

Questionable Credit Card Purchases by BART Employee

Office of the Inspector General

\$595.31 in Questioned Purchases



Item: Mac Sports Heavy Duty Collapsible Folding All Terrain Utility Wagon

Cost: \$198.44

Status: Not in use for a business need



Item: Beats Solo3 Wireless On-Ear Headphones with Built-In Microphone

Cost: \$143.31

Status: Not in use for a business need



Item: Midea 3.1 Cubic Feet Compact Refrigerator

Cost: \$253.56

Status: Kept in private office

Investigation Results

We identified three questionable purchases totaling \$595.31. The items in question are a utility wagon and a pair of headphones that have not been put in use for a District business need, and a compact refrigerator that was placed in a private office, giving the appearance that it was purchased for personal use. We determined that the other purchases subject to our investigation were appropriate, but did note that one purchase totaling \$378.86 was recorded to an account code for a different office.

None of the three questioned items is a prohibited item, per BART purchasing policies. However, their purchase points to waste or misuse of District funds.

Recommendations

1. Either return the wagon and headphones or find uses for them within the District.
2. Determine the appropriate use and placement of the refrigerator currently kept in a private office.
3. Adjust the \$378.86 purchase so that it is recorded to the correct account code.

Management agreed to our recommendations. See page four for details.

Allegation

We received an anonymous complaint that an employee (Respondent) made inappropriate purchases from March 2021 to December 2021. We examined expenditure detail for the Respondent's department and determined that the alleged inappropriate purchases were made using BART's Go Card (credit card) program.

Background

BART is a participating agency under a contractual agreement between the State of California and US Bank National Association ND. By way of that agreement, BART created its Go Card program. BART instituted the Go Card program to allow employees to use a faster, more convenient payment method to purchase authorized goods and services directly from vendors. Purchases of goods are limited to \$2,500 for a single purchase and services are limited to \$5,000. A Go Card is a VISA credit card issued in the name of a BART employee upon approval of their supervisor and the Procurement Department. Only full-time, permanent employees may participate in the Go Card program.

Rules governing the Go Card program include disallowing purchases for personal use. They also allow BART to seek restitution and take disciplinary action for fraudulent purchases.

All employees delegated authority to use a Go Card must sign the District's Cardholder/Approving Official Agreement confirming that they have read the applicable guidelines, restrictions, and responsibilities and agree to abide by them. Both the cardholder and the "Approving Official" must sign the agreement. The Approving Official is the person who reviews and approves the cardholder's monthly statement of purchases and may request that Procurement issue a new card or make changes to an existing one. The Go Card program is governed by BART's Go Card Manual and the small purchases section of the District's Procurement Manual.

Two Go Cards were subject to this investigation. One was assigned to the Respondent's subordinate who made purchases at the Respondent's direction. In that instance, the Respondent was the Approving Official and the subordinate was the cardholder. The subordinate is not a subject of this investigation and acted in accordance with BART practices. The other Go Card was assigned to the Respondent as cardholder with another BART employee serving as the Approving Official. That Approving Official is not a subject of this investigation and acted in accordance with BART practices.

Key Findings

We examined credit card statements and supporting documentation from March 2021 to December 2021 for the two cards subject to this investigation and determined that most purchases were appropriate. However, we identified the purchase of three questionable items totaling \$595.31, two that have not been put in use for a specific business need and one that was placed in the Respondent's private office, giving the appearance of having been purchased for personal use.



QUESTIONED PURCHASES	COST
Mac Sports Heavy Duty Collapsible Folding All Terrain Utility Wagon	\$198.44
Beats Solo3 Wireless On-Ear Headphones with Built-In Microphone	\$143.31
Midea 3.1 Cubic Feet Compact Refrigerator	\$253.56
TOTAL	\$595.31

To determine whether the three items were purchased for an appropriate and specific business need, we inspected the Respondent’s work area to locate the items. We could not find the wagon during our initial inspection. Later, others working in the Respondent’s department located it - still within its shipping box - eight months after purchase. We did find the headphones, which were specifically identified in the complaint as purchased for the Respondent’s personal use. The Respondent told us that the headphones were purchased for a specific person, but that person stated that they did not request them and did not receive them. We also located the refrigerator, but the Respondent keeps it in their private office and other employees do not use it. While others in the Respondent’s department were not explicitly told they could not use the refrigerator, placing it in a private office gave the appearance of a purchase for personal use, which is prohibited by BART policy. None of the three questioned items is a prohibited item, per the Go Card or Procurement Manual. However, purchases that are not in use for a business purpose or seem to be for personal use point to waste or misuse of District funds, even if the funds spent on the items are not significant. Further, it is considered an abuse of authority when a supervisor directs a subordinate to spend taxpayer funds in a wasteful manner, such as to make purchases that have no specific business need.

The complainant also expressed concerns that the Respondent purchased a new ergonomic chair for an employee working in a different BART department. That allegation is unsubstantiated. The new chair is in use by an employee in the Respondent’s department. Also, Go Card purchases for other departments are allowable, so long as they are approved and recorded to the account code for the department receiving the goods. Recording all purchases to the appropriate accounts ensures accurate accounting and financial reporting, and transparency in financial transactions. Although we did not focus our investigation on whether all Go Card purchases were recorded to the appropriate account code, we did identify a \$378.86 purchase that was recorded to an incorrect account code.

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Providing independent oversight of the District’s use of revenue.



Appendix I – Management Response to Recommendations

BART OFFICE OF THE GENERAL MANAGER RESPONSE TO OIG RECOMMENDATIONS		
Report Title: Questionable Credit Card Purchases by BART Employee		
1	Recommendation:	Either return the wagon and headphones or find uses for them within the District.
	Responsible Department:	Executive/Board Appointed Officer Departments
	Implementation Date:	05-09-2022 & 05-31-2022
	Corrective Action Plan:	Wagon will be used to shuttle meeting and other materials from BHQ offices to the Board Room and other areas of BHQ, as needed. The time period for returning the headphones has expired. The headphones will be provided to the OCIO for future distribution to staff who require the features of the device.
2	Recommendation:	Determine the appropriate use and placement of the refrigerator currently kept in a private office.
	Responsible Department:	Executive/Board Appointed Officer Departments
	Implementation Date:	06-03-2022 (requires facilities staff to move)
	Corrective Action Plan:	Refrigerator will be placed in a reception/administrative area of BHQ accessible to all staff in that area.
3	Recommendation:	Adjust the \$378.86 purchase so that it is recorded to the correct account code.
	Responsible Department:	Accounts Payable
	Implementation Date:	05-24-2022
	Corrective Action Plan:	\$378.86 charge has been reclassified to the Board of Directors' cost center (Dept# 0402146).