



OFFICE OF THE  
CITY MANAGER

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 304  
730 I STREET  
SACRAMENTO, CA  
95814

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PH 916-808-5704  
FAX 916-808-7618

Honorable Mayor, City Council Members, and the City Manager:

The City of Sacramento's Internal Audit Manager has completed a limited scope audit of the discretionary account of Council District Number Eight. My examination was conducted in accordance with generally accepted auditing standards and the responsibilities of the Internal Audit Manager.

This audit was performed to provide the Mayor, City Council Members, and the City Manager with an independent and objective evaluation of whether the discretionary account of Council District Number Eight received approximately \$50,000 of additional funding during calendar year 2003. The scope of this audit included all financial transactions for this discretionary account, within the City of Sacramento's financial system, for the period July 1, 1999 through December 5, 2003.

Based upon the accounting records examined and auditing techniques employed, I have concluded that the discretionary account of Council District Number Eight did not received approximately \$50,000 of additional funding. My audit clearly determined that the approximately \$50,000 of funding represented reimbursements of expenditures, not the receipt of additional funding from the City of Sacramento.

Martin J. Kolkin  
Internal Audit Manager

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**Limited Scope Audit  
of the Discretionary Account for  
Council District Number Eight  
Report Number 2004-2**

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**PURPOSE**

At the Direction of the Mayor, City Council, and the City Manager, the Internal Audit Manager completed a limited scope audit of the discretionary account for Council District Number Eight. The purpose of this audit was to determine if this discretionary account received an additional \$49,905 of funding during calendar year 2003.

**AUDIT SCOPE**

Examination included, but was not limited to the following:

- All the City of Sacramento's Financial System transactions for the discretionary account of Council District Number Eight, including both revenue and expenditure entries, for the period July 1, 1999 through December 5, 2003
- Inspection of supporting documentation for reimbursements; and
- An examination of supporting documentation for expenditures that were subsequently reimbursed.

**METHODOLOGY**

The Internal Audit Manager examined all revenue items in the discretionary account for Council District Number Eight, for the period July 1, 1999 through December 5, 2003. Supporting documents for reimbursement entries were inspected. Additionally, the Internal Audit Manager looked at all expenditures, for the period July 1, 1999 through December 5, 2003, to determine if any portion of the \$49,905 was used to reduce expenditures. Therefore, both increases in revenues and decreases in expenditures were included in the scope of this audit.

**CONCLUSIONS**

Based upon the accounting records examined and auditing techniques employed, the Internal Audit Manager concluded that the discretionary account for Council District Number Eight did not receive \$49,905 of additional funding from the City.

The examination of the City of Sacramento's financial system clearly demonstrated that the \$49,905 of questioned funding, represented reimbursement for expenditures incurred; not additional funding, refer to the *Table of Reimbursed Expenses of the Discretionary Account for Council District Number Eight*.

Additionally, the Internal Audit Manager's examination of expenditures noted that no portion of the \$49,905 of funding was reflected in the City's financial system as a reduction of expenditures (a credit to expenditures).

Additionally, the Internal Audit Manager's examination of expenditures noted that no portion of the \$49,905 of funding was reflected in the City's financial system as a reduction of expenditures (a credit to expenditures).

**Table of Reimbursed Expenses  
of the Discretionary Account for  
Council District Number Eight**

<b>Amount</b>	<b>Date</b>	<b>Description</b>
\$ 5	07/15/1999	Cash Receipt.
500	05/09/2000	Partial reimbursement of \$2,000 expended for the Women's Health Conference.
5,000	12/04/2000	Reimbursement of \$5,000 expended for the Airport Little League Program.
10,400	01/19/2001	Reimbursement of \$10,400 expended for the Santa Sam Program.
34,000	01/03/2003	Reimbursement of \$34,000 expended for the Meadowview Jazz Festival
\$ 49,905		<b>Total Reimbursements</b>

Source: The City of Sacramento Financial System and supporting documentation.

**OTHER CONCERNS**

The Internal Audit Manager recommends that greater care be taken to ensure that municipal listings of discretionary accounts accurately depict the results of the City of Sacramento's financial system. In order to eliminate confusion, the Internal Audit Manager recommends that care be taken to use accurate descriptions to describe the use and receipt of discretionary funding.

The City's Finance Director concurred with this recommendation.