

again; and nine days after—that is, on the 12th October—he again drew two months' salary. He drew one payment only after this within the half-year, and thus at the close of that period he was paid exactly to date. In the half-year ending on the 30th September, 1882, he drew seven payments; in the ensuing half-year, five; and from that time the payments were made with tolerable regularity, though generally one month in advance.

83. The direct losses sustained by the county through the frauds of the County Clerk have been largely supplemented by indirect losses arising through his neglect to collect promptly the moneys due to the county, and to delay in paying moneys collected into the bank. For some years past the county has been indebted to its bankers for an overdraft, generally to the full extent sanctioned by law, and has, of course, been paying interest thereon; yet the Clerk has permitted moneys due to the county to remain outstanding for months and even years after they were collected or became due. I refer to the dog-tax of the calendar years 1883 and 1884, farmed for those years to a contractor for the sum of £165 and £180 respectively (the final sums due on these contracts, which should have been collected in each case within the year, were not collected till July, 1884, and May, 1886, respectively, the first being seven and the last seventeen months overdue); to the same tax for 1885, in respect of which a memorandum by the County Auditor in November, 1885, points out that, while dog tickets to the value of £74 5s. had been sold up to the 30th September, only £38 10s. had been paid in by the Collector (I may add that the ultimate balance of these receipts was not paid in till the 23rd October, 1886); to the sums due for trees supplied from the Cardrona Nursery, many of which sums now outstanding have been owing since 1882, and are now probably irrecoverable; to large sums received by Boulton himself and retained in his hands for months: as an instance, I may mention sums amounting to £315 received by him for license-fees in June, 1882, and not paid into the bank till the 30th September (see County Auditor's report of the 27th November, 1882, Appendix A); and it is certain that the large amounts of rates which he brought to account and balanced by means of the contractors' deposits and the Paymaster-General's remittances—viz., £165 19s. on the 16th August, 1883; £48 15s. 10d. on the 9th April, 1884; and £125 on the 21st October, 1885—were in each case the collections of a long-antecedent period.

84. As instances of losses in connection with payments, I may refer to the case of Mr. Mollison, a surveyor, to whom a sum of £150 was paid on the 19th January, 1883, on a voucher (No. 147) signed apparently by Mr. Mollison himself, but for which in his account Mr. Mollison has given credit for £125 only, and as the account has been settled on that basis the county has made a loss by overpayment of £25; to the overpayments of £5 and £1 15s. for printing referred to in paragraph 69; and to overpayments made to members of the Council for attending meetings, as set forth in paragraph 62. I was informed by one of these gentlemen that the abstracts for members' allowances were prepared by the Clerk, and he believed that the members as a rule accepted without question whatever sum he handed them, and signed receipts accordingly. It is, however, evident that the Clerk kept no proper record of the sums due to members, and in the case of Councillor Jenkins (Appendix H) it is all but certain that the sum charged was made use of by the Clerk himself.

85. It is to be regretted that the provisions of "The Counties Act, 1876," section 116, requiring that, "Before any officer intrusted by the Council with the custody or control of moneys by virtue of his office enters thereon, the Council shall take sufficient security from him for the faithful execution thereof," should have been neglected in the case of the late Clerk. That the provision referred to was not unknown to the Council is evident, for in the minutes of the 28th May, 1877, at which time the Clerk was appointed, it was directed that he should provide security to the amount of £250. No efficient steps were, however, taken to insure compliance with this direction, and no security was obtained.

86. I will now state as briefly as possible the proceedings taken against the late Clerk. I had, as already stated, satisfied myself within a day or two of entering on my inquiry that the Clerk had defrauded the county of the three sums of £130, £125, and £48 15s. 10d. remitted from Wellington. In the course of a few days I had discovered other cases. As the next sitting of the Court took place on the 18th December, I endeavoured to complete my audit by that date, and thereupon to take proceedings against the Clerk. I soon realized, however, the necessity of extending it to an earlier period than I had originally deemed necessary, and, as the initiation of proceedings would have necessitated the production of the cash-book in evidence, and the consequent impounding of it by the Court as an exhibit in the case, thereby disabling me from completing the audit, I had no alternative but to postpone proceedings till the next sitting of the Court (the 10th January). By the closest application to the task, and by deferring for the time all questions which did not involve a reference to the cash-book, I had so far completed my investigations as to be in a position to proceed with the prosecution of the Clerk. Accordingly on the 11th January I laid informations against him on seven charges of embezzlement, the police at the same time proceeding against him at the instance of the county authorities for the destruction of the rate-book. As other cases of apparent fraud were in course of investigation, the accused was remanded till the 20th at Arrowtown, and there again remanded till the 28th at Queenstown. Having completed my audit as far as was then practicable, and set on foot certain inquiries to be made in my absence in reference to the apparent frauds above referred to, I left Queenstown on the 18th January in order to proceed to Invercargill, Riverton, and the Bluff for the purpose of auditing the Harbour Board accounts at those places. Having performed this duty, I returned to Queenstown on the 26th January, and on the 28th and 29th the charges against Boulton were heard. The accused pleaded "Not guilty," but reserved his defence. He was accordingly committed for trial on each of the charges. I then addressed myself to the investigation of the Clerk's proceedings in connection with the contract deposits, which I had deferred till my return from Invercargill. I clearly established the fact that in four cases to the amount of £273 14s. these deposits had been misappropriated. I took the evidence of the contractor concerned in respect to each case, and by a careful examination of the books and records I was able to place in the hands of the Crown Prosecutor very complete