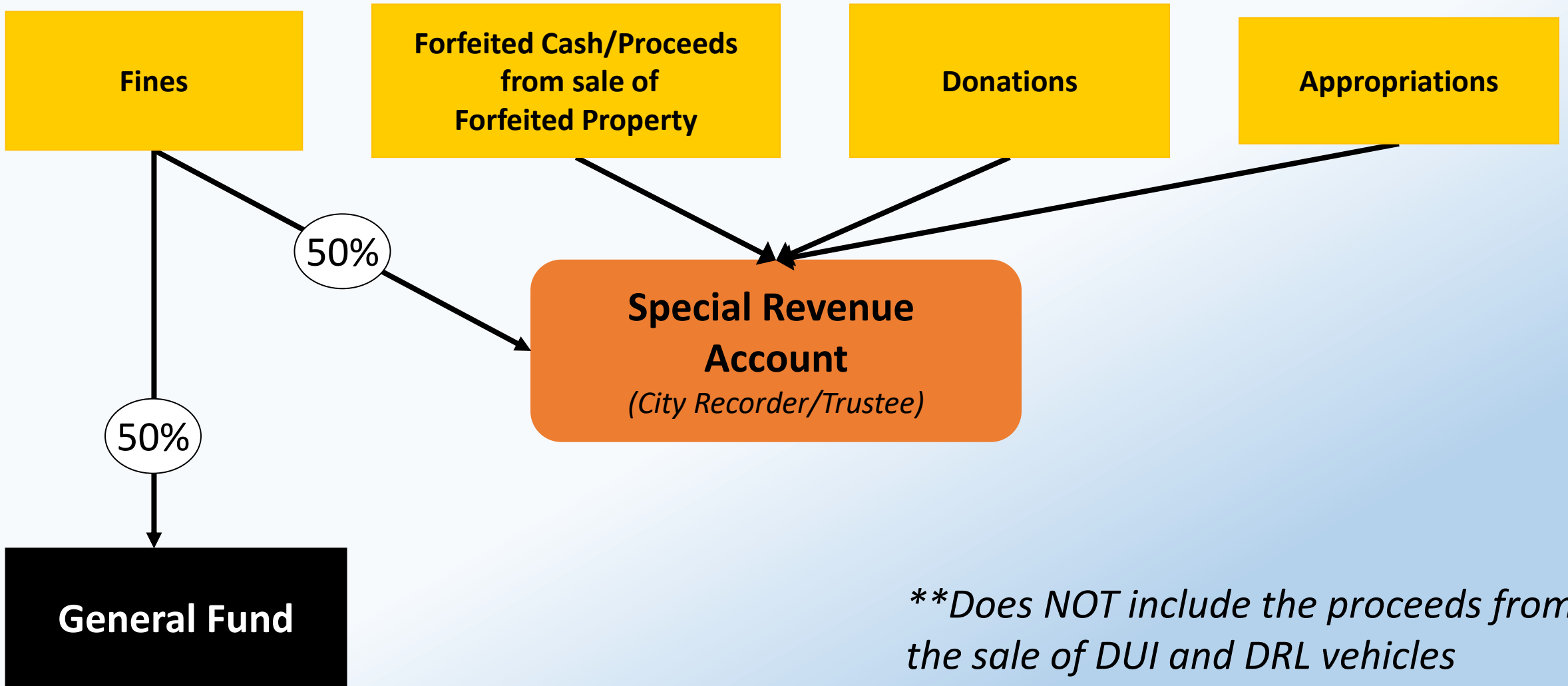
Under the control of the
city recorder/county trustee !!

** Confidential expenditures funded from a
separate account (confidential account)*



Sources of Revenue





***Does NOT include the proceeds from the sale of DUI and DRL vehicles*

Legitimate Expenditures

General Categories

Local
Drug Treatment

**Drug Court Treatment*

Local
Drug Education

Drug
Enforcement

** Operational/Confidential Expenses*

*General Law
Enforcement
Expenditures
(non-recurring)*

Automated
Fingerprint
Machines**

TN Code § 39-17-420 (2021)



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

Drug Education

Drug Abuse Resistance
Education (D.A.R.E.)

Drug awareness
program materials



Drug Enforcement

Purchase, maintenance,
operation of vehicles

Telephone charges,
including monthly
cellular charges

Office supplies
and equipment

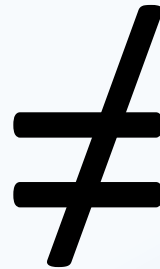
Drug
Identification Kits

Drug Enforcement
Training

Drug dogs, maintenance,
incl. feed/vet service



General
Drug Enforcement
Expenditures



Confidential

*Must follow city/county
purchasing guidelines*



General Law Enforcement Expenditures (non-recurring)

** Not drug investigation related*

Patrol or
administrative
vehicles

Blue lights, sirens,
radios, and
radar units

Video cameras,
including body
cameras

Handguns,
shotguns, rifles,
but not
ammunition



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

General Law Enforcement Expenditures (non-recurring)

** Not drug investigation related*

Patrol Dogs

(non-drug dogs), but not feed or
veterinary services

** Treat dual trained dogs
as drug dogs*

Fax machine or
copier

Computers

Original software
purchase, but not
maintenance or
upgrades



[This Photo](#) by Unknown Author is licensed
under [CC BY-ND](#)

General Law Enforcement Expenditures (non-recurring)

** Not drug investigation related*

Body
armor

Tasers
(not refill cartridges)

Cell phones, incl.
smart phones

(not monthly bills)



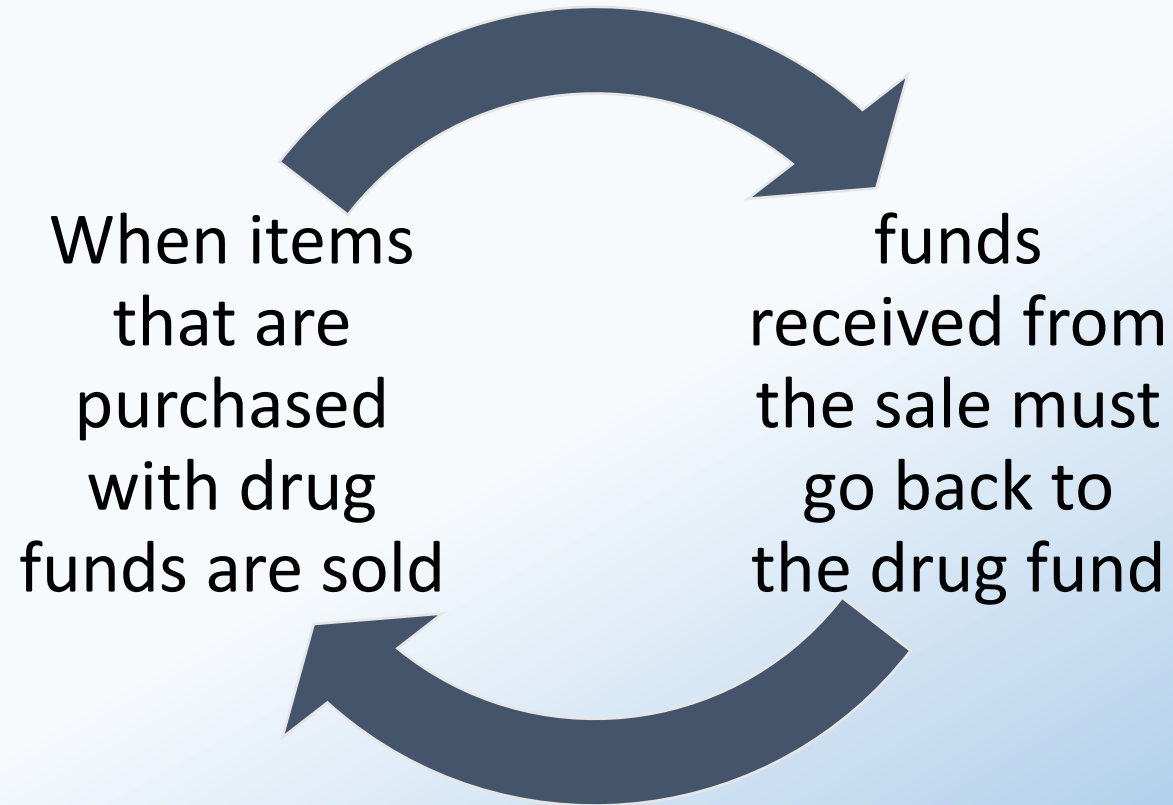
[This Photo](#) by Unknown Author is licensed under
[CC BY-SA-NC](#)

Automated Fingerprint Machines

- Must set aside 20% of drug fund revenues until machine is purchased or have an agreement with another agency (having a machine)
- After purchase or agreement, may use 20% of revenues to pay for line charges and maintenance
 - *This may become important next year if the TBI stops paying for the line charges.*



Residual Value



Donations

Any charitable donation
must follow state law

Any donation from the
drug fund *must* fit an
allowable category!

Cities: TCA 6-54-111

Counties: TCA 5-9-109



Remember These Categories?

Local
Drug Treatment

**Drug Court Treatment*

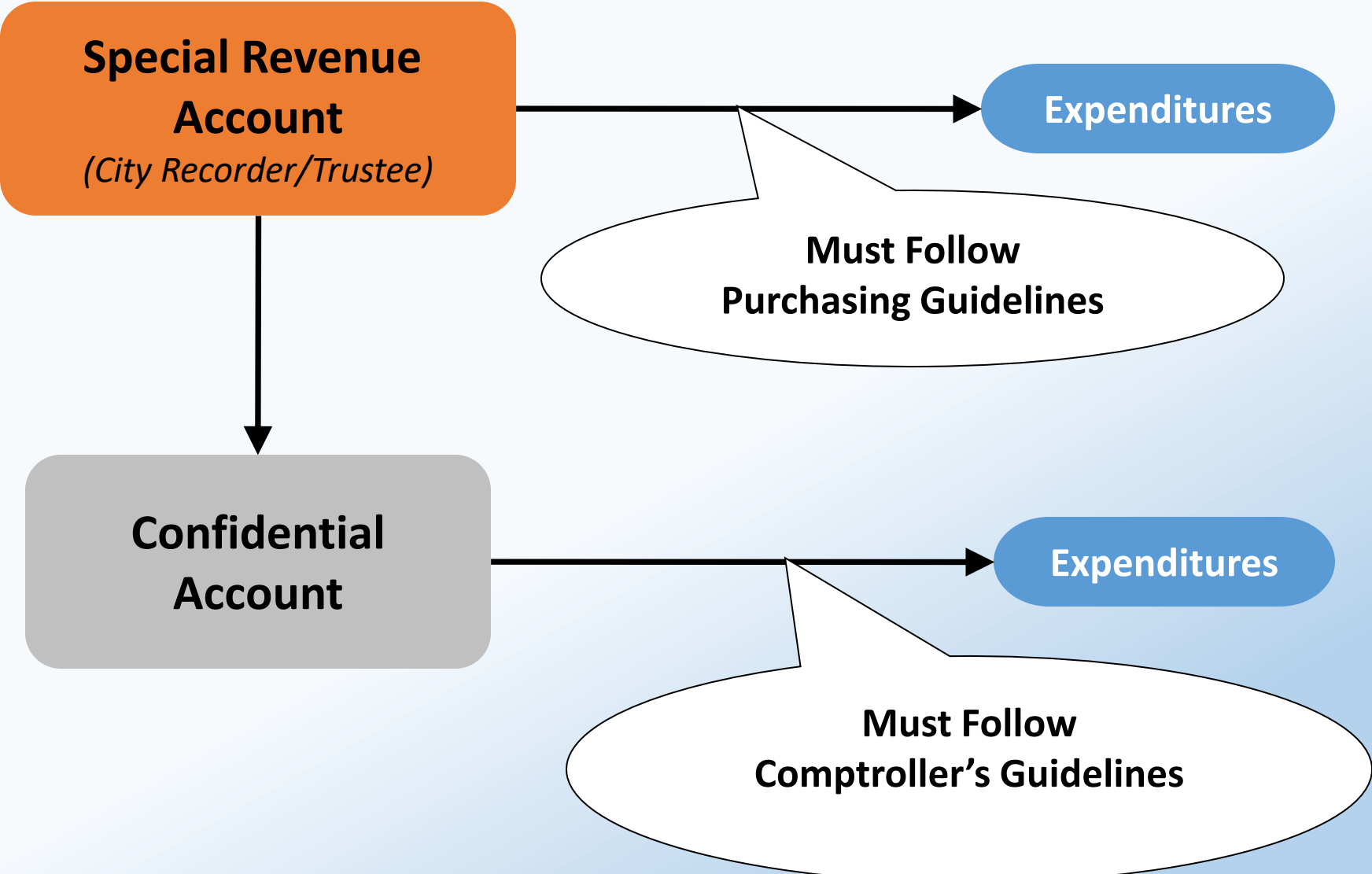
Local
Drug Education

Drug
Enforcement

** Operational/Confidential Expenses*

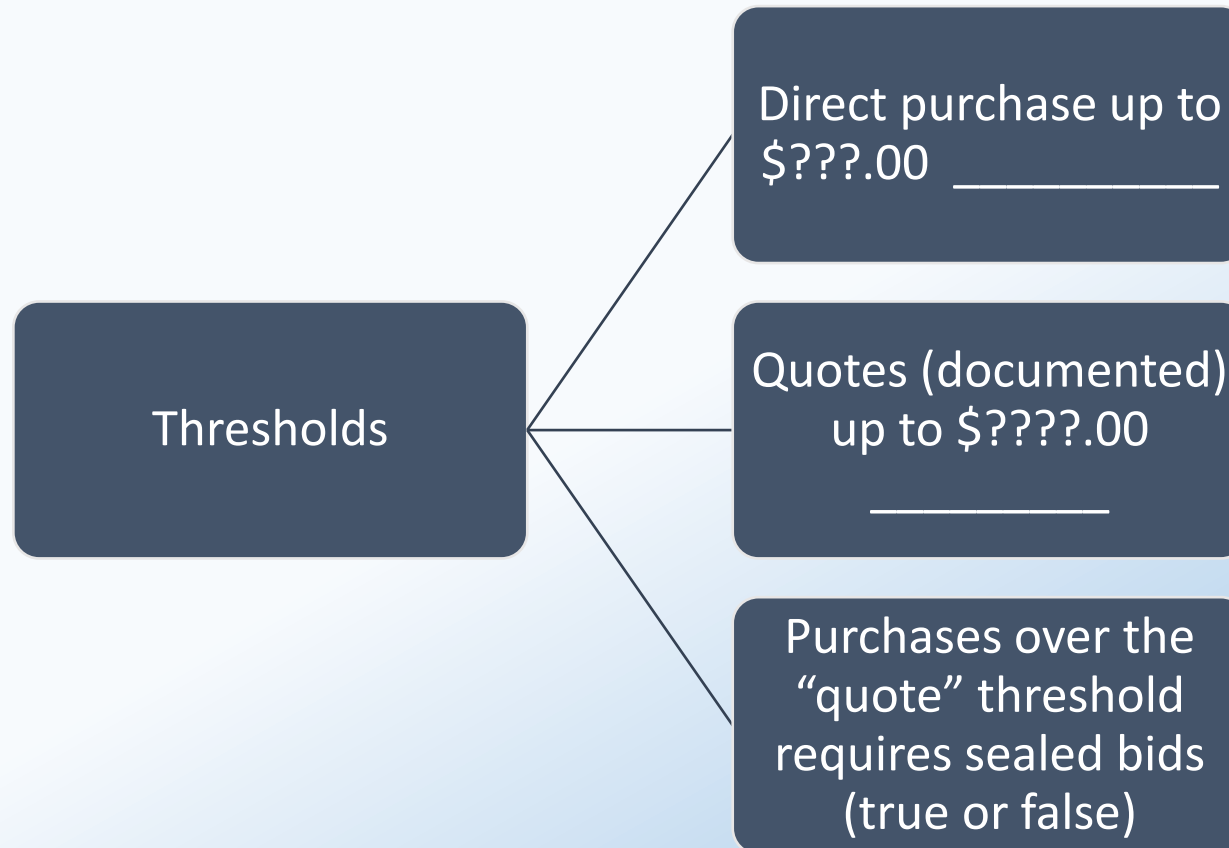
General Law
Enforcement
Expenditures
(non-recurring)

Automated
Fingerprint
Machines**



Purchasing Guidelines

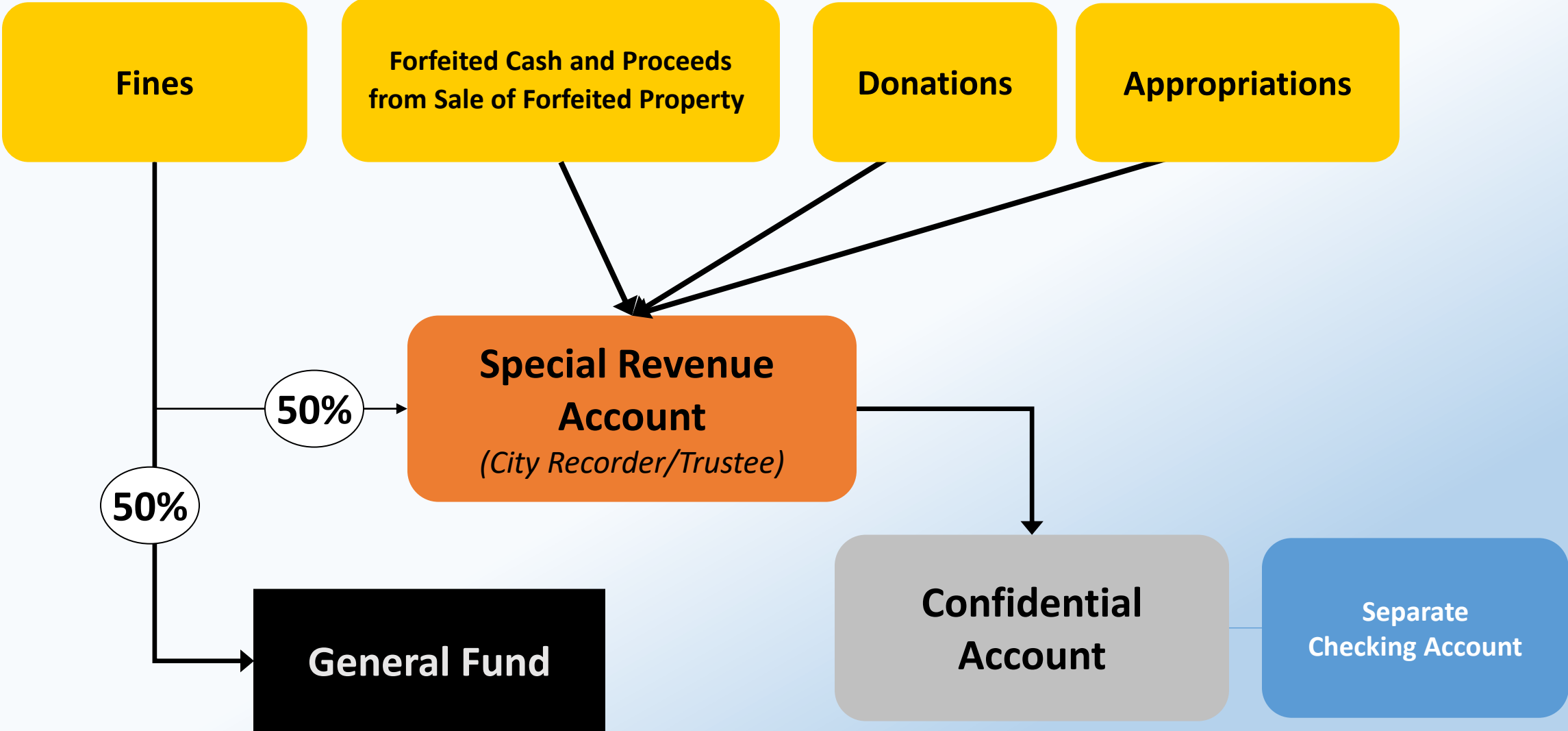
Every city or county is different and depends on which purchasing law they adopted or any private acts impacting purchasing.



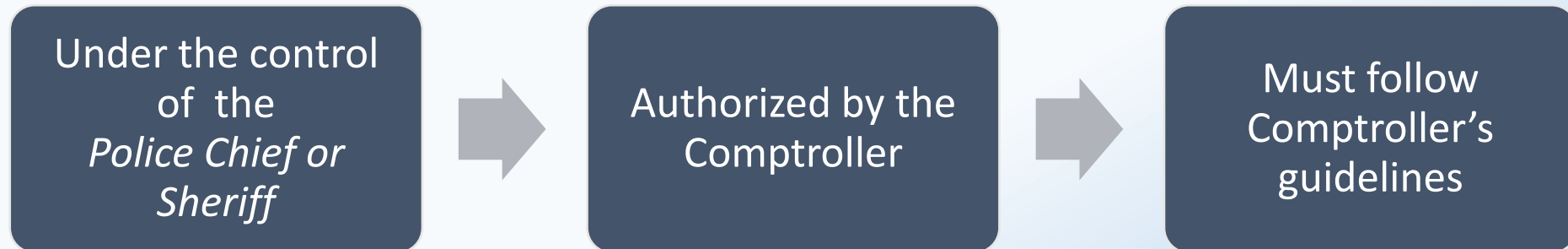
Special Revenue Account



** Confidential expenditures MUST follow Comptroller's guidelines*

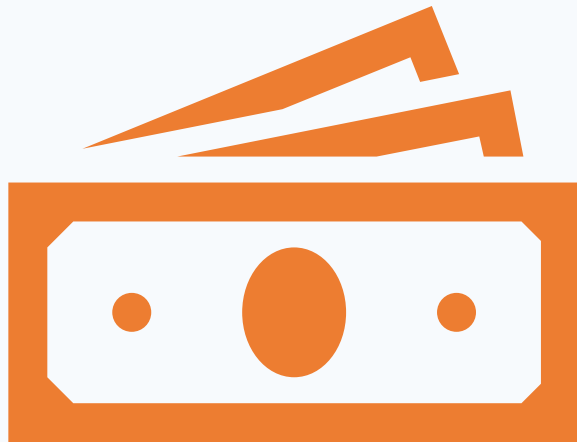


Confidential Account



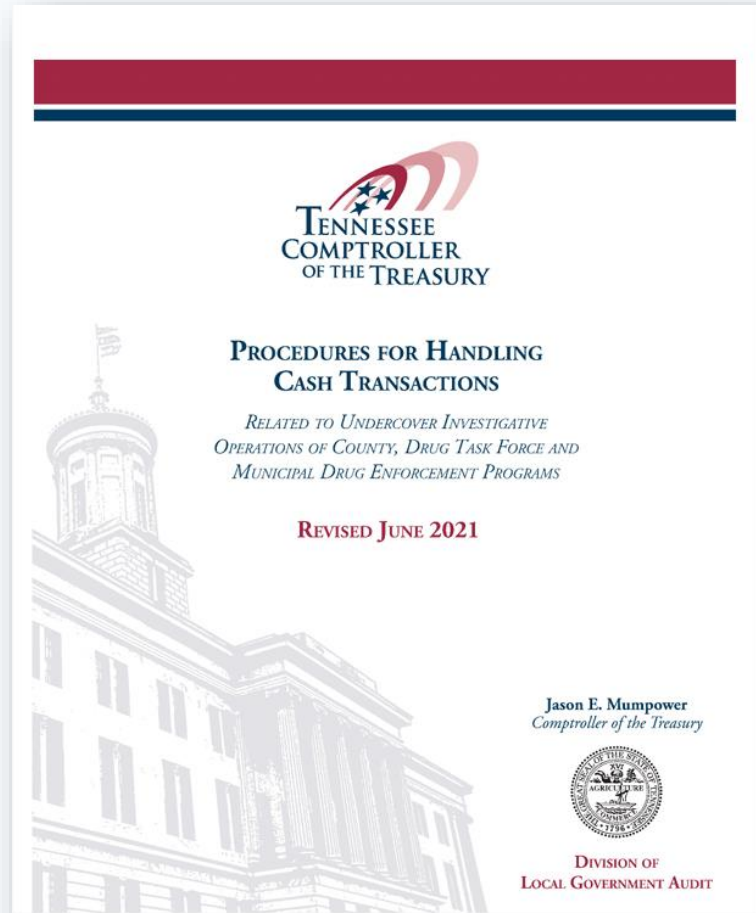
*Source:
Procedures for Handling Cash Transactions Related to Undercover
Investigative Operations of County and Municipal Drug Enforcement
Programs*

Confidential Expenditures



- Payments made to an informant
- Payments made to an undercover agent
- Money spent to purchase drugs as part of an investigation
- Gasoline or maintenance for *undercover* vehicle or informant's vehicle
- Hotel Rooms
- Cell phones minutes

Comptrollers Confidential Drug Funds Manual



- <https://comptroller.tn.gov/content/dam/cot/la/documents/manuals/Confidential%20Drug%20Funds%20Manual-June%202021.pdf>

Separate Checking Account

Per Comptroller's rules, funds disbursed by the recorder/trustee to the chief/sheriff go into a separate checking account *(or daily cash journal)*

Chief will write a check to the agent requesting funds

Canceled check for each disbursement

Disbursement of Confidential Funds



Disbursements of confidential funds must be made by ***official prenumbered checks.***



All checks shall be signed by the chief law enforcement official or his designated employee and shall be made payable to the person receiving the funds, either the chief law enforcement official or an employee.



All employees handling cash transactions in any capacity shall have a fidelity bond to protect the law enforcement agency.

Request for Funds – Confidential Operations



Should not exceed a
45-day supply

53-11-415. Special revenue fund.

(a) Except as provided in subsection (b), the county or municipality shall account for those funds received under title 39, chapter 17, part 4 in a special revenue fund. **Upon demand of the chief executive of the arresting law enforcement agency, the county or municipality shall pay to that agency the funds demanded for use in cash transactions related to undercover investigative drug enforcement operations.** The amount of the funds demanded and the requirement to pay the funds are subject to the **availability of funds and budgetary appropriations for that purpose.**

Documentation

Documentation for every exchange of funds

Custodian

- Exchanges from/to Recorder/Trustee (R-1)
- Exchanges to/from agents (A-2)

Agents

- Every exchange of funds, (A-4) and
- Receipt from informant (A-5), witnessed

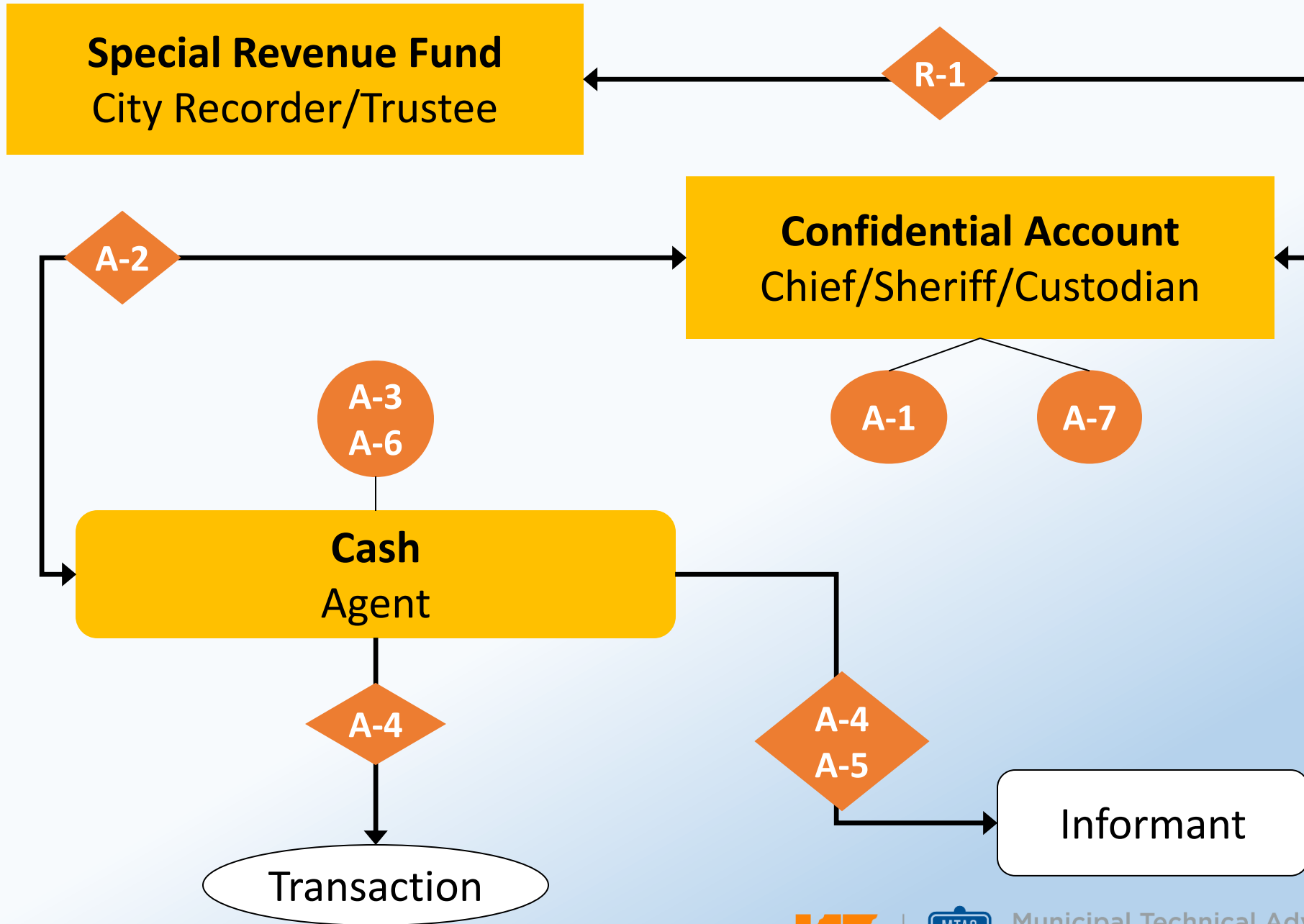
Audit Logs *(Balance Ledger)*

Custodian

- “Custodian’s Activity Log for Confidential Transactions” Balance sheet (A-1)

Agent

- “Agent’s Activity Log for all Confidential Funds” Balance Sheet (A-3)
- “Summary Informant Log”, for each informant (A-6)



Internal Audits

- We recommend cooperative “spot audits”
- Spot audits catch the “uh oh’s” before they become “oh, crap’s”
- Look for the required documentation for each transaction
- Check to see that agents have ALL cash not documented as having been spent
- Regular and scheduled



Consultants



David Moore
MTAS



Rex Barton
MTAS



Clint Shrum
CTAS



Derrick Woods
CTAS





INSTITUTE *for* PUBLIC SERVICE

David Moore

david.moore@tennessee.edu

731-514-2715

Rex Barton

rex.barton@tennessee.edu

423-506-0402

mtas.tennessee.edu/reference/drug-fund



INSTITUTE *for* PUBLIC SERVICE

Clint Shrum

clint.shrum@tennessee.edu

931-273-4736

Derrick Woods

derrick.woods@tennessee.edu

423-248-9989

ctas.tennessee.edu/public-safety



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE