

(No. 107.)



1870.

T A S M A N I A.

M U N I C I P A L A C C O U N T S.

REPORT FROM SELECT COMMITTEE; WITH MINUTES, AND  
EVIDENCE.

Brought up by Mr. Lewis, and ordered by the House of Assembly to be printed,  
September 29, 1870.

*SELECT COMMITTEE appointed on the 1st September to enquire into and report to this House the best method of securing, under the direction of the Governor in Council, the Audit of the Accounts of Municipalities, Road Trusts, and Boards of Works throughout Tasmania, in lieu of the present system of Audit; also, upon the advisability of vesting the Road Trusts and Boards of Works in the Municipal Councils, in Districts where such Councils exist; with power to call for persons and papers.*

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MEMBERS.

MR. LEWIS ( <i>Chairman</i> ).	MR. KEACH.
MR. DAVIES.	MR. SWAN.
MR. PRATT.	MR. BALFE.
MR. WHITEHEAD.	

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DAYS OF MEETING.

September 9, 13, 14, 15, 20, 21, 22, 23, 27, 28, 29.

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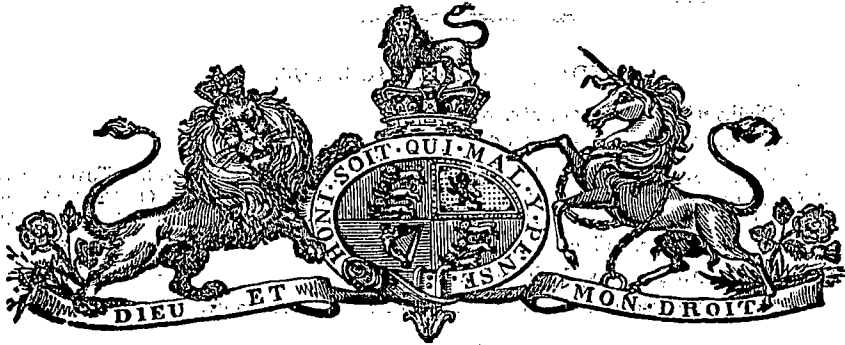
WITNESSES EXAMINED.

John Swan.	Henry Bilton.
F. Allison.	J. R. Roe.
Robert Clerk.	F. Aubin.
Henry Dawson.	A. G. Webster.
J. O. O. M'Ardell.	Thomas Parker.
W. H. Walker.	Geo. Stokell.
James Young.	

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EXPENSES OF WITNESSES.

	£	s.	d.
R. Clerk .....	0	10	0
J. O. O. M'Ardell .....	2	7	0
F. Allison.....	2	5	0
W. H. Walker .....	8	0	0
J. R. Roe.....	4	12	0
H. Bilton.....	2	10	6
F. Aubin .....	—	—	—
H. Dawson .....	0	19	0
Jas. Young .....	1	10	0



## R E P O R T.

Your Committee have now the honor to report that they have examined the Wardens of Clarence, Glenorchy, Oatlands, Spring Bay, and Campbell Town. They have also examined Mr. Walker, the Council Clerk of Fingal, Mr. M'Ardeall, Auditor of Clarence, Mr. James Young, Treasurer of Clarence, Mr. Webster, Mr. Parker, Mr. George Stokell, and Mr. Robert Clerk, late Warden of Fingal.

Your Committee have had exhibited to them several sets of Books, including those of the Corporation of Hobart Town. The evidence goes to show that in all the Accounts of the Municipalities examined there have been either irregularities or defalcations.

The system of keeping books is, on the whole, very unsatisfactory, as also the system of audit.

Your Committee are unanimously of opinion that the Accounts of all Rural Municipalities and Road Trusts should be kept upon a common system instituted by the Government, and should be subjected to an annual audit by an Officer appointed by the Governor, who should travel through the country inspecting all books, vouchers, &c. in possession of Municipal Councils and Road Trusts. The Committee also consider that the Officer should be an accountant practically acquainted with Municipal business.

In many of the Districts it appears almost impossible to secure competent persons who are willing to perform the duties of Auditor. The Professional Accountants examined coincide with the other witnesses in recommending one general form of Book-keeping, and one competent Auditor.

The Committee do not consider that there should be any compulsory union of Road Trusts with the Municipal Council.

**D. LEWIS, Chairman.**

*Committee Room, House of Assembly,  
29th September, 1870.*

## MINUTES OF THE MEETINGS.

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FRIDAY, 9 SEPTEMBER, 1870.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Keach.

On the motion of Mr. Swan, Mr. Lewis took the Chair.

It was resolved, That the following witnesses be summoned :—Mr. Jno. Swan, Campbell Town; Mr. F. Allison,<sup>o</sup> Sorell; Isaac Wright,\* Glenorchy—for Tuesday, the 13th. R. Clerk, Cambridge; J. O. O. M'Ardell, Kangaroo Point—for Wednesday, the 14th. James Young, Clarence; Henry Dawson,\* Kangaroo Point; and Mr. Parker—for Thursday, the 15th. W. H. Walker,\* Fingal—for Tuesday, the 20th.

Committee then adjourned until Tuesday, 13th September.

\* To produce the books and accounts of the Municipality.

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TUESDAY, 13 SEPTEMBER, 1870.

The Committee met at 11.10 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Whitehead, Mr. Davies, and Mr. Keach.

A letter from Mr. Isaac Wright, excusing himself from attendance, was read and received.

Mr. John Swan was called in and examined.

*Resolved*, That Mr. Aubin, Spring Bay, be summoned to attend with the books and accounts.

Committee then adjourned.

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WEDNESDAY, 14 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Keach, Mr. Whitehead, Mr. Balfe, Mr. Swan.

Mr. F. Allison and Mr. Robert Clerke were called in and examined.

The Committee adjourned.

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THURSDAY, 15 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Keach, Mr. Swan, Mr. Whitehead.

Mr. Henry Dawson called in and examined.

Mr. F. Allison re-examined.

Mr. Henry Dawson's examination continued.

Mr. J. O. O. M'Ardell called in and examined.

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TUESDAY, 20 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Keach, Mr. Whitehead.

The Clerk laid on the Table the Accounts of the Rural Municipality of Clarence as audited by Messrs. Lewis and Parker.

Mr. W. H. Walker called in and examined.

Letter from Mr. Aubin, explaining his absence, was read.

*Resolved*, That Mr. Aubin, Warden of Spring Bay, be summoned, for Tuesday, 23th instant.

*Resolved*, That the Chairman do report progress, and ask for further time to bring up Report.

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WEDNESDAY, 21 SEPTEMBER, 1870.

The Committee met at 11.15 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Pratt, Mr. Swan, and Mr. Keach.

*Resolved*, That the Warden of Oatlands should be summoned to attend, with the books of the Municipality.

The Committee adjourned.

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THURSDAY, 22 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Whitehead, Mr. Swan, Mr. Keach, Mr. Pratt, and Mr. Davies.  
Mr. James Young called in and examined.

*Resolved*, That Mr. Bilton, Warden of Glenorchy, be summoned to attend on Friday, 23rd instant.

The Committee adjourned.

FRIDAY, 23 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Pratt, Mr. Whitehead, Mr. Swan, and Mr. Davies.  
Mr. John Rowland Roe called in and examined.

The Committee adjourned.

TUESDAY, 27 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Whitehead, and Mr. Keach.  
Mr. Francis Aubin called in and examined.

The Committee adjourned.

WEDNESDAY, 28 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Keach, and Mr. Davies.

Mr. A. G. Webster called in and examined.

Mr. Thomas Parker called in and examined.

The Committee adjourned.

THURSDAY, 29 SEPTEMBER, 1870.

The Committee met at 11 A.M.

*Present*—Mr. Lewis (Chairman), Mr. Swan, Mr. Whitehead, and Mr. Keach.

Mr. George Stokell called in and examined.

Mr. Lewis called attention to the Accounts of the Municipality of Hamilton as laid upon the Table of the House having been signed by one Auditor, and those of Hobart Town being in the same condition.

Letters from the Council Clerk of Deloraine to the Warden of that Municipality, suggesting method of keeping Accounts, and giving specimens, were read.

Draft Report read, amended, and adopted.

The Committee adjourned.

## EVIDENCE.

FRIDAY, SEPTEMBER 9, 1870.

MR. SWAN *examined*.

*Mr. Lewis*.—Have been connected with Rural Municipalities for some years. Have filled office of Warden in two districts,—Fingal and Campbell Town,—and have performed the duties of Auditor. I consider that with common care on the part of the Councillors and Auditor no *serious* irregularities in the accounts could remain undetected.

The duties of an Auditor are to see what amount is due to the Municipal funds from all sources, to ascertain the expenditure, to find that every item of expenditure has been authorised, and that the balance of receipts, if any, is to the credit of the Municipality in the bank. The Auditors can scarcely be held responsible for the non-collection of rates, that being a matter for the attention of the Council.

Was Auditor to the Municipality of Fingal. I found a considerable amount of the rates uncollected. I reported this privately to the Council, and took advice whether it was part of the duty of an Auditor to take official notice of this, the accounts when submitted to me being signed by a Warden and two Councillors. On the second year of office as Auditor I found that rates were still uncollected, and was at this time elected a Councillor. The Council Clerk had no receipt book, but took the printed Valuation Roll and ticked off in the margin the rates received.

I became Warden of Fingal, and instructed the Council Clerk to summon every ratepayer who did not appear from this Valuation Roll to have paid. Amongst the first of those summoned, more than one produced receipts. This showed that great irregularity existed, and that the Council Clerk had not been in the habit of paying moneys into the bank promptly on its receipt. The Council Clerk, on being called on for an explanation, admitted that he had been guilty of carelessness, but he paid into the bank a sum of money which at the time was believed to cover all rates that had been collected and not accounted for; subsequently it was discovered that in

one or two cases the rates had been paid, and the payment not recorded in the books: the Council having determined to take proceedings, the Council Clerk left the Colony. This Council Clerk was the Police Clerk before the establishment of municipal institutions, and the first Warden of Fingal was the old Police Magistrate and acted as Treasurer. I consider that the fact of the office of Warden and Treasurer being combined very objectionable.

*Mr. Davies.*—I do not consider that the Treasurer should be a member of the Council; but I am decidedly of opinion that the appointment should be given to some competent person not a member of the Council, and so much was I impressed with this idea that on taking office as Warden I declined the post of Treasurer. I do not consider the appointment of the Council Clerk so objectionable. In the Municipality of Campbell Town the Council Clerk is the Treasurer, but the best principle is no doubt that the Treasurer should be unconnected with the Council.

*Mr. Whitehead.*—I do not see any objection to the Council Clerk being a collector of rates; but I consider the Treasurer should be a person totally unconnected with the Municipality by any office except as Treasurer. Municipal institutions can only work satisfactorily where the Councillors are men moderately acquainted with accounts, and willing to devote attention to the duties of their office. I think the accounts should be audited annually by a skilled accountant who should travel throughout the Municipalities to inspect the books. This Auditor should be appointed by Government, and there should be one system of accounts.

*Mr. Davies.*—I contemplate that this Auditor should be paid by the Municipalities, but I have not considered in what way. The appointment of such an officer would entail a direct tax upon the ratepayers, but the indirect advantages derived from greater confidence and sense of security from fraud would more than compensate for this charge.

*Mr. Lewis.*—I am Chairman of the Board of Works for Campbell Town, and I am strongly of opinion that it would be highly objectionable in that District to amalgamate the Municipal Council, the Board of Works, and Road Trust. I have never been a member of a Road Trust. I see no reason why the Road Trust Accounts should not be audited in a way similar to that I have recommended for Municipalities.

I do not think that there should be a union of Road Trusts with Municipal Councils. In some Municipalities the electoral power is monopolized by the towns, in spite of the plurality of votes enjoyed by the large landholders; the inhabitants of the towns are generally disinclined to be rated for the maintenance of roads in remote parts of the district. Many men who would be very useful as Road Trustees might not have sufficient influence to be elected Councillors, and indeed might be scarcely fit for the latter position. The principal and first duty of a Municipal Council is to protect the lives and property of the inhabitants of the District, and consequently their principal duty is management and control of the Police. I am aware that in Hobart Town and Launceston there were Municipalities before the control of the Police was given over to those bodies. I do not consider that I have any special authority to speak on the matter connected with the Municipalities of Hobart Town and Launceston.

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WEDNESDAY, SEPTEMBER 14, 1870.

MR. F. ALLISON *called in and examined.*

*Mr. Lewis.*—I am Warden of Sorell—I produce the account books of the Municipality from the commencement, viz. Municipal Cash Book from 1862 to July, 1870; Police and Road Rate Cash Books (2); Cash Book Police (now unused); Bank Pass Books (3).

*Mr. Swan.*—There is no book kept showing the whole amount of rates due. The only means of discovering whether rates have been paid is by comparing the butts of the rate receipt book with the Assessment Roll, which is ticked off as each person pays his rates. The Collector gives a printed receipt for rates.

*Mr. Whitehead.*—When rates are paid by cheque, which seldom occurs, the receipt would not be sent by post but be kept at the office until called for.

*Mr. Lewis.*—The Rates in the Municipality of Sorell are collected yearly. The rates are most certainly not all collected for the year before the end of the month of May. There is a Ledger kept, which I will write for. We have a book for entering fines and fees, and a Minute Book; these I will produce at 11 o'clock to-morrow. It has been said by one individual that the Accounts of the Municipality are incorrect. The Accounts are regularly audited according to the Rural Municipalities Act. The Municipal Council was formerly the Road Trust of the District, but is not so now. Mr. Edgar, one of the Auditors, is a book-keeper to Mr. Coram who is a storekeeper in Sorell. Mr. McPhee, the other Auditor, is the Government Schoolmaster. In auditing the Accounts all the books are produced, together with the Balance-sheet passed by the Council. Receipt books showing receipt and expenditure for Police purposes; the Rate Book showing amount of rates paid; the Dog Licensing Book showing amount collected for Dog Licences; the Day Book showing the charges at the Police Office and fines paid. The butts of the Police Rate and Dog Licensing Books, and the Minute Book, would be produced if required; the Assessment Roll is also furnished. Should the Auditor discover an amount of rates uncollected I do not consider that he would have authority to take any official notice of the fact. The offices Council Clerk, Collector of Rates, and Superintendent of Police are amalgamated. I object to this, but only consented on the score of economy. The Road District and the Municipality are distinct. The separation was brought about by one person who obtained a petition to the Governor. I believe that the duties of the Road Trust were better performed before the separation. I see no objection to the two bodies, Road Trust and Municipality, being combined. There are two Road Districts in Sorell.

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**MR. ROBERT CLERK** *called in and examined.*

*Mr. Lewis.*—I have been Warden and a Councillor of Fingal; as Warden I have been through the whole of the Accounts in detail during the two years that I held office. I am acquainted with Accounts, and consider that the system adopted at Fingal is a good and sufficient one, as long as good and efficient men occupy the position of Councillors and Council Clerk. I was a Municipal Councillor at the formation of the Municipality. There were at first gross irregularities in the Accounts by the non-performance of their duties by the Councillors, and by the combination of the offices of Warden and Treasurer; by non-performance I mean a too implicit confidence in the Warden (the old Police Magistrate), who, not being a man of business, failed to exercise a proper supervision over the proceedings of the Council Clerk. On principle I think the Treasurer should not be a Councillor if it were possible to obtain proper persons in the District. I am decidedly of opinion that the Council Clerk should be neither Treasurer nor Superintendent of Police, a division of the responsibility I consider much the safer to the working of Municipal Institutions. I have been on the Road Trust since the first passing of the Act. I am decidedly opposed to the amalgamation of the Road Trust with the Municipal Council, as I consider the divided responsibility more desirable, and that many persons fitted and desirous of being elected Road Trustees would not be suited or chosen as Councillors.

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THURSDAY, SEPTEMBER 15, 1870.

**MR. HENRY DAWSON** *called in and examined.*

*Mr. Swan.*—I am Warden of the Municipality of Clarence. I produce the Books of the Municipality in accordance with a Summons from this Committee,—Cash-book, Ledger, and new Cash-book lately opened by the new Council Clerk. I entered the Municipality in 1866. I was not satisfied with the way the Accounts were kept. The Councillors confided implicitly in the late Mr. Abbott, and I found myself powerless to oppose him. Mr. Abbott exercised supreme control over all the affairs of the Municipality. The other Councillors deferred to Mr. Abbott from his having been for many years the Police Magistrate of the District. Without professing to be an Accountant, I think that, under the present system of keeping the Books of the Municipality, with ordinary care and intelligence on the part of the Councillors and Treasurer and Warden, it would be very improbable that a fraud could occur. No Rate-book is kept by the Council Clerk. If intelligent and honest men are elected as Councillors, I think the present system of audit affords sufficient protection to the Ratepayers. The Treasurer's duty is to receive all the Cash from the Collector every fifteen days. The Auditors, in conducting an audit at the end of the year, should make themselves well acquainted with all the Accounts in every particular. They should be made acquainted with the amount of Rates to be collected, the sum actually collected, the list of deficiencies, the Rates remitted for paupers, and other causes. The Auditors should make a representation to the Warden of any amount of Rates uncollected on auditing the Accounts. I think that the Auditors would be justified in making this representation to the Warden, to be brought before the Council. It would be the Auditor's duty to call attention to any glaring amount of uncollected Rates.

*Mr. Whitehead.*—I think Rates collected might be reasonably left with the Clerk for fifteen days, for, in that time, I do not think the amount of the Collector's Bond could be exceeded.

*Mr. Swan.*—I certainly think the Accounts of all the Municipalities should be kept upon one system, I think it advisable that they should be audited annually by a skilled Auditor appointed by the Government. In a small Municipality like Clarence I do not object to the same person holding the office of Council Clerk and Superintendent of Police, from its compactness and from its being so rarely worked for Police purposes; but, in a District like Fingal, where I resided for seven years, or any other large District, I do not think the offices could be combined with safety.

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**MR. F. ALLISON.**

I have heard the questions as to the advisability of a Public Audit, and entirely concur with it.

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**MR. DAWSON.**

I do not think, from my knowledge of the District of Clarence, that there two persons could be found that could checkmate a first-rate Accountant who was disposed to be dishonest.

In a District like Clarence, from its size, when the Road Trust was in the hands of the Municipality, the Council were divided into Sub-Committees for the general inspection of Roads; and such arrangement was found to answer exceedingly well. It would not answer so well in a larger District, such as Fingal. The roads are, in my opinion, not so well managed under the Road Trusts as they were, under the Council.

The District of Clarence was divided,—one section desiring to borrow money for the construction of the road leading from Kangaroo Point to Richmond, and the Clarence portion of the Municipality, fearing to be burdened with a portion of the debt, and they consequently petitioned the Government to separate the District into two Road Trusts, and relieved the Municipal Council of the responsibility.

*Mr. Swan.*—The cost of collecting the Rate, viz., 5 per cent., is an increase to the expenditure. By the separation of the Road Trust from the Municipal Council the collection would be made by the Council Clerk under the Municipality. I consider it would be very objectionable in such a District as Fingal to vest the Road Trust and Board of Works in the Municipal Council.

*Mr. Lewis.*—I do not think the Rates of the District of Clarence are sufficient to keep the Roads in ordinary repair. To properly make the Roads in that District it would be necessary to borrow money and levy a rate to pay the interest. This course has been attempted, but unsuccessfully.

*Mr. Keach.*—Councillor James Young is the Treasurer of Clarence. I could see no objection to the Council Clerk being the Treasurer, provided that the Bank-book were produced to the Warden every fifteen days, initialled by the Cashier of the Bank, together with an abstract of moneys received to date of paying in.

*Mr. Swan.*—Councillor Young is paid. I do not see any objection to a Councillor being a Treasurer. I think that a Councillor, not being Warden, should, if Treasurer, be paid out of Municipal Funds. I am not aware of anything in the Act to prevent it.

*Mr. Lewis.*—The Books and Accounts of the Municipality, from 1860 to 1869, were lately audited by Special Auditors. The Accounts of these Auditors were sent to the Government to be laid upon the Table of the House of Assembly. There were large defalcations in these Accounts, I believe occasioned by the dishonesty of the late Council Clerk.

MR. J. O. O. M'ARDELL *called in and examined.*

*Mr. Lewis.*—I am an Auditor of Clarence Municipality, and have been since the commencement. I did not approve of the way in which the accounts of that Municipality were kept. I remarked on the unsatisfactory manner in which the books were kept in the late Warden's presence, but cannot say that I directly called his attention to the fact. For many years past I had no suspicion that the late Council Clerk was dishonest, though I remarked that in absence of a Petty Cash Book and memorandum it was quite possible for a dishonest man to appropriate small sums. I am aware that there were serious defalcations in the accounts of the Municipality up to 1869. I requested the Council Clerk to provide himself with those books the absence of which I mentioned before. I only detected two trivial errors in auditing the accounts.

*Mr. Swan.*—I found no Rate Book kept, but in lieu thereof a Valuation Roll with certain marks purporting to show persons who had paid their rates, and no entries in the Cash Book of the individual payments. There was nothing further to show the amount of rates uncollected than by adding up the ticked part of the Valuation Roll and subtracting the amount from the total assessment, and I never adopted this course. The bank pass-book was generally but not always produced at an audit. It took from two to three hours to audit the accounts,—certainly not in half an hour. I have never been engaged in commercial pursuits. I am not a practical Accountant, but have 30 years' experience in teaching book-keeping.

*Mr. Lewis.*—I have expressed my opinion of the unsatisfactory way in which the accounts were kept, but no notice was taken of it by the Warden or the Clerk,—in fact, it was considered that my duty consisted in looking at the Balance Sheet, and comparing the books with the vouchers, and taking them as correct; and it was considered that I was travelling out of my province in making any remark as to the manner in which the books were kept. I hold a contrary opinion. I had not the slightest doubt of the honesty of the late Council Clerk, and did not therefore insist on the information I required being furnished. On the last occasion I audited I declared I would never again sign an abstract in the absence of those books which I considered necessary.

*Mr. Swan.*—This was after a suspicion as to his integrity had been thrown on the Council Clerk by Mr. Strachan.

TUESDAY, SEPTEMBER 20, 1870.

MR. WILLIAM HOLDEN WALKER *called in and examined.*

*Mr. Lewis.*—I am Council Clerk of the Rural Municipality of Fingal. I produce the account books of the Municipality.

*Mr. Swan.*—I keep a Rate Book. This book is constructed for the purpose of showing the amount of rate upon the total annual value of the property, when the rate was demanded, when paid, and by whom, and the deficiencies (if any), and what was done with that deficiency.

*Mr. Lewis.*—All the entries in this book are made immediately after the Appeal Court, and the rate fixed; so that the Council can see at a glance the amount of revenue derivable from this particular rate, and also at the end of the year the amount of deficiency, if any.

*Mr. Swan.*—I produce the Fees and Fine Book, Dog Licence Book, and Slaughtering Licence Book.

*Mr. Lewis.*—The Warden does not go through the record books for the purpose of ascertaining the fees and fines paid, neither the Treasurer nor Auditors. I am of opinion that it should be done.

*Mr. Swan.*—There are four distinct Stations in the Municipality,—Avoca, Fingal, St. Mary's, and Falmouth. I am stationed at Fingal; on Tuesdays I visit St. Mary's and Falmouth, a distance of 21



miles from Fingal; on Saturdays I visit Avoca, 18 miles from Fingal. A Record Book and Fees and Fines Book are kept at each of those Stations. Only moneys received are entered in the Fees and Fines Book. I receive them on these days, and initial the book. These books are kept at each of those Stations by the Officer in charge. Upon paying the money over to me I refer to the Record Book to see that the amount paid is correct, and if found to be so I initial the book and he pays me the money. This is done every week. I make up the books of the Municipality daily, so that at the end of the week my books will show all moneys collected in the Municipality that have been received up to that date and will be passed through my books. All cash received I place in the cash-box, and at the end of every month pay the same over to the Treasurer. The cash-box is placed in an iron safe kept at my own residence. I never leave money by any chance at my office, and I have always positively refused to receive money anywhere but at the office, in order that I might enter it in the books. It is my habit to return every night to my own residence after visiting the out-stations. If I had collected a large amount of rates at Falmouth I should not go home if it were some time after dark and I could not get home till very late, unless I had a large sum of money in the house, when I should return whatever time of night it might be. Should I be unavoidably absent during the night, the Superintendent of Police instructs a constable to visit the house. I am a married man, and there is always some one in the house. I have had as much as £447 collected in one month, mostly in small cheques and cash. The reason I keep so much money in hand is that the Treasurer does not like taking money over oftener. I have pointed out that the Act requires the money to be handed over every 14 days, but I have reason to believe that the second attendance is troublesome, and therefore it is only done on Council Meeting days, thereby killing two birds with one stone.

The amount of security I give is myself for £100 and one surety for the same amount.

The Treasurer of the Municipality is also a Councillor, and receives a salary of £15 per annum. This I believe to be contrary to the Municipalities Act. I do not know the amount of security given by the Treasurer.

I have nothing to do with the Bank Pass Book. When the Treasurer has signed my book and received the money from me all my responsibility ceases.

I am always present when the accounts are audited. The Rough Cash Book, General Sessions Book, the Municipal Ledger, the Police Ledger, the Butts of the Police Rate Receipt Book, the Minute Book showing that the payments had been authorised by the Council, a voucher for each payment duly receipted and signed as correct by the Warden in Council, and any other information I may have, are presented to the Auditors. That acts as an efficient check upon me as far as I am concerned. There is no check upon the Treasurer beyond the Bank Pass Book, which is always produced at the audit. If the Bank Book agrees with my books the Treasurer must have paid all money received by me into the bank. No money is received by the Treasurer on Municipal account that has not passed through my hands.

The Treasurer only produces the Bank Pass Book once a year, at the audit. If at any time I have the book in my possession at any meeting of the Council I lay it on the table. But it is a book that I have nothing to do with officially.

The audit usually takes about nine hours. I am perfectly sure that they go through the accounts and compare them with the vouchers: that they do it conscientiously, conducted with great care and very minute. The efficiency of the system of audit depends on the class of men appointed as Auditors. I only know of three or four competent in the District of Fingal. By competent I mean thoroughly conversant with accounts as a matter of business, and capable of detecting errors and acting as an efficient check. In one year the Auditors detected an error of one penny in the accounts, involving an expenditure of upwards of £1300.

I consider that the present system is sufficient check on the Council Clerk if the Warden, Treasurer, and Auditors are competent, and perform their duties carefully. The present system to be efficient being dependent on obtaining the services of an unexceptionably good set of men, I consider a Government Audit would be a vast improvement. It would conduce much to the correctness of the audit and quite practicable to have one system of book-keeping for all the Municipalities. I consider that this general audit should be conducted by an officer appointed by the Government, travelling to the different Districts. The sending of the books to town for the purpose of examination would be more expensive, and would most probably be objected to by the Councillors on account of the inconvenience caused by the absence of the books, &c. during their examination, and would very likely involve the absence of the Council Clerk from his District.

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THURSDAY, SEPTEMBER 22, 1870.

MR. JAMES YOUNG *examined.*

*Mr. Lewis.*—My name is James Young. I am Treasurer and Councillor of the Rural Municipality of Clarence. I have been Councillor from the commencement, and Treasurer for about 8 years. I was not in the habit of receiving from the Collector all moneys paid to him. I never received any of the moneys of the Municipality with the exception of a few Government cheques all the time I have been Treasurer. Lately (this year) I believe I have received all the moneys (excepting the Government aid) and placed them in the bank. I have done this since the defalcations by the late Council Clerk became known. I may say that the day the Council Clerk obtained leave of absence and left the Colony in the *City of Hobart* I had determined to go to the Police Office and demand the money from him in the exercise of my functions as Treasurer as shown by the Act. The Clerk and the Warden between them (I do not know how they managed) received all the moneys before this. I did complain of this, but the Councillors said it was the usual thing. They had implicit confidence in the Council Clerk and Warden.

I received no pay as Treasurer until this year they give me £15 a year and make me find sureties. There were several serious defalcations in the Accounts. Had I exercised my duties as Treasurer these defalcations by the Clerk could not have occurred. The Council of Clarence has accused the late Clerk of

appropriating the money. Allowing for rates unpaid and one thing and another, these defalcations amount to about £500. I gave evidence before a Select Committee last year with reference to the Accounts of Clarence for three years. There were Accounts made up by that Select Committee sent to the Council of Clarence in October last. There was a balance in that Account at the end of 1868 to the debit of the Treasurer of £123 5s. 1d. This sum should have been in the hands of the Treasurer. I asked the late Clerk about it, he gave an evasive reply.

*Mr. Swan.*—His reply did not satisfy me.

*Mr. Lewis.*—No steps were taken to recover this sum of £123 5s. 1d.; the Council did not understand this sum was due. I consider it my duty as Treasurer to know what revenue has to be collected from all sources. I have not yet called on the Council Clerk to account for the revenue; the way they keep the books does not satisfy me, nor the way I receive the money. I receive it in lump sums, the Clerk does not give me the items which I think ought to be furnished; this is a system I disapprove of. I think that one system of keeping books in all the Municipalities would save a great deal of trouble. I think a Government Audit would be better than the present method, because the Government Auditor would be independent of everybody and would have the books to himself without any interference. Our Auditors used to have the Warden and late Council Clerk with them, and took their explanations rather than take the trouble to go through the accounts themselves.

*Mr. Swan.*—I always knew what the duties of a Treasurer were, but had never been able to exercise them. It was in the present year that I first decided to perform the duties of Treasurer. I had been acting as Treasurer for 7 years; during that time I was aware it was my duty to receive and account for the Municipal funds, but I did not do so for I could not get them. I am not aware that it is illegal for me to hold an office of profit in the government of the Council although I am a Councillor and not the Warden. It strikes me that according to the Act the Council may appoint any of the Councillors to act as Treasurer, and give him a salary for so doing. I do not think this would disqualify a Councillor so appointed. After reading the 56th Section of the Rural Municipalities Act I have my doubts as to the legality of my situation as Treasurer. I have kept books, a Day Book, Journal, and Ledger. I consider I do know how books should be kept, and understand a system of book-keeping. I do not think there are more than from 12 to 20 people fitted to act as Auditors in the Municipality. I mean if they would take the trouble to examine the accounts thoroughly.

*Mr. Whitehead.*—I think it more convenient that the Treasurer should be a Councillor; he has more opportunity of looking after the money, seeing that the rates are paid, &c. When I gave evidence last year before the Select Committee, I thought Mr. Strachan was wrong in challenging the correctness of the Municipal accounts. I now consider he was right or very nearly so.

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#### MR. HENRY BILTON *examined.*

*Mr. Lewis.*—I am the newly elected Warden of the Rural Municipality of Glenorchy. I have been a Councillor since the commencement, only acting on the Police Committee. I have had opportunities of seeing how the accounts are kept. I became a member of the Finance Committee at the beginning of the present year. This was in consequence of my having discovered the irregular way in which the books were kept. The system is bad. It is three years since I protested against the system adopted, the management of the Accounts and the receipts of moneys. It was impossible for any one except the Finance Committee to know the state of the accounts. I tabled a motion that all accounts of receipts from whatever source should be placed every month upon the table of the Council. The reason was that it might be known who were defaulters in the payment of Rates, so that a check might be kept upon the Council Clerk. I was aware that the Police Rates were not received in due course as they ought to have been. The duties of the Council Clerk at that time were about to be augmented by his being made Superintendent of Police. The Council Clerk received the moneys, but from the method in which the accounts were kept it was impossible to know what was and what was not received. The whole of the payments were made by cheque through the Warden. No petty cash account was kept that I am aware of. Since the time of my joining the Finance Committee I have, in conjunction with two other members, examined the accounts as to the Rates since the commencement of the Municipality. About £200 deficiency appeared uncollected or unaccounted for. The late Warden, Mr. Brent, promised to investigate this fact, but in consequence of his illness and subsequent death the duties have devolved upon me. I have given notice to the Ratepayers of their indebtedness. In many instances I have been responded to; some have paid, some have acknowledged their debt, and some disputed their liability. I intend to test the latter by summoning them. The same person has held the Office as Council Clerk since the commencement, and has collected the Rates; but for the last few days I have undertaken the duty myself.

I decidedly disapprove of the way the Books are kept. I produce the books of the Municipality—Ledger, Cash-book, Day-book, and Record-book, Court of General Sessions. I can make nothing out of them: perhaps the Committee can: if so, that is more than I could do. It would be only by going through them, and taking out the items, that any satisfactory conclusion could be arrived at. There can be no doubt of the necessity and desirability of one system of Books being kept in all Municipalities. A Government Audit would decidedly be preferable to the present system of elected Auditors. Some in the Districts are incompetent, and those that are are unwilling to take the trouble. My impression is that Auditors should go thoroughly into detail: at present I fear they do not do so. I think it wrong that the Treasurer should be either a Warden or Councillor of the Municipality. At present we have no Treasurer. There has been no Treasurer appointed since Dr. Butler was Warden. The late Mr. Brent acted, but was not appointed, and gave no security. Dr. Butler was appointed Treasurer whilst Warden, and gave security. We keep no Rate-book, and the only means of discovering whether a man has paid his Rates or not is by comparing the butts of the Receipt-book with the Assessment Roll.

*Mr. Swan.*—I do not know how the Accounts are audited. Some of the ratepayers that have refused to pay gave as their reason that they are not called on to pay rates for former years whilst holding receipts for rates due at a later date. If a man holds a receipt for 1868 it is fair presumptive evidence that he had paid in 1866, but not such as would justify acquittal from the debt; but the fact of his holding a receipt for 1868, if his rates for 1866 had not been paid, would show gross negligence on the part of the Municipal Council.

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FRIDAY, SEPTEMBER 23, 1870.

MR. JOHN ROWLAND ROE *examined.*

*Mr. Lewis.*—I am the Warden of the Rural Municipality of Oatlands, and Chairman of the Board of Works. I produce the Account Books of that Municipality. I did not bring the Minute-book. The Cash-book contains an account of all the Revenue collected in the Municipality, under separate headings. We have an Account-book showing all the Rates received. There is no Rate-book kept. The Council Clerk calculates the amounts on the Assessment Roll. I, as Warden, have been in the habit, as the Treasurer does not take any great interest in the matter, of going over the amount of moneys entered in the Cash-book, and comparing the entries and the butts of the Receipt-books, both for Rates and Dog Licences.

I have an abstract made out monthly. The Council Clerk pays over monthly to the Treasurer, sometimes more frequently, and receives his receipt. I then compare the amount collected by the Council Clerk with amount as shown by this abstract to be due, and if correct, certify to the same on the abstract. This abstract is not laid before the Council, but would be produced if required. This mode of keeping the accounts has been used about two years, but it may have been adopted before. It was in consequence of the Treasurer not taking any great interest in the accounts that induced me to adopt this system of check on the Council Clerk, who is Collector of Rates.

*Mr. Pratt.*—There was a confusion in the accounts owing to my predecessor (as Warden and Treasurer) not having paid the moneys into the bank as regularly as he should have done. In the end these irregularities were brought under the notice of the Council and investigated by the Auditors at the direction of the Council. The investigation showed that the proper amounts had not been paid into the bank at the time that they should have been. I have no idea of the exact amount of these arrears: it was, I should think, over £500. These were moneys received by that officer on account of the Municipal Fund, but not paid to the credit of that fund in the bank. These irregularities must have continued for a very considerable period. The Municipality was at no loss. The Treasurer paid the deficiency after his resignation. Pressure was put upon him to resign and to pay the money. This continued over all this period through the fault of the Auditors. I do not think the Auditors were aware of their power and duty: it was more their want of knowledge than want of diligence. I believe the whole was caused by the Auditors not seeing the bank-book. The accounts were perfectly correct. The Treasurer kept this, but never produced it to the Auditors or Council. The irregularities were discovered by an occurrence (explained to the Committee) which led to further enquiries on my part, and I then told a Councillor that if the bank-book were not produced I should move in the Council for its production, and this was successful. In consequence of this and other causes I was led to adopt this system of a monthly abstract. I am not aware if my predecessor employed such a one.

*Mr. Swan.*—There were, I think, two sets of Auditors who had passed these accounts. These men were, I think, quite competent; but they were innocent enough to suppose that they could audit the accounts without reference to the bank-book. I do not myself suppose that accounts could be audited without the book. The majority of such men as are employed as Auditors are not, in my opinion, competent to audit accounts so as to detect the frauds of a skilful accountant. I think there is a very great difficulty in getting competent and willing men to act as Auditors. The Treasurer is a Councillor. He is not paid. I think it desirable that the Treasurer should be a Councillor. There is no statement of accounts given by the Treasurer to the Council at the monthly meetings.

The Bank Pass Book is occasionally produced, but it is seldom asked for. The Bank Book is often in the possession of the Treasurer or the Council Clerk; consequently it is not written up sometimes between two or three months. The Treasurer may now hold funds of the Municipality for two or three months without paying into the Bank or any check being upon him. The Treasurer found sureties I think for £500. No accounts are placed before the Council at the monthly meetings. The accounts for payment are brought before the Council by the Council Clerk, referred to the Finance Committee for their report, which is brought up at the next meeting. There is no statement made to the Councillors of the amount of rates uncollected or the state of the balance at the Bank. Will explain the precise method of keeping the Minute Book. The Council Clerk takes rough notes which are written out prior to the next meeting.

*Mr. Whitehead.*—I think the Council Clerk has had as much as £100 in hand before paying over to the Treasurer, but I cannot speak positively. His security is £200.

*Mr. Lewis.*—I decidedly think that the Council Clerk or Warden should not be Treasurer. The more people there are to handle the money the better.

*Mr. Swan.*—A skilled Accountant to visit each Municipality and audit the accounts would be safer, but I question the propriety of such a course, because I think the Municipalities should be allowed to take care of the money if they are competent to exist as a Municipality at all. This I say after my long experience with the Oatlands Municipality. The appointment of a skilled Accountant would assist to weaken the feeling of responsibility by the people of a Municipality; still I think such an audit would be much safer to the public. I have just advertised for nominations for an Auditor and no one has been named.

*Mr. Lewis.*—I have no connection with the roads of the District except as Chairman of the Board of Works. I was Chairman of the Road Trust for several years. I think the Municipal Council could manage the business of the Road Trust with advantage and a saving of expense. I think, as a rule, that Road Trustees have not a very good knowledge of road making. I object to the system of road making in this Colony altogether, much money is wasted under that system. I think the Municipal Council could take the contracts and general supervision of the roads, and the only objection I see is the possibility of consequent confusion in the accounts; there would be considerable danger by a confiction of accounts unless we had a very competent Accountant as Council Clerk to keep all the expenditure under their proper heads.

*Mr. Lewis.*—There should be a uniform system of keeping accounts in the Municipalities. I think it could be done.

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MR. BILTON.

I produce the Receipt Books 2 and 3 of 1867; Dog Licences, 1869; Minute Book, 1870; Manuscript copy of Assessment Roll for 1870 and 1867; Demands for Rates 1, 2, and 3, of 1867. Our Municipal Council meets monthly. The Treasurer has not been in the habit of giving a detailed abstract of the accounts at these monthly meetings. I produce part of the abstracts of the results of the labours of the Finance Committee in the investigation I mentioned yesterday, showing the amount of rates now appearing to be unpaid. There are no Road Trusts in our Municipality. I believe that in pressing for payment of rates, the payment of which I can find no record, I shall be met with receipts.

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TUESDAY, SEPTEMBER 27, 1870.

MR. FRANCIS AUBIN *examined.*

*Mr. Lewis.*—My name is Francis Aubin. I am the Warden of the Rural Municipality of Spring Bay. I produce the books of the Municipality. Spring Bay was erected into a Municipality about the year 1863. I believe some of the books are missing. They were lost both before and since I have been Warden. The Accounts have been in a state of confusion. There were some of the funds of the Municipality unaccounted for, but they have since been made up. I was a Councillor from the first. The defalcations in the first instance were made by the first clerk, who suddenly disappeared, and was afterwards found to have destroyed himself in the bush. There were others subsequently.

As far as we could judge the audited Accounts were correct. The first deficiency was about £30, and was discovered on a special audit being held after the death of the Council Clerk. There was no suspicion before his death. After his death there were subsequent defalcations discovered during my Wardenship. I found that a licence had been taken out and the money not paid, that is, not accounted for by the Collector.

The Council Clerk was appointed by the Council as Collector of all the Revenue. He gives security for £100.

I made the discovery of the defalcation; it amounted to about £13. The first was about 1868, and it was restored. He continued after this, and further defalcations occurred. On the first offence I suspended him, and communicated the matter to the Council. The Council resolved to give him another chance: I objected to this, and did not vote. I took the decision of the majority. Another irregularity occurred with the same Clerk to the amount of between £50 and £60, rates paid and not accounted for. At this time I was Warden, not Treasurer. I immediately called the Council Clerk, and referred the matter to the Council. The Council Clerk in calling this meeting of Council was perfectly aware it was for the purpose of inquiring into this discrepancy, and he had plenty of time to have made up the money deficient. He did not restore the money before the meeting of Council. The decision of the Council was that the Sureties were to be called upon to pay up the difference. His salary for three months then due was stopped, and the Sureties made up the balance; he was also dismissed from his office.

I produce to this Committee the form of a monthly receipt of Revenue,—viz., the particulars of rates collected, dog licences, abstract of the full amount, and the bank receipt. This system prevailed when I was Treasurer, and has been continued up to the present time.

Mr. Cruttenden, the present Treasurer, is a Councillor.

I send these forms to the Treasurer for his information, but I receive the money and send it to the bank. The Treasurer would be most certainly the proper person to receive the money, but in this case it would be very inconvenient, as he lives twenty miles from me; but I consider that when I have received the bank receipt for the money and forwarded this and the other abstracts to the Treasurer that he will be fully cognizant of the state of the receipts for Revenue.

The Treasurer is not paid, and finds no surety.

There is a nominal list in manuscript in a book of ratepayers, and the amounts due, kept by the Collector. As the amounts are paid he writes "paid" against the item. The present system of keeping the books has been adopted this year, when we opened a new set, kept in a similar manner to those of the City of Hobart Town.

Mr. Geo. Mace is the only Auditor. I have twice advertised for nominations, and his was the only one. The people of the district seem to be very indifferent to the filling of this very important office. It would be much more satisfactory, as there is this apathy, that a skilled Accountant should be appointed by the Government to audit the accounts of all the Municipalities.

One form of keeping the books throughout the Colony would be advantageous to the Municipalities. I think the method lately introduced in Spring Bay, copied from the City of Hobart Town, a great improvement on the plan formerly in use,—the books under that system being more convenient for reference.

The roads of the Municipality are under the Council, and have always been so. I have heard no serious complaints from this amalgamation as to the money not being spent in the parts where collected. It was resolved last year to spend all the money raised on the main line of road. The other road, from Triabunna and Oatlands (not often used), is the only one on which the Council have spent money. There would be no object gained by dividing the district,—the funds would be too small. The Council is divided into three Committees, who take different parts of the district,—south, middle, and north,—and they, I believe, satisfactorily expend the money placed at their disposal by the Council.

*Mr. Swan.*—The main road is about 50 miles. The Road Rate is 3*d*. This sum is barely sufficient to keep the road in repair; it must do for we do not purpose to levy more. We shall spend no money on any other road, nor do I think any one will ask for any for other places.

With respect to the Municipality of Spring Bay, the amalgamation of the Road Trust and Municipal Council has decidedly worked well; I cannot say how it would answer in other districts. All the accounts are kept together, both of Police and Road Rates. I see no objection to the Treasurer being a Councillor. I am of opinion that the old books were kept in a rough and unsatisfactory manner. I believe we have now a competent person to keep our books.

Mr. Aubin withdrew.

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WEDNESDAY, SEPTEMBER 28, 1870.

MR. ALEX. GEO. WEBSTER *examined.*

*Mr. Lewis.*—I am Auditor to the Savings Bank, Steam Navigation Company, and the Corporation of Hobart Town. I have seen the account books of the Municipalities of Sorell, Spring Bay, Fingal, Oatlands, Glenorchy, and Clarence. The Fingal and Oatlands books are the best, but they are not kept on the system I should recommend. The Spring Bay Cash Book, as far as the receipts are concerned, is kept in a way I should recommend if the credit side were kept in the same way, and also a Ledger. The others do not appear to be kept on any system at all. It would be very easy to devise a system of accounts and books to be kept by each Municipality, so that any clerk with an ordinary knowledge of accounts could keep them if he were once put in the way. I should decidedly recommend such a system as I have indicated.

*Mr. Swan.*—I consider that the Fingal accounts are kept in a manner sufficiently clear and complete for all practical purposes, but it might be improved upon. There should be one cash book instead of two. I think the Fingal Rate book is the correct method of keeping one. I think the Fingal are a well-kept set of books.

*Mr. Lewis.*—I approve of the system employed in the Corporation of Hobart Town. I have suggested improvements from time to time, and consulted with Mr. Parker. The system adopted in England and known as Jones' is the one I should recommend, as far as is applicable to the keeping of Municipal Accounts.

I think the appointment of a competent Auditor by the Government for all Municipalities would be desirable.

*Mr. Swan.*—After examining the accounts of Glenorchy, Clarence, Spring Bay, and Sorell, I consider that Legislative interference, both as to system and audit, would be advisable.

*Mr. Lewis.*—Practically in Hobart Town the election of Auditors is in the hands of the Town Council, as the citizens take little interest in the matter, and a great difficulty is experienced in obtaining any one to act, as there is neither honor nor emolument attached to the office, and the duties are considerable.

*Mr. Davies.*—In the event of any new system of accounts being instituted it would be very desirable to have a thorough investigation of the affairs of the Municipalities up to the commencement of the new system.

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MR. THOMAS PARKER *examined.*

I have been Accountant to the Corporation of Hobart Town for the last 9 years. The system has not been much altered since I commenced; it was a good one then and I have kept it on. The system is Jones' English method, as nearly as practicable.

The principal books kept in Hobart Town Corporation Office are Assessment Rolls; Rate Book compiled from this, showing total amount of Rates, actual receipts, losses, &c.; Treasurer's Cash Book; Tabular Office Cash Book; General Cash Book; Journal; Ledger; Statement Book showing quarterly balances and actual position of the Corporation; Book showing Cab, Dog, and other Licences, and receipt stumps to correspond; Bank Books showing difference between Corporation and Bank Pass Books. All these books are necessary to keep the accounts of such a Corporation. The revenue amounts to £19,000 per annum. This system provides the most perfect system of check and counter-check that can possibly be devised. I have by this means been enabled to detect fraud; it is almost impossible for fraud to remain undetected.

I examined the Books of the Municipalities with Mr. Webster this morning. Have heard all his evidence, and fully concur in it, as to the system of keeping the books and also of auditing; but I think the Government Auditor should be a person practically acquainted with Municipal matters, and am strongly of opinion that he should be a visiting Auditor.

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THURSDAY, SEPTEMBER 29, 1870.

MR. GEORGE STOKELL, of *Clarence Plains*, examined.

*Mr. Lewis.*—I am a landed proprietor in the Municipalities of Clarence, Richmond, Oatlands, and Hamilton. I pay Rates to five Road Trusts. The Road Trustees work very badly indeed in these Districts. Since the Clarence Municipality has been divided into separate Road Trusts I find they have paid no attention to the Cross Road. I found it better managed under the Municipality. I have no complaint to make of Richmond. Nothing can be worse than the management of the Police and Roads in Oatlands Municipality. Having about 7000 acres purchased land in this District, and having paid £20 of rates for many years, I have never had any protection from the Police, nor any money laid out on my only road to Hobart Town. The road is now shut up for want of money to be spent on it: it is closed by neglect. I have repeatedly made complaints to the Trustees about this road,—it having been used as a public road rendered it impassable. The Warden, Mr. Roe, denies that it is a road at all, although it was partly made in Colonel Arthur's time, and was then good,—running from Eastern Marshes to Swanport. They were making roads between farms and streets in Oatlands, and so there was no money. It would be an advantage to me if my portion of the District of Oatlands were separated from the Municipality.

Mr. Stokell withdrew.