

# Promotional Item Distribution Requires Better Tracking

## Office of the Inspector General

PROMOTIONAL ITEMS PURCHASED		
Description	Quantity	Cost
V-Necks & T-Shirts	22	\$440
Hoodies & Polo Shirts	11	\$284
Bibs & Onesies	10	\$100
Twill Caps & Beanies	8	\$120
Socks	5	\$75
Personal Hand Straps	5	\$25
<b>Totals</b>	<b>61</b>	<b>\$1,044</b>
<b>Sales Tax (@10.25% = \$107)</b>		<b>\$1,151</b>

## Investigation Results

BART could not account for 61 promotional items valued at \$1,151. The District sells BART merchandise such as t-shirts, hoodies, and memorabilia at the Customer Services Center inside the Lake Merritt BART Station and online at [railgoods.com](http://railgoods.com). Select District officials are allowed to use public funds to purchase merchandise for promotional use but there is no system in place for tracking receipt or distribution of the items, which

leaves the items subject to theft. We launched an investigation after receiving an allegation that there was an excessively large, unjustified, and unaccounted for purchase of merchandise from the Customer Services Center in December 2021.

We reviewed financial transactions concerning the purchase and conducted interviews with BART employees. There was no documentation supporting the purpose of the purchase and none of the employees we spoke with could account for the items. One employee said the purchase may have been to replenish a readily available supply of promotional items available for BART executives, and two employees confirmed that the District does not use a tracking system to log the inventory of promotional items and account for its distribution. The District official who requested the large order told us they were following instructions from a District executive and did not inquire about the end-recipients of the promotional items.

We reviewed financial transactions for promotional items purchased from July 2021 through June 2022 to determine if the purchase subject to this investigation was unusual. We identified a total of 14 other orders with a combined value of \$2,566 during that 12-month time frame. In general, purchases tended to be much smaller than the one subject to this investigation. However, in March 2022, five separate orders were placed over the course of eight days, totaling \$2,566 for 63 promotional items, which supports that the purchase subject to this investigation is not unusual in size. However, the inclusion of baby bibs and onesies was unique to the purchase made in December 2021. Without documentation supporting the purpose of the purchase, the District does not have a way to demonstrate that items it purchases from Customer Services are used for valid promotional purposes and leaves them subject to theft.

## Recommendation

Develop a tracking system to log the receipt and distribution of promotional items purchased from the Customer Services Center. Identify on the log the event at which the items were dispersed or the person(s) to whom items were given, and the reason, to allow for transparency in the use of the promotional items.

*Management did not agree with our recommendation. See next page for details.*



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



## BART OFFICE OF THE GENERAL MANAGER RESPONSE TO OIG RECOMMENDATION

### **Report Title: Promotional Item Distribution Requires Better Tracking**

<b>1</b>	<b>Recommendation:</b>	Develop a tracking system to log the receipt and distribution of promotional items purchased from the Customer Services Center. Identify on the log the event at which the items were dispersed or the person(s) to whom items were given, and the reason, to allow for transparency in the use of the promotional items.
	<b>Responsible Department:</b>	Customer Services
	<b>Implementation Date:</b>	June 2023
	<b>Corrective Action Plan:</b>	<p>Customer Services operates the BART Customer Services Center (CSC) located at Lake Merritt Station. The Customer Services Center assists customers in person with Clipper transactions, Senior and Youth discount and RTC Clipper cards, bike locker rentals, and sells Clipper cards, bike link cards and BART and Capitol Corridor branded merchandise.</p> <p>Some merchandise is requested by and sold to BART staff/departments (e.g., Government &amp; Community Relations, General Manager’s Office) for promotional purposes using BART funds. Like all CSC transactions, these transactions are accounted for in a third-party Point-Of-Sale (POS) system at the store and in sales reports transmitted to BART Treasury and Accounting departments as well as to BART management. Some purchases are made using BART Go Cards (credit cards) and some using an “Interdepartmental Charge” form. Currently, some purchasers identify how the items will be used/for what event or organization and this information is recorded on the Interdepartmental Charge form for that specific transaction.</p> <p>Management will make it mandatory for staff purchasing promotional items to identify the event or function for which the internal purchase using BART funds is being made. Staff making the purchase will record the event and reason for the transaction on a revised version of the current Interdepartmental Charge form at the CSC (a revised Interdepartmental Charge form is attached). To improve tracking and documentation of interdepartmental charges, management will no longer allow the use of Go Cards to make internal promotional item purchases. All internal promotional purchases will be made using an Interdepartmental Charge. Staff will be instructed not to process any internal transaction using BART funds without a completed Interdepartmental Charge form.</p> <p>Management does not agree with the recommendation to log the distribution of promotional items as it is not efficient or cost-effective to maintain such information relative to the low value of the items being distributed. Management believes that the proposed revisions to the Interdepartmental Charge form (e.g., identification of event and purpose) are sufficient to identify the purpose (e.g., BART public outreach event) for large purchases of promotional items and conveys a general idea of the recipients (e.g., those in attendance at the BART event).</p>



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**OIG Note**

We appreciate the efforts BART Executive Leadership is taking in response to our recommendation. However, because they do not agree with logging distribution of the promotional items, we consider the recommendation unaccepted. The intent of the tracking log is to account for the promotional items after they have left Customer Services. It is the best tool for those responsible for requesting and obtaining the promotional items to provide accountability for the items and ensure transparency in the use of BART funds.