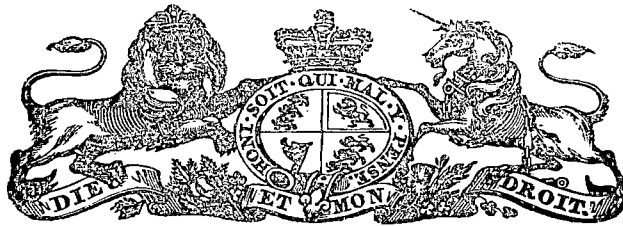


(No. 81.)



1882.

T A S M A N I A.

H O U S E O F A S S E M B L Y.

ACCOUNTS, GENERAL HOSPITAL, HOBART:

REPORT BY COLONIAL AUDITOR.

Laid upon the Table by the Attorney-General, July 26, 1882; and ordered by the House to be printed, August 8, 1882.



Audit Office, 5th July, 1882.

SIR,

I HAVE the honor to inform you that on the 23rd March last I wrote to the Chairman Board of Management of the General Hospital, Hobart, requesting that "the accounts of the late Secretary would be forwarded for examination;" but these accounts not having reached me on 29th May, and noticing that, according to a report of the Hospital Finance Committee of the 19th May published in the newspaper, several items of receipt had been omitted in the statements forwarded to the Treasury by the late Secretary, amounting in the aggregate to £50 17s. 4d., I instructed the Chief Clerk of this Department to inspect the accounts of the Hospital Board and report upon the system adopted; also to enquire to what extent the Board exercised supervision over its financial matters.

Mr. Johnston, in his report herewith, fully enters into the subject, and makes suggestions in which I fully concur, and therefore request that the matter may be referred to the Board of Management for consideration.

I may mention that the accounts applied for on 23rd March have not yet reached me.

I have the honor to be,
Sir,

Your obedient Servant,

W. LOVETT, *Colonial Auditor.*

The Honorable the Colonial Secretary.

Audit Office, 3rd July, 1882.

SIR,

IN your Memo. of 29th May you gave instructions that I should inspect the accounts of the Hospital Board, Hobart, and report upon the system adopted; also, to enquire to what extent the Board exercised supervision over its financial matters.

I have now to inform you that I have carried out your instructions. I have visited the Hospital, and have examined the various books having special reference to the accounts and to the internal supervision of the Board in connection with money matters.

I have also obtained a copy of the Regulations "approved by the Governor in Council, 28th May, 1877," and printed for the guidance of the Board of Management, which I now submit for your notice in connection with the following Report.

The accounts of the Hobart Hospital are for various reasons kept distinct, and fall into two divisions; viz.—

- (1.) Books and Returns relating to Revenue.
- (2.) Ditto relating to Expenditure.

As all items of expenditure are paid direct to the proper recipients by the Colonial Treasurer, I have not considered it necessary to comment upon this section, further than to observe that the check upon departmental expenditure is very satisfactory.

The books and returns relating to charge and discharge of Revenue are as follows:—

Books.

1. The Dispenser's or Patients' Admission and Discharge Book.
2. The Collector's Cash Book.
3. The Death Register.

Vouchers and Returns.

4. The authority for Remission of Fees as Paupers.
5. The Monthly Statement of Fees, &c. due, remitted, and paid, sent to Audit Office.
6. The Cash Account Current sent to Audit Office.
7. The Monthly Statement accompanying the remittance of Cash Collections to Colonial Treasurer.

(1.) The Dispenser's or Patients' Admission and Discharge Book is simply a numbered register of the date of entry and the departure of each patient. The Dispenser enters all particulars relating to admission, and the Secretary completes the entry in respect of all matters relating to discharge, fees due, collected, or remitted. The headings are written, not printed, and are to some extent imperfectly arranged, as there is no specific reference to the folio of the Cash Book, nor to the number of the authority for remission when each case is finally discharged. It would be difficult, therefore, to trace the discharge of individual entries.

The Collector's Cash Book is also imperfectly arranged. It contains no reference to the specific No. of patient in Admission Book. It also lacks one of the most essential features of a Cash Book,—viz., the discharge showing how and when the moneys were disposed of after collection. It may seem strange that the local Finance Committee during its five years of existence should not have demanded proof of the satisfactory discharge of all moneys collected, for it is clear that such information could not be obtained from the Secretary's Cash or Collection Book.

In the Rules and Regulations, hereafter referred to, there is a clause (No. 105) which provides that the Secretary shall receive subscriptions and incidental moneys and pay them to the Finance Committee monthly. It would appear from the evidence of the Minute Book, and from information received from Mr. Dowdell, Chairman of Finance Committee, that this rule has never been acted upon nor even rescinded. The Secretary has never been required to account for the moneys collected to the Finance Committee. The moneys collected by the Secretary were paid by him direct to Treasury without any reference or any approach to proper supervision by the Finance Committee. As the Cash Book in itself does not show how the collected moneys were actually disposed of by the Secretary, and as the Treasury Monthly Remittance Form and Cash Receipt were never examined by the Committee, it is clear that its supervision was practically of no value whatever. Indeed, I am of opinion that its existence was in one sense harmful, for it had the effect of giving external audit a greater amount of confidence in the results submitted to it periodically than it now seems right to have rested in.

The Paupers Authority Voucher is prepared from information obtained by Collectors of fees due, and recommends the abatement or discharge of certain items already charged in Fee Book. When approved by Colonial Secretary the voucher may be used as a complete discharge of the particular debit in Fee Book. Hitherto the lists of abatements on this account have been prepared somewhat irregularly. It would be well in future if a list were prepared monthly (calendar) by the Secretary, supported by the necessary information, which, prior to submission to Colonial Secretary, should be laid before the Committee of Local Supervision, and receive the confirmation of the Chairman.

The Monthly Statement of Revenue and Cash Account Current sent to Colonial Auditor consists of an elaborate statement originally devised by the Audit Office. It professes to give a complete record of all cases admitted to the Hospital and under treatment, and of all moneys accruing due within the period. It states in consecutively-numbered order, in respect of each case—Name, No. of admission, authority, number of days charged, rate and amount current month, prior total, cash collected, and balance due and carried to next return. The Cash Account Current similarly brings forward the statement of debit and credit in relation to the Secretary as agent. This statement is accompanied by a declaration taken before a Magistrate to the effect that it is a true and complete statement of all moneys accruing, due, collected, and paid into Treasury. These returns are examined by the Audit Office and are compared with the Treasury books. If local supervision were of a satisfactory character the external audit would thus be fairly complete.

For a due check upon the completeness of any return in respect of trivial and special items of revenue, external audit must ever rely upon that intimate knowledge of internal detail which local supervision can alone possess. Where this is lacking or lax, the value of external or periodic audit is lessened as regards the irregular or minor items of revenue. External or periodic audit cannot take the place of local supervision. It can only point out the defects of such supervision and call for improvement in respect of the same.

Local Supervision.

The supervision of all finance matters is referred to a sub-committee called the Finance Committee, which is appointed yearly under clause 18 of the printed regulations, which are reproduced here so far as this body is concerned:—

RULES relating to the Finance Committee of the General Hospital, Hobart.

18. The Finance Committee shall consist of five Members of the Board to be elected annually. They shall elect one of their number to be Chairman, three to form a quorum.

19. They shall meet monthly, or oftener as occasion may require, and shall have placed before them on each day of their meeting all such books, returns, and diet sheets as they may require.

20. They shall call for payment of all moneys due to the Institution.

21. They shall, if found necessary, be allowed a Collector, to whom a percentage shall be paid on sums collected by him.

22. They shall place the funds of the Institution in a Bank to be named by the Colonial Secretary.

23. All payments ordered by the Board shall be made by cheques signed by two Members of the Committee, and countersigned by the Secretary.

24. No accounts shall be paid until they have been examined and approved by the Finance Committee, who shall supervise the Books of Account and report thereon monthly to the Board of Management.

Although this body should meet monthly or oftener, it would appear, however, from the evidence of the Finance Committee's Minute Book, that from the 30th October, 1877, to 23rd May, 1882, there were only fifteen meetings called, eight of which lapsed for want of the necessary quorum (3), and during the four years ending October, 1881, there were only three formal meetings. It would appear, also, that Regulations 20, 21, 22, 23 have never been complied with; that Regulation No. 19 has only been partially attended to by the Chairman; and that the Secretary's cash or Cash Book had never received the attention of the Committee at any time. The Chairman of the Finance Committee has assured me that he could not get the Committee to come together except on rare occasions, and even then the business was very unsatisfactorily conducted, as the rules were either impracticable or ignored. It is to be regretted, however, this being the case, that the amendment of the rules should never have once occupied their attention, for had any effort been made to carry out the spirit of the Regulations printed for their guidance, I am satisfied that the recent irregularities might have been prevented.

In conclusion, I would suggest the desirableness of rescinding or amending Rules 18 to 24 and Rule 105; and that in future all Monthly Statements of Revenue to Colonial Auditor be signed by the Secretary and countersigned by the Chairman of the Hospital Board. I would also recommend that a copy of the Monthly Cash Account Current be prepared and laid before the Hospital Board at its regular sittings. This in itself would be far more effective as check than the supervision already commented upon. I have to state, finally, that every facility for making my enquiries effectual was given me by the Chairman and other Officers of the Board.

I have the honor to be,

Sir,

Your obedient Servant,

ROBT. M. JOHNSTON.

WM. LOVETT, *Esq.*, Colonial Auditor.

FORWARDED to the Chairman of the Board of Management of the Hobart General Hospital for the consideration of the Board.

WM. MOORE.
7th July, 1882.