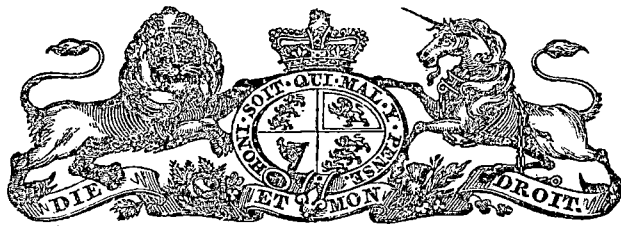


(No. 77.)



1862.

T A S M A N I A.

F I N A N C E.

SUPPLEMENTARY REPORT FROM THE AUDITOR.

Presented by Mr. Colonial Treasurer, and ordered by the House to be printed,
28 August, 1862.



SUPPLEMENTARY REPORT, No. 3.

Audit Office, 28th August, 1862.

SIR,

HAVING already addressed you on the subject of the Expenditure Accounts for the year 1861, I have the honor now to submit a few remarks upon the Revenue Accounts, which I regret I have been unable, from press of business, to do at an earlier moment.

1. In accordance with the requirement of the 22nd Sect. of "The Audit Act," it is my duty to report the following instances of default in accounting for Public Moneys, and in furnishing proper detailed Returns to this Department for examination and check upon the collections of Revenue.

2. Mr. Griffith, Collector for the District of Richmond, has failed to render the requisite attested Statements in detail of his Collections of Rural Police Rates for the years 1859 and 1860.

I should premise that the Rates for the former year were not made payable by Proclamation until 26th December, 1859, and those for the following year until 28th November, 1860; as, without this information, it might appear that the delay was greater than it really has been,—inexcusable enough it is in any case.

To proceed then, Mr. Griffith has paid into the Treasury altogether the sum of £396 0s. 10d. on account of the Rates collected by him for the year 1859, but has only supplied me with Returns of particulars to the extent of £299 3s. 7d. out of this amount. He is, therefore, in default of Detailed Statements for the remainder of the Rates received, as well as for the usual explanatory List of uncollected Rates, giving the reasons for their non-collection,—information which is essential to satisfy this Office, as you are aware, before any Collector's Accounts can be closed and his commission paid.

The Valuation Roll for Richmond embraced the Sub-District of Sorell, which made it necessary to divide the duty of collecting the Rates between two persons,—one resident in the former, and the other in the latter Township. This circumstance may not unlikely have led to some mistakes in the separation of the Rates between the two Districts, and Mr. Griffith may be under the supposition that he has completed his share of the collections for the year 1859; but, according to the apportionment of the Rates on the Rolls in this Office, I consider him to be deficient to the amount of £46 19s. 6d. Had Mr. Griffith furnished in due course his Detailed Statements to me for the *whole* sum collected, he would have at once received an intimation of the deficiency; and, no doubt, in good time to have enabled him to recover the remainder of the Rates, or most of them. As it is, I fear they will be lost to the Public, except by surcharging the Collector.

3. For the year 1860, Mr. Griffith has collected and paid into the Treasury the sum, in all, of £243 5s. 6d.; whilst the total amount of Rates for his portion of the District, as shown by the revised Roll for that year, was £422 13s. He is therefore deficient in the sum of £179 7s. 6d. upon this Account. He has, moreover, neglected to furnish even a single Return to this Office of the Rates received by him; so that I am in ignorance of the extent to which his collections have been actually made,—whether, in fact, he has collected more than he has paid over to your Department or not.

4. This gentleman has had repeated warnings from both the Treasury and Audit Office, but they seem to have been of little avail; and, now that he has exhausted the patience of the two Departments, legal measures are on the point of being taken to compel him to settle these transactions.

Before disposing of this case, I beg to intimate that Mr. Griffith has a claim, under "The Superannuation Act," to compensation for Police services, which, with a month's salary (withheld for his neglect), would give him about £150; and he would also, on completing his collections, be entitled to a commission of 5 per cent. on the total amount of Rates received and paid over by him. On the amount already collected, his per-centage would be £32 nearly. It appears, therefore, that as the matter now stands, the Public is under a loss of £44 7s; but it must be noticed that in scarcely any District can the whole of the Rates be collected, so that a margin must be allowed on this account.

5. The next case I have to report upon is that of Mr. Stanley, late Police Clerk and Collector of Rural Police Rates for the Sorell portion of the District of Richmond. This person has left the Colony without satisfying the claims upon him as a Public Servant. In the first place, he has not quite completed his Accounts of Police Rates for 1859. He paid into the Treasury, at various times, the sum altogether of £359 11s. for that year, and transmitted to this Office attested Statements of the particulars; but he has never furnished any explanation of the uncollected Rates, amounting to £11 7s. 3d. Seeing, however, that the revised Roll for the following year was considerably reduced, I incline to the opinion that this money was not intentionally kept back, but rather that Mr. Stanley was unable to recover the Rates from errors in the Roll, or other causes.

6. For the year 1860, Mr. Stanley has not forwarded to this Office any Detailed Accounts. He remitted, however, to the Treasury, not only the full amount, but even a few shillings over the total sum of the revised Roll for that year. It is therefore remarkable that he should have neglected to furnish proper Accounts.

7. To pursue the case of Mr. Stanley to the present time, I regret to have to report that, without obtaining leave of absence, or conveying any intimation to the Government of his intention, he has quitted the Colony, neglecting to leave such documents available as would enable me to ascertain, in his absence, the true state of his Public Accounts.

From the information, however, afforded by Mr. Blyth, the late Stipendiary Magistrate of Sorell, it would seem that the only pecuniary deficiency with which he is chargeable in his capacity of Police Clerk is the sum of £40 15s., received by him for the Registration of Dogs in the month of May last. As respects the Police Rates for 1861, collected chiefly in this year, he has paid over the sum of £214 11s. 3d., the amount on the Roll being £330 13s. 6d., leaving a deficit of £116 2s. 3d. But, taking into consideration the claim he would have had on the establishment of the Sorell Municipality for compensation from the Public Funds after eight and a half years' service, together with the commission which, from his own neglect, remains due to him for 1859 and 1860, it may be concluded that no pecuniary loss will be sustained by his default.

8. Besides the cases now reported, minor instances have occurred of Revenue Vouchers not furnished strictly according to rule; but I do not deem it necessary or becoming to occupy the attention of Parliament with such matters of detail, presuming that, in complying with the *spirit* of "The Audit Act," I may be permitted to exercise a discretion as to mere observance of the *letter* of the Act.

9. There is, however, another circumstance of greater importance, to which I think it my duty to refer in this Report, although not having any connection with the Accounts of 1861, or indeed with those of any year since 1857. But, seeing that the discovery of a considerable defalcation of former periods was made in the present year, I do not feel it would be consistent for me to pass the matter over without notice. I allude to the defalcation of Mr. Makeig, for many years Chief Clerk in the Revenue Branch of your Department.

The circumstances attending this unfortunate case have been so fully published by means of the newspaper reports on the preliminary examination at the Police Office and subsequent trial in the Supreme Court, that it may, perhaps, be unnecessary for me to enter into all the particulars, which would occupy considerable space, and after all be but a repetition of much that has probably come already under the notice of Parliament, individually, through the medium of the Press. I desire, therefore, to confine myself to a simple and concise outline of the facts.

It appears that, in the course of the years from 1853 to 1857, Mr. Makeig abstracted various sums of money—in all about £900—which had come into his hands as the receiver of Revenue in the Colonial Treasury.

Mr. Makeig had been for a very long time in charge of the Revenue Office, which was placed under his entire control, subject only to instructions from the Colonial Treasurer as the head of his Department. In this position he enjoyed the most perfect confidence of Mr. Fraser during all the period of his Treasurership, and also I believe, of Dr. Turnbull, that gentleman's predecessor in the appointment. No internal check, therefore, had ever been established in his own Office, nor was

any other Clerk allowed to interfere with him. By this means, unfortunately, temptation was placed in his way, and it seems he was unable to resist its influence. Makeig confined his operations to one particular class of Revenue—the Rents of Crown Lands—upon which he was aware there was less check in the Audit Office than upon any other head of his collections. It is true, that every official receipt granted by him was required to be registered in the Audit Office in a Book kept for that purpose; but no comparison or reconciliation between that Book and the Collector's Cash Book, or the Monthly Abstract of Revenue, appears to have ever been established as a means of check upon the Treasurer or his Revenue Clerk, although the Book in question had been in existence since 1839. I am informed, indeed, that endeavors had been made by my predecessor to introduce a system of check through the medium of such registry of Receipts, but without success; and that, finding many obstacles in the way and much opposition to the scheme, he had abandoned the attempt. It was not until some of Makeig's irregularities (they were not viewed more seriously at that time) had been discovered, that my attention was particularly directed to this Register Book; and, in the early part of 1858, I undertook to test its value, by comparing a month's Entries with the Abstract of Revenue furnished by the Treasurer. I succeeded in reconciling and agreeing the two, but found it troublesome, and a work of some little time, from the circumstance that in the one simply the date, name, and amount were stated in chronological order, without regard to the head of Revenue, whereas in the other the sums were duly brought to account under their appropriate heads; and it frequently occurred that one Entry in my Book was divided under 2, 3, or 4 different heads in the Treasurer's Abstract of Revenue. Finding, therefore, the time occupied in tracing the respective amounts, and being told of the difficulties my predecessor had met with, I relinquished the idea, for the moment, of instituting the desired comparison and check, especially as in that year (1858) my Office had been reduced lower in number than it had ever been, (except in 1838) for the previous twenty-four years; I felt, indeed, that I could not press upon my Clerks at that time any additional work which was not absolutely indispensable, seeing there was already much more to do than could be properly accomplished with the very inadequate staff I possessed.

I am happy, however, to report that in March, 1859, though some time after Mr. Makeig had been transferred to the Account Branch, I was enabled by the prompt co-operation of the Assistant Treasurer, and the ready acquiescence of Mr. Campbell, Makeig's successor in the Revenue Office, to establish a system of comparison and reconciliation upon a plan which occupies comparatively little time, and which is altogether most satisfactory,—the operation taking place every month.

In disposing of this matter, I would beg to add that, as already intimated, the case became the subject of judicial inquiry in the Criminal Court, and that the unhappy man was convicted of embezzlement, and sentenced to two years' imprisonment with hard labor. He is now expiating his crime at Port Arthur. But, in addition to this personal punishment, he has also sacrificed pecuniary advantages and prospects of no small consideration. He was in receipt of a salary of £400 per annum; and, if he had retired honorably from the Service, would have enjoyed a good pension, having served no less than 22 years at the time of his dismissal.

In this point of view, though painful to allude to, the Public Funds will not eventually be any actual loser by his default. His place in the Service has been supplied at a greatly reduced salary, and his claim for pension is gone.

It is rather, however, as a salutary lesson to all Public Servants, than as an individual punishment, that I feel Mr. Makeig's distressing position should be regarded; and I earnestly trust it may be the last serious case of the kind I shall ever be called upon to report to Parliament.

10. A change of some consequence having recently been made, at my instance, in the collection of part of the Land Revenue, I deem it not inappropriate to introduce the circumstance into this Report.

It occurred to me, some short time since, that the check I possessed over the amounts received at the Survey Office as Deposits and Instalments on Lands sold under the Credit Clauses of "The Waste Lands Act," was not at all adequate to the extent of the collections so made; and besides, that the arrangement was irregular, as it presented the anomaly of constituting a second Collectorship of Internal Revenue at Hobart Town in the person of the Surveyor-General, over whom the Audit Department could not exercise the same immediate check by the registration of each receipt which it is enabled to do in your own case. It was, moreover, a question of doubt with me when I came to reflect on the whole subject, how far you were justified, as Treasurer and Collector of Internal Revenue, in delegating such important duty to any other Office than the Treasury. On my pointing out to you, in two or three interviews with which you favored me, my views upon this subject, you were pleased to communicate with the Surveyor-General, and, consequent thereon to accept my suggestion, directing the immediate preparation of the requisite Books for carrying the proposed change into operation.

The transfer of the duty to your own Office was accordingly effected on the 1st July last; but, in making this intimation to Parliament, I beg particularly to add, that the suggestion of the change did not originate from any idea that the work had not been perfectly well performed at the Survey Office,—it arose simply from the opinion I formed that the system was irregular, deficient of proper check, and perhaps not strictly legal.

Vide Par. 9.

11. I desire also to mention, in reference to the remark above as to Rents of Crown Lands, that I have established, since the middle of 1859, a Rent Roll Book in my Office, with a view to improving the check on that class of receipts; and I recently addressed a letter to you, suggesting that periodical notices should appear in the *Gazette* of the names, &c. of all Crown Lessees who may have relinquished lands previously in their occupation, or have forfeited them by non-payment of Rent within the stipulated time. By this means, together with the Returns of new Leasings and Transfers which are regularly furnished to me by the Surveyor-General, I shall be enabled from time to time to correct my Rent Roll upon satisfactory data.

12. Before concluding, I would beg permission to advert to the subject of the Collection of the Rural Police Rates. On the whole, I am prepared to admit that these Rates have been tolerably well collected; indeed, in some instances, with remarkable accuracy, but in others, various causes have combined to render a close collection according to the Valuation Roll quite impracticable. Much of the trouble and difficulty experienced in this business is attributable to the very imperfect manner in which many of the Valuation Rolls have been prepared; and the accumulation of "revised" Rolls year upon year has added considerably to the labor and annoyance of the Collectors, as well as to the work of examination in my own Office, and, what is of more importance still, these defects have been a great drawback to the due recovery of the Rates.

As, however, this inconvenient mode of "revising" the Rolls is now remedied, I need not dwell further upon it; but there is another source of difficulty in the business which I think it proper to mention, in the hope that it may receive some consideration. I refer to the late period of the year in which the Proclamation for the collection of the Rates has usually been issued. For the present year, I observe with satisfaction that a much earlier date has been assigned for the commencement of that duty; but I still respectfully suggest that next year the time should again be anticipated by at least a couple of months, and so on until the Rates may become payable within the first quarter of the year of Assessment. Such an alteration would, I am convinced, greatly facilitate their collection.

The duty of examining in this Office the voluminous Returns furnished by the several Collectors in minute detail, checking and reconciling the Rates collected, as well as those not collected, with the Valuation Rolls, has been attended with considerable labor; and, indeed, the work could not have been done, if I had not been allowed, at a small expense, extra clerical assistance for the purpose. This business has also demanded some share of attention from one of the Senior Clerks, as well as from myself, in making queries, and considering and deciding upon the reasons assigned by the Collectors for the unrecovered Rates, which in some Districts form rather an extensive, and I may add unsatisfactory, catalogue. I would venture, in conclusion, to suggest for consideration, whether it would not be an improvement to exempt *very small* properties from the operation of the Act.

I have the honor to be,
Sir,

Your very obedient Servant,

E. J. MANLEY.

The Hon. the Colonial Treasurer.