



CONTROLLER'S REPORT

To: Chairman and Members
State Highway Department

From: James J. Deputy
Controller

It takes more than planning, labor, equipment, material and land to build a highway. It takes money.

Delaware's taxpayers rightfully expect their money to be spent wisely and well which is the purpose of the Controller's Office, the fiscal center of the vast operation that constitutes the State Highway Department.

The Controller's Office, established as a separate division during the reorganization of the State Highway Department only five years ago, has experienced phenomenal growth in responsibilities and procedures. Its aim is what is implied in the name—control of expenditures to insure better service to the public and greater protection of the taxpayers, by expediting the use of every dollar authorized including the vast sums of matching federal funds. The strengthened powers of the Controller's Office has guaranteed fiscal integrity by a thorough accounting of all money received and spent.

Reorganization in May, 1966, resulted in actual control of receipts, receivables, disbursements and payables and in the changeover of the accounting system from a cash to an accrual basis.

Rapid and progressive change followed at a dazzling pace.

In July, 1961, the purchase order system was instituted for all funds of the Department, thereby making available estimated immediate and planned expenditures.

The issuance of bond accounting reports on a monthly basis by project was instituted in March, 1962, and federal funds encumbered for the first time on the financial records of the Department. A month later, the Controller's Office initiated a payroll distribution program whereby the time of all employees (salaried or hourly) could be computed on the basis of work actually done on a specific project.

Less than a month later the Department, recognizing the enormous responsibilities that

were being placed upon the Controller, followed his recommendation and authorized installation of an International Business Machine 1401 card system. Delivery was scheduled in 15 to 18 months. In September, 1962, however, it became apparent that the work load had increased beyond the capabilities of the 1401 computer. The 1440 computer was, therefore, installed in November 1963.

In June, 1962, the Controller joined the Engineering Division to proceed with the institution of an administrative management program which led to a current billing status with the Bureau of Public Roads, the Federal agency which handles matching funds for the U.S. Government.

Volume I of the Accounting Manual, which established accounting codes in line with those recommended by the American Association of State Highway Officials, was submitted and accepted by both the Department and Bureau of Public Roads in 1963.

Through April, 1964, the Controller and his staff rendered assistance to consultants working to set up the State accounting system and, significantly, most of the elements of the Controller's Accounting system were incorporated into the new State system.

Also in April, the Controller revised the accounting system on bond monies and instituted control by individual functions on projects rather than the project as a whole. Additionally, an allotment system was put into effect to insure that no project would run short of funds, since no expenditure could be incurred until allotment was made by the Controller's office.

Having outgrown its rented facilities in the Arden Building in Dover, the Controller's Office was shifted in August, 1964, to the more spacious Warrington Building.

Early this year, the Controller received approval from the Bureau of Public Roads on his recommendation of a program to charge vaca-

tion, sick, holiday and other leave to various projects on a percentage basis. This enabled the Department to collect the proper participation on vacation and sick leave for the first time.

In March, 1965, a system was put into effect whereby Federal matching funds would be reimbursed within a month of the expenditure of state funds for any given project, the most rapid turnover of money anywhere in the Federal-State system.

A validity program was initiated in April, 1965, whereby each expenditure, prior to its being processed to determine its validity, is machine tested thereby greatly improving the accounting system by completing a detailed pre audit of each charge.

Finally, the Controller's Office has instituted a program of equipment accounting which will be put into effect in the early part of fiscal 1966. This will enable the Department to obtain participation from the Bureau of Public Roads on equipment usage, a first in the State-Federal relationship.

A model for experts in accounting, computer systems and analysis, the Controller's Office is now an acknowledged leader in the field on both the state and national level. For Delawareans, these developments mean reduced costs in road construction, rapid development of needed projects and prompt availability of millions of dollars in Federal matching funds.

Public agencies, like private business, thrive and function to the full extent of their capabilities when financial records are accurate, complete and immediately at hand.

In summary, it can be seen that the Controller's Office in five short years has roughly paralleled our technological development of the 20th Century in which we have moved from the horse-and-buggy into the far reaches of outer space—a dramatic analogy but one that is conclusively borne out by fact.