

## RECORDS AND ACCOUNTS OF COUNTY OFFICIALS.

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Through the installation of a uniform system of accounting in Indiana which was first undertaken in 1910 by the State Board of Accounts under the provisions of the Public Accounting Law, and by the revision of certain forms from time to time, many thousands of dollars have been saved to the tax payers of the state. Prior to this, careless and crude methods of every sort were in use, and in some places the officials' individual check book and bank pass book were the only records kept for the transaction of official business. In some instances certain officials in smaller places would rely entirely on their memory in order to make reports of their affairs at certain periods.

One of the main functions of the State Board of Accounts has been the installation of uniform records, and compelling the use of same. However, it might be said in this connection that public officials as a general rule have willingly co-operated with the Board in keeping such prescribed records.

Through the period of 13 years which has elapsed since the installation of the forms prescribed, revision of certain forms and parts of same have been made when the occasion demanded. We have now come to a point where it is necessary that all forms of records be carefully studied by our department with a view of complete revision to suit modern methods of accounting and simplifying the manner of keeping such accounts.

Our purpose in undertaking this complete revision is not only to provide an up-to-date, clear, and efficient system but to expedite the work of the public officials, which in many instances has increased materially in the last 10 years. It is our object to make the accounting system of all offices produce the same results as now required, without losing sight of any detail; but nevertheless to simplify the matter of keeping such records in order that the accounts will be an open book to the public and that the public may not be bewildered by any complex system of reckoning which may leave them in the dark as to whether or not their money has been properly expended.

New forms of accounting were prescribed about a year ago for the office of the Highway Superintendent. We have found as a general rule that these forms meet with the approval of the superintendents of the state as well as with the approval of the county auditors and boards of county commissioners. They afford a true, complete, and exact record of affairs when the system is carried out entirely as prescribed. These forms not only

provide a systematic method of accounting, but are a safe-guard for the Assistant Highway Superintendents, the Highway Superintendent, County Auditor, and Boards of County Commissioners in administering their duties pertaining to the repair of free gravel and improved roads of the county.

I want to urge that the Highway Superintendent in making his annual estimate of expenses pertaining to the repair of roads for the ensuing year, should take into consideration carefully all things necessary therefore, so that the tax levy can properly be made and proper funds sufficient to carry out the year's program be appropriated. Due sometimes to overlooking certain necessities that are sure to arise during the year, or with a view of not facing these things until they actually occur, the estimates have not been properly made, and the fund is depleted, causing many claims to be presented which cannot be paid, resulting in embarrassment for the Highway Superintendent, County Auditor, and County Commissioners, and causing a situation which is hard to explain to local tax payers. Under the provisions of the statutes, no over-drafts can legally be incurred. The legislature is then called upon to legalize and authorize the borrowing of money to pay these claims which have accumulated due to lack of funds for the repair of the improved roads of the county. If proper estimates are made, such conditions as a rule would be generally prevented. The Highway Superintendent and his Assistants by being particular in administering the duties of their offices can perform efficient services in their communities, and if due economy is used, they can keep the roads in condition contemplated by the statutes, and to the best interests of the taxpayers and traveling public.

#### **Law Governing Expenditures of Road Funds.**

It might be well at this point to call attention to certain provisions of the statute relative to the repair of gravel roads and the duties of the Superintendents. The law provides that annually, at least 30 days before the road levy is fixed for the road repair fund, the County Highway Superintendent shall file with the Commissioners a report disclosing the ways and means which in his judgment should be employed during the coming year in order to take care of the roads under his supervision to the best advantage. This report shall include an estimate of machinery, implements, transportation facilities, road material or other equipment that may be needed to maintain properly the roads under his supervision for the ensuing year. The law further provides that the Board of County Commissioners shall give such report their careful consideration and either approve or alter and approve same, and recommend to the County Council a sufficient levy for the coming year so as to provide funds

which shall be used to carry out the provisions specified in said report. In the matter of repair of bridges and culverts, the Superintendent shall make no expenditure for such purposes in excess of \$50.00 without the approval of the Board of County Commissioners. Whenever an expenditure of more than \$100.00 is necessary for any bridge or culvert, same shall be expended as heretofore provided by law. Since the statute requires that such expenditure be made "as heretofore provided by law," such expense should be paid from the appropriation for bridge repair of county revenue wherever same shall exceed \$100.00; otherwise, from the gravel road repair fund, and contracts therefore shall be let upon competitive bidding.

In the matter of the purchase of road and bridge repair material, and for tools and machinery necessary, the statute states same shall be purchased in the manner provided by law. In referring to contract to be made "in the manner provided by law," the statute contemplates that purchases shall be made upon competitive bidding only. It is not necessary that specific appropriations be made from the free gravel road repair fund for the purpose of entering into contract for the purchase of certain material, machinery and tools, since the fund itself is a specific fund provided for by statute, to be used for a specific purpose, viz: repair and maintenance of the improved roads of the county. However, it is necessary that contract should be made upon competitive bidding in making such purchases, since the statute clearly provides that same must be done in accordance with the manner provided by law.

In case a petition has been filed with the County Commissioners asking for the improving of a township road, and the County Commissioners have finally granted such petition and made an order of record that the road be established, the up-keep of same is then with the county and not the township, pending the letting of contract and issuing of bonds for such improvements.

If certain streets in a city or incorporated town have been constructed by the Board of County Commissioners under the provisions of the statute providing for the construction of such improved roads by taxation of property by such township containing such city or town, including the property within such city or town, and necessary repairs are made by such city or town, the cost of such repairs is to be paid by the county from the free gravel road repair fund.

Claims duly verified should be filed with the county Auditor, such claims to be fully itemized as provided by the statute. The statute makes it mandatory upon the county, to pay for such repairs made by such city or town.

### Inventory of Equipment.

It is our further aim to make a public office more of a business institution, and to that end we will recommend that all officials who have charge of any public property should keep a complete inventory of same. The total expense of county government when considered merely as expense, often-times seems very large, but if something tangible can be shown for such expenditures, or a part of same, in the way of machinery, equipment, tools, supplies on hand, and buildings and land purchased, we will then have something in lieu of money so expended. In other words, the total expended may be decreased by these assets and the net amount will be the sum for which nothing tangible remains but nevertheless represents the true running expenses and maintenance cost of operating the county's business. The keeping of such an inventory we regard as good business, and we regret to state that such a method has not been pursued to any extent in the state.

Under present conditions it is very easy for a typewriter to disappear (I do not mean the stenographer) in an office where there are several in use, or a quantity of supplies for the office may take leave of absence. Even in your own departments various tools or even machinery may be lost unless a proper inventory is kept showing the equipment owned that is in use, and how and where same is disposed of from time to time. Without such an inventory throughout the institutions, departments and offices, no county can know its true worth in the matter of public property owned. This same condition also applies to townships and various corporations of the state, as well as to some departments of state government. I have no doubt thousands of dollars have been lost to the public by lax methods and carelessness in keeping a watchful eye on the public property.

Our department is already studying these conditions and will install and prescribe proper forms for inventories and reporting upon such property, just as soon as possible. We believe such a step will be in the direction of the more proper administering of public offices by those who have been chosen by the people to represent them in their public affairs.

We believe that a close study of office methods generally in these offices and departments will result in a great deal of good and in a saving of a large amount of public funds. Our aim is not to criticize in these things, but we believe that in the administering of the Accounting Law in the matter of supervision and inspection of public offices we should do all things possible in the interest of the public. We desire to be courteous in our treatment of public officials and seek the co-operation of such officials in the discharge of their official duties in a businesslike and careful manner.

The State Board of Accounts through the Department of Inspection and Supervision of public offices, has duties of vast importance to perform for the public and the most important of these are as follows:

1. Examination of all public offices, town boards, institutions and departments of state, county, township, city and town governments, making in all more than 5,000 examinations to be made annually.
2. Examination of public contracts upon petition therefore in order to ascertain whether the contractor has carried out and complied with the terms of his contract and the plans and specifications.
3. Examination of plans and specifications of public buildings, in order to ascertain whether same provide for free and open competition among bidders.
4. Prescribing and installing of uniform records in public offices and compelling use of same.
5. Extending of timely advice to public officials in the matter of the provisions of the statute pertaining to their offices upon the theory that "an ounce of prevention is worth a pound of cure."

These are all functions of the most importance and vital to the public, and must be administered in strict compliance with the statute and the purpose for which the Legislature intended, in passing the Public Accounting Law.

In the examination of public funds, the Legislature wisely provided that such examination should be made annually. Where examinations are delayed, the official sometimes becomes careless and errors creep into his work requiring much more time to be spent by examiners than if only one year's work were to be audited and examined.

We are using our best endeavors to bring up the work so that examinations can be made every year. Any attempt by the Legislature to limit the Board of Accounts in its examinations, to the making of same at the end of a term of an official instead of annually, will be a backward step and will cripple the administering of the public accounting law. If such an official desired to be dishonest, he could not only withhold funds from the depository and use same to his own personal advantage, but would have every opportunity to make a "get away" before examiners could complete their work, if examinations were to be delayed until the end of his term. Annual supervision not only has a repressive effect upon an official who is unscrupulous, but it is a source of help and assistance to the official who desires to administer the affairs of his office in a conscientious painstaking

manner. However, I desire to state that most officials are honest and desire to be faithful to the trust imposed upon them.

A business concern will require audits to be made of its affairs at stated periods and does not for a moment consider waiting until its head bookkeeper or auditor leaves the company before making an audit and investigation of his accounts.

### Examinations of Contracts.

The department has before it many petitions alleging that public work has not been performed according to plans and specifications. Such petitions have been filed pursuant to the provisions of the 1923 Act, which is supplemental to the original Public Accounting Law. Since the act became effective March 7, 1923, we have through examinations and reporting upon such contracts and by means of court decisions supporting our findings, caused a saving of \$60,000 to the taxpayers of the state. These figures apply only to those cases which have been settled.

There are many others which are now pending on our records and in course of settlement. Three typical examples may be cited as follows:

1. A contract was awarded by a certain town for the construction of a sewer at an approximate cost of \$104,000.00. The report of our Examiner upon this contract showed that catch basins were not constructed in accordance with the plans and specifications, in that said basins had not been plastered as required. House connections with said sewer were constructed in a way as to prevent the flow of water from the house.

It appears that proper excavation was made at the house and at the point of connection with the main sewer, but between these points it was found that the sewer was not placed at a proper depth thereby permitting the sewer to be much higher near the middle than it was at each end.

It was found that it would require \$9,661.24 to complete this contract in accordance with the plans and specifications. It was admitted to this department by the contractor that the estimate of the amount required, made by our engineer, was approximately correct.

2. In a certain town a contract was awarded in 1923 for the improvement of seven streets, using a concrete base covered with asphalt, at an approximate cost of \$170,000.00.

Under the specifications the concrete was supposed to be a thickness of 5 inches and the asphalt 2 inches. After the concrete base had been finished in all the streets and most of the

asphalt laid, this department was petitioned to make investigation and examination of the improvements, to determine if there had been a compliance with the specifications, by the contractor. It was found that the concrete was improperly mixed and was not the required thickness in many places by from 1 inch to  $2\frac{1}{4}$  inches, and in many instances was so soft that water which had fallen the night before our investigation, had penetrated thru and was standing on the sub-grade. Catch basins were improperly constructed in that they had not been built to their required dimensions. Curbing was placed on clay soil with no foundation whatever. It was further shown that the asphalt was not of a proper mixture. This case is now in court, and a decision will be given later.

3. A contract for the improvement of certain streets in another town was awarded at an approximate cost of \$40,000.00.

Our examiners found this improvement was not constructed in accordance with the plans and specifications, and the property owners brought an action against the contractor and the town board, and the court found that the contractor had completed only 65% of his contract and rendered judgment accordingly.

In each of the foregoing instances the engineer of the municipality, and the inspector in charge, as well as the contractor, had made their sworn statement that the work had been done in accordance with the plans and specifications.

The statutes provide that our department shall make such investigations upon the petition of 25 or more taxpayers alleging that local relief has not and cannot be obtained. In some cases we are not able to make the examinations where there is complaint, owing to the fact that there are less than 25 taxpayers affected by such improvement. This situation exists in the case of certain street improvements in cities and towns. The statute should be remedied in this regard.

The Act should also provide for such inspection upon the request of officials who have jurisdiction over such public work, since many times such officials prefer that examination be made and do not desire to circulate a petition, or if they do circulate such petition are unable to obtain sufficient signatures to cause an investigation.

In the extending of advice to public officials, we have cited the laws in thousands of instances and thereby placed officials on the right track in the pursuit of the duties pertaining to their offices. Those who have been willing to follow the provisions of the statute have acted accordingly. In some instances officials have taken certain fees and allowances of which they were either in doubt as to their legality, or else were aware that such allowances were contrary to law.



If an officer has obtained allowances illegally, or expended funds illegally, our department has no authority, in view of the statutes, to release him from any illegal action. Political influences will have no bearing in such cases. The statute must be followed. If it is fair to release one officer on the charge of illegal procedure, it is fair to do so by others who have followed a like course. If our department condones such things, the very foundation of the public accounting law will be destroyed and it might as well cease to function.

Examination of accounts and reporting on same must be kept free from any political influences. The Board must pursue its course on a business-like basis. It is vital that the citizens of the state should have faith in the State Board of Accounts, and its affairs must be administered in an honest, careful, prudent and conscientious manner.

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### **SAFETY AND UTILITY FACTORS AT RAILROAD CROSSINGS OF ROADS AND STREETS.**

By L. F. SHEDD,  
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Mr Shedd's talk was highly interesting and instructive. Since he did not present a paper we are only able to print a few notes jotted down as he was talking.—Editor.

Considerably more fatalities occur in railroad crossing accidents than in accidents or wrecks on trains themselves. During the year of 1922, on one-half of the railroad mileage in the U. S. there was not a single fatality among the passengers. This is remarkable when we consider that we have approximately 265,000 miles of railroads.

There are, in round numbers, 250,000 grade crossings, or approximately one to every mile of R. R. line. A very conservative estimate of the average cost of eliminating these crossings is \$50,000. This accounts for the slow progress of grade separation, although a large number of the more dangerous grade crossings are eliminated each year.

With the coming of the automobile, crossing accidents have been enormously increased. In a big percentage of the cases the driver is directly responsible, due to absolute disregard of stationary signals, mechanical warnings and even crossing watchmen. In a total of 207 crossing accidents on the N. Y. C. R. R., 70 per cent occurred at open crossings where the view was unobstructed.

The railroads stand ready to co-operate in reasonable methods of reducing these accidents. However, the drivers themselves must carry a great share of the responsibility.