

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

COUNTY HIGHWAY DEPARTMENT

DEKALB COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

12/09/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	John Fetters	01-01-07 to 12-31-10
Highway Supervisor	Eric Patton	01-01-08 to 12-31-09
President of the County Council	Benjamin Smaltz	01-01-08 to 12-31-09
President of the Board of County Commissioners	William Ort	01-01-08 to 12-31-09



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TO: THE OFFICIALS OF DEKALB COUNTY

We have audited the records of the County Highway Department for the period from January 1, 2008 to December 31, 2008, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of DeKalb County for the year 2008.

STATE BOARD OF ACCOUNTS

November 9, 2009

COUNTY HIGHWAY DEPARTMENT  
DEKALB COUNTY  
AUDIT RESULT AND COMMENT

PUBLIC WORKS PROJECT

There were three public works projects that had extensive extensions or reductions without approval of the Board of County Commissioners or an approved change order. These projects were awarded on a lump sum basis. The cost adjustments exceeded the original contracts by over 20%. Documentation supporting the cost adjustments was not attached to the claims.

IC 36-1-12-18 states in part:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board of commissioners and the contractor.

(b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person.

(c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency.

(d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

(e) All change orders must be directly related to the original public work project.

(f) If additional units of materials included in the original contract are needed, the cost of these units in the change order must be the same as those shown in the original contract."

COUNTY HIGHWAY DEPARTMENT  
DEKALB COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2009, with William Ort, President of the Board of County Commissioners; Benjamin Smaltz, President of the County Council; and John Feters, Auditor. The official response has been made a part of this report and may be found on page 6.

# DeKalb County Commissioners

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William C. Ort, President  
Don C. Kaufman, Vice President  
Donald D. Grogg, Member  
100 South Main Street  
Auburn, IN 46706  
260-925-2362  
260-925-5948 Fax

November 9, 2009

Mr. Bruce Hartman. CPA  
State Examiner  
Indiana State Board of Accounts  
302 West Washington Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis, IN 46204-2765

Dear Mr. Hartman

## Officials' Response to 2008 DeKalb County Audit Findings

On behalf of the DeKalb County Commissioners, I have reviewed the 2008 DeKalb County Audit Findings, agree with those comments and accept them.

This letter confirms that our DeKalb County Highway Superintendent has obtained software and has been using it for most of 2009 to address the problem, which will resolve the matter now and in the future.

Sincerely,



William Ort  
President of County Commissioners