

1885.
NEW ZEALAND.

INANGAHUA COUNTY ACCOUNTS

REPORT OF SPECIAL AUDITOR ON).

Presented to both Houses of the General Assembly pursuant to Section 137 of "The Counties Act, 1876."

The CONTROLLER and AUDITOR-GENERAL to His Excellency the GOVERNOR of NEW ZEALAND.
SIR,—

In obedience to your Excellency's directions, conveyed in the letter of the Hon. the Colonial Secretary of the 24th July, I have the honour, in compliance with the 136th section of "The Counties Act, 1876," respectfully to submit to your Excellency the following report on the accounts of the Inangahua County:—

I have caused a complete audit of the accounts of the County Council to be made from the year 1878 to the present time, and have attached hereto the balance-sheets for each year.

I also append a schedule of the expenditure, amounting to £1,525 7s. 6d., which I have felt it my duty to disallow as illegal; and of a further sum of £762 4s. 7d., of which the legality of the expenditure is doubtful, owing to the description of the nature of the services in the vouchers being insufficient to determine whether the expenditure was within the provision of the law.

None of these vouchers of either class would have passed audit had the charges been on the Public Account instead of out of a county fund.

The powers of a County Council to spend moneys out of the County Fund are confined to the purposes described in the 102nd section of "The Counties Act, 1876." It says, the County Fund "shall be applied by the Council towards the payment of all expenses incurred in carrying this Act into execution, and in doing and performing all acts and things which the Council are or shall be by this or any other Act empowered or required to do or perform."

The words "incurred in carrying this Act into execution" may be held to authorize all such expenses as the cost of rating, of elections, of meetings of the Council, and so on. The latter part empowers expenditure on the several objects described in Part X. of the Act, or in any other Act subsequently passed. Any expenditure of the county funds on other objects than those described in sections 184 to 202 of the Act, or in any subsequent Act, and not incidental to any such objects, is illegal.

Amongst the objects on which money has thus been spent are: (a.) For getting up petitions to Parliament, for which I can find no authority. (b.) For refunding to publicans a part of the license fees which they are by law required to pay, which is clearly a misappropriation of the county funds. (c.) Amongst the miscellaneous expenditure are payments for the entertainment of Ministers, for banquets, for the hire of halls for meetings—apparently for political purposes—&c.; all of which are outside the objects on which the Council is empowered to spend money. There are also several vouchers showing payments of considerable sums—in one case of £100—without any information of the services performed or whether any service had been performed for the county. Nor can I fail to remark that the recipient of the sum above named was at the time a member of the House of Representatives. (d.) Under the head of travelling expenses are costs of members attending a conference of delegates of County Councils, and of delegates to Wellington, for which there is no authority. (e.) Until the passing of the amending Act in 1877 no power existed to pay the travelling expenses of members attending meetings of the Council; but the second section of that Act provides that the Council may "vote such reasonable sums as it shall deem sufficient to defray the travelling expenses of Councillors coming from a distance to attend the meetings of the Council." It appears, however, that, notwithstanding this express limitation, travelling expenses to upwards of £200 have been paid to Councillors living in Reefton. (f.) Money spent on the Christchurch Exhibition appears also to be outside the defined objects of the County Fund.

Amongst the expenses which are of doubtful character are the following: (*g.*) Expenditure under the Health Act. The expenditure under this Act is charged in a vote of Parliament, and any payments out of the County Fund should be recouped by the Treasury, which does not appear to have been done. The County Fund is not applicable to such a purpose. (*h.*) I am not aware of any authority for spending moneys out of the county funds on the acclimatization of fish. (*k.*) Under the head of Miscellaneous vouchers for considerable sums are included for travelling expenses to various places, no purpose being stated in the vouchers, and nothing to show that the Councillors or other traveller was engaged in the public service at all.

On the whole, there seems to have been an impression on the part of the Council that it was open to them to spend the funds of the county in any manner which they considered beneficial to the county interests; entirely ignoring the fact that a Corporation is strictly bound by the charter or statute under which it acquires its power, and that those whose interests are involved—in this case any ratepayer—might recover to the corporate fund any sums illegally expended.

It only remains for me to lay these accounts before your Excellency, to be submitted to Parliament.

I have, &c.,

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

SCHEDULE of Amounts disallowed as illegally expended, and of Amounts the Expenditure of which is of doubtful Legality.

<i>Amounts disallowed.</i>			£	s.	d.
(<i>a.</i>) For getting up a petition to Parliament	...	...	415	9	1
(<i>b.</i>) Refund of license fees	...	...	170	0	0
(<i>c.</i>) Miscellaneous	...	...	401	14	10
(<i>d.</i>) Travelling expenses	...	...	199	2	3
(<i>e.</i>) Travelling expenses of Councillors living in Reefton	...	...	200	3	0
(<i>f.</i>) Christchurch Exhibition	...	...	138	18	4
Total	...	...	£1,525	7	6
<i>Amounts doubtful.</i>			£	s.	d.
(<i>g.</i>) Expenses under the Health Act	...	...	106	8	11
(<i>h.</i>) Acclimatization of fish	...	...	76	12	8
(<i>i.</i>) Travelling expenses of meetings of Council	482	18	0
(<i>k.</i>) Miscellaneous	96	5	0
Total	£762	4	7
Grand total	£2,287	12	1

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