Keeping the Records Straight

Clarence E. Ruston
State Examiner, Indiana State Board of Accounts
Indianapolis

The subject which has been assigned to me is "Keeping the Records Straight." The very first thing, let us get this straight: I do not stand before you today pretending to know more about your job than you do. If, during the course of my remarks, I do mention something that will be helpful to you, I shall be highly pleased. At none of these meetings do I come away without a feeling that I, too, have learned something.

The subject of "Keeping the Records Straight" seems to be one that is right down the alley of the State Board of Accounts; but, strange to say, in most of the invitations which I have received to talk before various groups the assigned subject is usually far from one with which my department deals. Even when a topic that seems to fit my business is assigned to me, I find that it is to be discussed before a group for whom records appear to be a minor office problem.

However, even though the bulk of your time is not concerned with records, those that you are required to keep should be kept properly, as they play an important part in your department. I intend to point out to you the importance of those records, and to show you how they dovetail into the general picture of your county.

In private business, if it weren't for the income tax collector, you could probably be justified in making a statement that records were your own business and if you didn't keep them that could injure only yourself. That isn't true in public business. We stand on our official record; and since we are spending someone else's money and we are accountable for such expenditure, it seems to me more important in public office to have complete and accurate records than in any other line of business.

Preparation of Budget

The expenditures by the county highway department for repair and maintenance of roads are limited by the amount of gasoline tax and motor vehicle license fees received from the state. The first step you must take is the preparation of a budget. The statute requires that the county highway supervisor prepare annually a detailed estimate of ex-
penses for the ensuing year which, as approved, will act as a limitation upon expenditures. This estimate is broken down into considerable detail. It has been suggested to us upon occasion that part of this detail could be relieved without injuring the budget, but with this we do not agree. We even know of some counties that detail the estimated expenditures to a greater extent than they are detailed on the prescribed form. Upon the approval of the estimate by the county council and the adoption by the council of an appropriating ordinance, the items in that estimate become your appropriation for the next ensuing calendar year and act as a limitation upon the amount you can spend for each item.

The statute provides that an item of the budget cannot be overdrawn or exceeded. For this reason we urge that those of you responsible for the preparation of a budget estimate be extremely careful in calculating that estimate. Do not rely too much upon last year’s budget and trust to luck that your next year’s business will be somewhat similar, but compile your figures on the basis of a carefully planned program. Of all the departments of county government, the program of the highway department must be fairly well settled in advance because so much of the work requires preliminary steps, and you must have well in mind what you intend to do long in advance of your doing it. Naturally this does not include the making of ordinary repairs on highways, but even these can be anticipated after the experience of former years is reviewed.

So the preparation of the budget in proper form is of vital importance, and careful consideration should be given to each item so that the board of commissioners and the county council can have before them an intelligent estimate of the needs of your department and the program which you have in mind for the ensuing year and which your budget is intended to fulfill.

When it appears during a current year that any items of your budget as approved are insufficient to meet the needs of the highway department, there are means by which you may obtain additional or emergency appropriations. These, however, cannot be in excess of the amount of money which you have received from the motor vehicle highway fund, including any balance carried over from the previous year.

During the war years, especially, many county officials were in my office seeking ways to obtain materials for which they had no appropriation or for which the appropriation was exhausted. For example, under the materials account were stone, gravel, and other materials which should be itemized. It would be discovered that, although the plans called for a certain road to be resurfaced with bituminous material, we
will say, such material was not available and there was not sufficient appropriation in the other material items with which to do the job. The question always involved transferring the appropriation not usable. Under the existing statutes there was very little that we could do about this.

In a civil city, the mayor by executive order or the council by resolution may reduce at any time any item of the budget, thereby creating funds not otherwise appropriated. It is my contention that an emergency appropriation must be out of funds not otherwise appropriated. The budget law pertaining to counties, however, is not as flexible as this. There is no provision for the reduction or changing of any item of the budget after it has been finally approved by the State Tax Board. To overcome this and to inject a little more flexibility into a county budget, the department which I represent has caused a bill to be drawn which will give to the county council the same authority that the mayor or common council of a city now enjoys. In other words, this bill gives the county authority to reduce an item or items of the budget so that there will be created funds not otherwise appropriated, which will be subject to emergency appropriation. If this amendment passes the legislature, you will then be able to reduce items under one appropriation and reappropriate where needed.

**A Record of County Highway Transactions**

Now that the budget is finally approved and we have entered the year for which it is operative, certain records of the transactions which occur in the county highway department must be kept. A form prescribed by the State Board of Accounts is especially designed for use in the county highway department to record: (1) the appropriation for each item of expenditure as approved in the budget for the highway department; (2) the various claims representing expenditures from the various appropriation accounts; (3) names of those to whom the claims are payable, and (4) the balance existing in each appropriation account at all times. It would seem almost impossible for any highway department to operate successfully without the use of this record, and we most certainly urge you to keep it up to date and accurate at all times. Since this record tells you of the unexpended appropriations, it is obvious that you will be called upon to consult it frequently to know when you order anything that you have an appropriation sufficient to take care of that purchase. As a means of checking the accuracy of your record we suggest that you compare it monthly with the record kept by the county auditor and check his balances against yours so that errors may be promptly disclosed.
Close cooperation should exist between your office and that of the county auditor in order that you may operate your highway department in keeping with the budget requirements. Of course many of you will tell me that you are not bookkeepers and that you were not hired to keep books. With that I have no quarrel. I am not trying to tell you that you must personally keep these records. In fact, when it can be accomplished, I would suggest that you employ somebody as a clerical assistant to keep these records for you. I think that wages paid to such a person would, in most cases, prove to be a saving because of the better operation of the highway department.

We know of a number of highway department supervisors who are furnishing their boards of commissioners a monthly report of the activities of their highway department. After all, the board of commissioners are the executive officials of the county and this is a pretty big business. They most certainly are entitled to know the county activities, including the activities of the county highway department; and who is better equipped to give a detailed report of the activities of the highway department than the highway supervisor? We suggest that this report show the total expenditures for the month preceding, the balance of each appropriation, what part of the program of highway work has been completed during the preceding month, and what part of the program remains to be completed. The report might also contain information regarding the condition of the equipment and any other items of interest in the management of the county highway department. If made intelligently, this would give the county commissioners a continuous picture of the road program, of the money and appropriations still unexpended, and of the condition of equipment so that when replacements are necessary they will not be taken completely by surprise. This should be a big help in intelligent planning and lead to economic operation. A good part of the information contained in such a report would be obtained from the appropriation record I have just mentioned.

**Payment of Claims**

Before a check is written by the auditor an approved claim must be in his hands. This claim, to be properly filed, should be in detail in every respect: itemized as per item, cost per item, date of order, date of delivery, together with any supporting evidence such as purchase order, freight bill, delivery tickets, etc. We suggest that you require vendors to exercise extreme care in the preparation of these claims so that from the claim itself can be determined just what the county purchased and the county officials can check the correctness of the items listed. This claim, as you well know, is signed by the vendor under oath and then
comes to you for your approval if it is to be paid out of county highway appropriation. This is what you are required to certify: "I certify that the within bill is true and correct; that the supplies and materials therein itemized and for which charge is made were ordered by me and were necessary to the public business; that each and every item has been delivered to me at price mentioned, and was in accordance with contract, except............." Then blank space is left for the exceptions.

This claim then goes to the auditor, who certifies that it is in proper form, that it is duly authenticated as required by law, that it is based upon contract or statutory authority, and that it is apparently correct or incorrect. The auditor then submits all claims to the board of county commissioners for their approval. Since these claims when finally approved are the authorization for the expenditure of funds from your highway department appropriation, they must be considered seriously, and every detail in connection with them must be completed to conform with the statute. They are a public record and can be inspected by any taxpayer interested, and consequently they must speak for themselves.

I would like to call your attention again to that part of the statement contained on the claim blank which you as county supervisor must certify to, and that is "and was in accordance with contract". Now, gentlemen, contracts for the furnishing of a great many items of supplies and equipment have been awarded after legal notice and consideration by the board of commissioners, and it is from the successful bidders that you must purchase the items upon which they submitted a bid and at the prices contained in such bid. The certification on the claim blank places the responsibility upon you to determine that a claim, if it is a contractual item, is in accordance with the contract. These contracts are on file in the office of the county auditor. I would suggest that you either have a copy of the contract which pertains to highway purchases in your office or at least a list of the items, the name of the successful bidder, and the bid price. This suggestion is only to spare you the necessity of running to the auditor's office each time contractual items are contained in a claim. The county auditor is the secretary of the board of commissioners, and as such secretary he is required to prepare the minutes of the proceedings of the board of commissioners. If all these matters which I have mentioned are properly completed by the various officers in county government, the auditor's job is made considerably easier and the board of commissioners are placed in a position of acting rapidly and intelligently on matters placed before them.

Our field examiners recently filed a report containing a charge which we collected against a vendor of road materials, the basis of the charge
being the absence of delivery tickets. There were other points involved in the charge, but the starting point in the examination was the delivery tickets. Every vendor of supplies or materials in truck-load lots that I ever heard of sends a ticket with each load which, when signed by the purchaser or his agent, becomes evidence of delivery not only for the vendor but for the purchaser. You gentlemen cannot be everywhere in the county at one time, but you certainly have someone at the places where material is being delivered. Since you have to approve a claim, reading in part “that each and every item has been delivered to me,” the signed delivery ticket offers you some evidence that your certificate is correct. If the claim of the vendor is filed at month’s end or for some other period, the delivery tickets are the only means of checking the correctness of the claim. For example, if stone is delivered daily, but a claim is filed only at the end of the month, you have no means of checking the correctness of this claim unless you insist that all your employees turn in the county’s copy of the delivery tickets to your office. When you have accomplished this and all tickets turned into your office have been used to check the correctness of the claim, where is a better place to file those tickets than with the claim? This gets the tickets out of your office; they properly become part of a public record where anyone desirous of doing so may obtain a complete picture of that expenditure of public funds.

We encountered another situation which caused a financial loss to a vendor, the difficulty being created by a county commissioner’s acting alone and ordering certain materials which were delivered at some distance from the place of business of the vendor; part of the materials were put into use and buried in the ground and part of them the vendor had to reload and take back to his place of business with no pay for even his transportation costs. Contracts entered into by the county commissioners must be made in a board session, and can not be executed by individual members of the board. You will probably say to me this is none of our business, that what the commissioners do is their own business. But is that true? You must sign claims which you certify are in accordance with contract, and these statements signed by you certainly place some responsibility upon your shoulders. I realize that you are not expected to control the actions of the commissioners. I recall at one time a county auditor came to me complaining that he was not able to properly prepare the minutes of the board of commissioners because they had a habit of meeting over at the highway garage and not advising him of such meeting. That was not the auditor’s fault. But when you are involved, even though the solution is difficult, I think it only fair and just that your attention be called to your responsibility.
The Indiana statutes provide that the county highway supervisor shall file with the county auditor a requisition for tools, implements, machinery, supplies, materials, and equipment which are needed for the maintenance and repair of county roads and bridges. A form of requisition is prescribed by this department which, when it is filed in the office of the county auditor, becomes a public record open to public inspection. The county auditor is also required to publish in two newspapers of opposite political faith the fact that the board of county commissioners will receive sealed proposals at the next regular meeting for furnishing the tools, implements, supplies, etc., requisitioned by the county highway supervisor. All bids received must be recorded in a permanent record known as the bidders' record, which is also prescribed by the State Board of Accounts. This recording is done by the commissioners, however; and reasons for selections and for rejections, if the low bid is not accepted, must be shown thereon. So you can see that, from the time you file this requisition until the supplies or materials are delivered to you, some bit of effort is required in other departments than your own; and if the record is to be complete, it naturally must start off in proper form.

The same statute provides that emergency purchases may be made each month not in excess of $350 without the taking of bids, but with the approval of the board of commissioners. Now, gentlemen, some counties have thought this meant that any number of items could be purchased during the month so long as no one item exceeded $350. That is not what the law intended to convey. The total of emergency purchases of supplies, tools, equipment, etc., cannot exceed $350 per month; and to obtain them you must write an emergency purchase order which is approved by the board of commissioners. Copies of these purchase orders kept in your office will let you know when you are approaching the limit of such purchases in any one month.

A 1945 act requires that all purchases in excess of $500 must be advertised, and the county highway department through the board of commissioners is required to comply with this statute. This act, however, specifically mentions that the provisions of the so-called $350 emergency purchase law shall be excluded, and so you are permitted to make such emergency purchases.

The statute gives to the board of county commissioners the authority to employ the necessary assistance to carry on the work of the highway department, and also the authority to determine and fix the rate of pay. Sometimes a single member of the board of commissioners has told some
employee that his pay would be raised. The member of the board then may forget that he has made such statement; but believe me the employee will not, and his next claim will be filed on the basis of the increase which he thinks was awarded by the board. If these things are made a matter of record by the commissioners, no such question should develop.

Now I know that none of you have enemies in your home communities, and so what I am about to say could very well be left unsaid. But the matter concerns the performance of work for any resident taxpayer of your county as authorized under the 1943 statute. This act fixes a procedure for you to follow, and includes a scale of wages or charges for the various types of work to be performed, for which the taxpayer is to reimburse the county. About 24 hours after your highway truck is seen in the yard of John Doe, the State Board of Accounts may get one or more anonymous letters stating that the highway department is improving the private property of Mr. Doe. So here is what I urge you to do for your protection. Whenever you are called upon to work for a private resident of your county upon his private property, be sure to make full and complete record of it; follow the statute religiously in your charges, so that those who are oftentimes too willing to criticize will be unable to find anything to criticize. If your record is there, if the charges follow the statute and payment has been made by the resident, there is nothing left to criticize. Be very careful about this because I am not joking when I say that we get many anonymous letters on this very subject.

Thank you for the privilege of appearing here today. I sincerely hope that I have been helpful to you, and I invite you to make use of the facilities of the office of the State Board of Accounts at any time when we can help.