

**HONOLULU POLICE DEPARTMENT**  
**POLICY**  
**ORGANIZATION, MANAGEMENT, AND ADMINISTRATION**

**April 11, 2019**

**Policy Number 2.58**

**FINANCIAL MAINTENANCE OF ACCOUNTS**

**POLICY**

The department's maintenance of accounts and records shall be in accordance with applicable laws, policies, procedures, and generally accepted accounting principles. It shall be maintained in sufficient detail to permit an independent annual audit.

**PROCEDURE**

I. DEFINITIONS

Cash funds: Monies which include petty cash funds, cash received by any division, discretionary funds, investigative funds, and all other instances in which cash or checks are received, maintained, and/or disbursed.

Custodian: A person designated by the division-level commander to have control and responsibility for a cash fund.

Division-level commander: Refer to Policy 2.01, DEPARTMENTAL ORGANIZATION AND CHAIN OF COMMAND.

Encumbrance: A commitment in the form of a purchase order, contract, salary accrual, or similar item that will become payable when goods are delivered or services rendered.

Fiscal year: A financial period of twelve months during which revenues, appropriations, and expenditures are referenced for accounting purposes. The fiscal year for the Honolulu Police Department begins on July 1 and ends on June 30 of the following calendar year.

Special account funds: Monies used only for investigative purposes (see Policy 2.35, SPECIAL ACCOUNTS).

Unencumbered balance: An appropriation or allotment that has not been committed and is available for expenditure.

II. ACCOUNTING RESPONSIBILITIES

- A. The Finance Division shall establish and maintain an accounting system that includes provisions for monthly financial status reports indicating the following:
  - 1. The initial appropriation for each account;
  - 2. Balances at the commencement of the monthly period;
  - 3. Expenditures and encumbrances made during the period; and
  - 4. The unencumbered balance.
- B. The Finance Division shall maintain a file containing the monthly financial status reports. Finance Division personnel shall prepare internal reports as needed and external reports as requested and approved by the Chief of Police.

III. APPROPRIATIONS AND EXPENDITURES

Each appropriation and expenditure shall be classified according to function, organizational component, activity, object, and account. Expenses occurring in the fiscal year shall be vouchered and charged to the budget for that year.

IV. GRANTS

- A. All financial reports for grants shall be prepared and submitted by the accountant in accordance with the grant provisions.
- B. The Finance Division shall maintain fiscal records for the financial management of the grant's funds.

V. MAINTENANCE OF CASH FUNDS

All personnel authorized to receive, maintain, or disburse cash shall observe the following procedures:

- A. Division-level commanders authorized to control cash funds shall establish procedures necessary for the safekeeping, maintenance, and investigation of discrepancies of all cash funds.
- B. The division-level commander shall designate a custodian to have control and responsibility for the cash funds.
- C. The custodian shall maintain control over the cash fund. At least one alternate custodian shall be designated to maintain control over the cash fund during the temporary absence of the custodian.
  - 1. The custodian shall be responsible for the amount of the cash fund.
  - 2. Access to the cash fund shall be restricted to the custodian and alternate custodians.
  - 3. Upon a change in custodianship (i.e., transfer of funds between a custodian and alternate custodian or from the previous custodian to a new custodian), the cash must be counted by the employees directly concerned. The new custodian shall prepare a receipt in triplicate. The original receipt shall be given to the custodian being relieved, one copy shall be retained by the element, and another copy shall be forwarded to the Finance Division.
- D. Cash Purchase Limitations
  - 1. Payments from the cash fund shall be made only for approved purchases in amounts not to exceed the maximum of \$50.
  - 2. Cash disbursements for expenses exceeding the preapproved amount shall require the authorization of the commander.

3. Any cash disbursement of \$100,000 or more shall require the authorization of the Chief of Police.
- E. All cash fund transactions shall be recorded in a ledger that identifies the initial balance, credits, debits, and balance on hand. The ledger shall document:
  1. The date of each transaction;
  2. The purpose of the transaction; and
  3. The amount of cash received or disbursed.
- F. All cash or checks received shall require receipts and/or documentation.
- G. The cash fund shall not be used to cash personal checks, provide change for money, or make unauthorized cash advances to any employee or person.

VI. INSPECTION AND REVIEW OF CASH FUNDS

- A. Each cash fund shall be inspected monthly by the division-level commander and that division's second in command.
- B. Inspections shall be scheduled regularly to review the ledger and receipts to ensure their proper use, documentation of expenditures, and correct balance on hand.

VII. AUDIT OF ACCOUNTS

- A. The Honolulu City Council provides for an independent, annual financial audit of all city operations and may at any time request a performance audit of any or all city agencies and operations (Revised Charter of the City and County of Honolulu, Section 3-114, Financial and Performance Audits).

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- B. The Finance Division shall perform internal audits and financial analyses as directed by the Chief of Police. The audits shall include the department's special account funds.

A handwritten signature in black ink that reads "Susan Ballard". The signature is written in a cursive, flowing style.

SUSAN BALLARD  
Chief of Police

Post on bulletin  
board for one week

Policy first issued  
May 29, 2002