



1987

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF
PUBLIC ACCOUNTS

**UNAUTHORIZED
EXPENDITURE**

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Mr Archer
Mr C. L. Batt
Mr Shaw

HOUSE OF ASSEMBLY

Mr Robson (Chairman)
Mrs Jackson
Mr Mainwaring

By Authority:

A. B. CAUDELL, Government Printer, Tasmania

The Committee was requested by a resolution of the Legislative Council to investigate the comments on the Public Account contained in the Report of the Auditor-General for the year ending June 30 1986.

On page 15 of his Annual Report for 1985-86, the Auditor-General queried a number of journal transfers made at the end of the financial year between the Consolidated Revenue Fund, Loan and Trust Funds which had the effect of increasing expenditure from the Consolidated Revenue Fund by \$968 000 and from the Loan Fund by \$3 415 833 and increasing receipts to the Trust Fund by \$4 383 833.

Had these transfers not been made:—

- the deficit in the Consolidated Revenue Fund would have been \$11.289 million and not \$12.257 million;
- the balance of the Loan Fund would have been considerably higher—\$7.25 million—than the published balance of \$3.83 million.

In a letter to the Committee, the Under Treasurer stated that:—

'It (the journal transfers) was considered necessary to take appropriate action to avoid distortion of expenditure figures in 1986-87. In this way, it was ensured that the expenditure became charged against the year in which the liability arose, namely 1985-86.'

Evidence showed an accrual method of accounting was applied in the case of services supplied by nurses in 1985-86 and remaining unpaid at the end of that year but the cost of services rendered by crown servants from 26 June to 30 June 1986 inclusive totalling more than the nurses' salaries, were not included in the expenditure.

These transfers were not consistent with the basis upon which Treasurer's accounts had been prepared in previous years (section 29 of Audit Act) and accrual accounting was used selectively and inconsistently against the established tradition of cash accounting.

The Committee believes introduction of a degree of arbitrariness in the use of a method of accounting is confusing and limits comparability.

Members also shared the Auditor-General's concern, expressed on page 24 of his report, regarding the changing of allocations of a number of vouchers in order to circumvent the defined procedures and controls to enable the drawing of cheques when no funds were available.

Allowing dispatch of these cheques while awaiting Governor-in-Council approval demonstrated inadequate supervision at the most senior level.

The Auditor-General informed the Committee that Treasury was aware that funds were 88 per cent expended at the end of February and 96 per cent expended by the end of March.

He said the need for additional funds should have been recognised before April 8, when claim vouchers were finally lodged.

With respect to expenditure incurred without authority by the Director-General of Education in 1984-85, the Committee endorses the view taken by the Auditor-General that there is absolutely no basis to assume that the Governor-in-Council's authority will be given as a matter of formality or in accordance with normal practice.

Action by the Department of Health Services in processing contra vouchers and so transferring expenditure from one overdrawn salary item to another which was underspent was equally unacceptable.

Over expenditure by the Department of Sea Fisheries during the supply period and payments made by the Treasury without authority are in direct contravention of the *Public Account Act 1957*.

NEIL ROBSON, *Chairman*.

Committee Room No. 2,
Parliament House,
Hobart,
14 July 1987.