

Department of Utilities

“Credit Where Debit is Due”

Issue

Does misuse exist in the Purchasing Card Program (debit card) of City of Sacramento Department of Utilities (DOU)?

Reason for Investigation

Upon receiving a complaint, the 2008-2009 Grand Jury undertook an investigation into the policies, procedures and usage of debit cards by the DOU.

Method of Investigations

The Grand Jury conducted the investigation by:

1. Interviewing the Sacramento Assistant City Manager/Interim DOU Director;
2. Examining card transactions from June, 2003 to 2008;
3. Reviewing the master list of card users and their spending limits;
4. Comparing the City’s Purchasing Card Program User’s Guide (policy and procedure manual) to actual usage; and
5. Reviewing a June 24, 2008 Internal Audit Report, *Management Controls: Inventory and Debit Card Usage for the Department of Utilities*.

Background and Recommendations

The DOU purchasing system uses debit cards, not credit cards. The purpose of the card program is to establish an efficient, cost effective method of purchasing and paying for small dollar transactions. Too many users of debit cards exacerbate managerial controls.

Findings and Recommendations

Finding 1. The Interim Director reduced the number of employees authorized to have a debit card from 33 to 11. This limits the potential for misuse and facilitates the audit process.

Finding 2. The review of transaction statements did show some questionable transactions, but the dollar amounts were not material and the reduction of authorized employees facilitates oversight of card usage.

Finding 3. The Internal Audit findings confirmed that the program has received appropriate scrutiny and is currently well managed.

Recommendation: The Grand Jury commends the Sacramento Assistant City Manager/Interim DOU Director for his diligence and recommends he pass on his revised procedures to the new Director.

Response Requirements

Penal Code sections 933 and 933.5 require that specific responses to both the findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento Superior Court by October 1, 2009 from:

- **Sacramento Assistant City Manager/Interim DOU Director**