

## Report of the Auditor General On the Misuse of Public Money at Victoria Village.

Mr. Goodison, Member for Carboncar, Usurps Function of Minister of Public Works and of the Victoria Village Road Board.

26 February, 1916.

Sir,—  
Agreeably with your request and in fulfillment of your promise to Mr. Hallyard, M. H. A., made during the last session of the Legislature that I should proceed to Carboncar and there enquire into the following expenditures of public money, viz:—

Expenditure by Edward J. Clarke on account of Local Roads in Victoria Village and vicinity thereof as per Letter of Authority dated July 16th, 1914, allocating \$200.00 for this service.

Expenditure by Edward J. Clarke on account of Main Road from Carboncar to New Perlican as per Letter of Authority dated May 21st, 1913, allocating \$114.00 for this service.

Expenditure by Edward J. Clarke on account of Special Works in the District of Carboncar on Special work, viz: the construction of a well at the Neck and roads in Victoria Village as per Letter of Authority dated May 12th, 1913, allocating \$150.00 for this service.

I visited Carboncar in the early part of the present month and held the enquiry. The delay in holding the investigation was due to the absence of Sydney, of nearly all the witnesses, who did not return until late in December or in January.

In connection with the enquiry I have the honour to report as follows, viz:—

There was no evidence adduced which would tend to show that the Chairman has been guilty of appropriating to his own benefit any of the public moneys entrusted to him.

There was, however, sufficient evidence to show that he was to some extent indirectly a party to what is, in my opinion, a grave misuse of public moneys allocated for special purposes.

It is necessary that I should call attention to a case in which the Chairman, apparently, paid a labourer for one day's work which he, the labourer, says he did not perform. In his evidence Robert W. Clarke says:—

"Mr. Clarke (the Chairman) paid me for one day's work. I did not work for. Didn't tell me why he paid me the extra money. I hadn't time to work out the day's work as I was going to Sydney. I knew I was taking more money than I earned but I made no objection."

This is the only case in the evidence given in which the Chairman gave an order for the payment of money for work which he had apparently apportioned but which had not

been done. As the Chairman (who was present during the whole examination) raised no objections to this statement, I am of opinion that he believed the witness had worked two days. The irregular method, if method it can be called, employed in accounting for the work, the absence of regular Inspector's payrolls, the intermittent inspection and the absence of the Chairman, all render the making of a mistake such as this possible and even probable. So far as the evidence shows, he did not contribute directly in giving out the work, payment for which entailed the misuse of public funds. He was, however, a party to this irregularity inasmuch as he paid these men (in some instances, directly; in others, by orders on Mr. Nicholas Powell, who had made advances in goods to the men), he entered the men's names on the Public Works return sheet and he signed the certificates required by these returns although he did not set the men to work and, apparently, did not know, in many instances, if they had done the work for which he was paying. He does not appear to have fully realized the responsibility attached to his position.

A consideration of the evidence given established clearly the following, viz:—

1. The Chairman and Members of the Road Board have clearly failed to appreciate, in its fullest extent, the duty which they, holding a public trust, owe to the public. The Chairman paid over public moneys without personally acquainting himself as to whether the work for which payment was made, was performed. He paid for work which he did not authorize. He ordered the work for work done of which he knew nothing. This was due to some extent to much of the work having been authorized and performed during his absence, but he could have informed himself by applying to the men who had worked and, in any case, his inspectors could have given him some information. These latter appear to have performed their duties in a very perfunctory manner.

2. Public moneys were misused. Allocations were made for a definite purpose, i.e., repair of main line and local roads and the construction of a well. To apply these monies to the purpose of road repair and repair and construction of roads partly, if not entirely, on private property, is clearly irregular. Evidence to the contrary notwithstanding, there exists in my mind no doubt that much work was done for private benefit.

3. The undue interference by unauthorized individuals in the expenditure of public moneys.

A person other than the Chairman of the Road Board had authority to send any one to work, to advance money on account of such work, or to direct the payment thereof, whether completed or not. The plea that the Chairman was absent and that the difficulty of obtaining a competent person to accept that position was insuperable, deserves some consideration.

tion. It seems to me, however, that failing the Chairman, some other Member of the Board, or the Board acting in Commission, should have undertaken the work.

4. The construction of the well ("at the Neck") was ordered by the member for the District, and the liability for payment therefor was incurred both before the Public Works Department had authorized the work and had made allocation for the service. The intervention of the Member for the District in the matter was distinctly irregular. He could recommend the Public Works Department to authorize the construction of this well, but his recommendation should not have post-dated the completion of the work which he, personally, had authorized. His action is a clear breach of Rule 10 of the Orders-in-Council made under the provisions of the Audit Act. This rule, which has all the force of law, reads as follows:—

"Expenditures Under Legislative votes may be authorized by the head of a Department on account of appropriations managed by his Department, so soon as he has been notified by the Treasurer Board as to the votes assigned to his Department, but he shall not operate in any way on such appropriations until such notification has been transmitted to him, and a letter of credit has been issued in his favour. Nor shall he expend, during the first six months of any year, a sum greater than two-thirds of the appropriation under open vote."

Provided further that no person for persons other than the Governor-in-Council or the head of a Department (so far as the votes managed by his Department are concerned), shall have the power to authorize the undertaking of any work or the incurring of an expenditure upon any appropriation account. Votes which are by statute placed under the control of the Governor-in-Council shall not be operated upon until specifically allocated by the Governor-in-Council and placed by such order under the management of a Departmental head."

With regard to this reply I have to say that no plea of expediency as to assuming the direction of road matters in the absence of a Chairman or of the impoverished condition of the public moneys entrusted to their care by act of that body.

These then are the principal points brought out by the enquiry. There are others of minor importance which a desire to be as brief and concise as possible has led me to pass by. Those given are, however, sufficient to show (if my conclusions are correct) that the allocations which are the subject of this enquiry have not been managed with that strict regard to the requirements of the Public Service and of the Audit Acts which should govern the action of the persons responsible for their management.

In conclusion I desire to draw attention to the evidence and affidavit of the witness George Peckham, Road Board member, who says:—

In his affidavit (T.P.L.) he says he did not perform any work on the \$10 or any road on the Neck for the \$10 he is alleged to have received as per return sheet dated May 12th, 1913, for an allocation of \$150. That he was not asked to do any work, and any work whatsoever for the said sum. In his evidence he also says he did not

work for the \$10 and admits he signed a receipt for this money. The receipt (J.R.C.F.) is as follows:—  
Received from Nicholas Powell the sum of Ten Dollars, Special Roads, to repair road near my house, Sgd. George Peckham, Victoria Village, April 21st, 1913."

It is quite clear that this man and others of this witnesses obtained money on the promise to do certain work which they did not do. They certainly should be made work out the value of the advances given them.  
I have the honor to be,  
Sir,  
Your obedient servant,  
Sgd. F. C. BERTHEAU,  
Comptroller and Auditor General.  
The Right Honourable  
The Prime Minister.

### SOME OF THE EVIDENCE.

London Baldwin (Sworn)—Cannot read or write. I worked on Victoria Village roads somewhere about May, 1914. Worked one day and was paid for that work one dollar and a quarter by Mr. Clarke. I think I was paid in cash. This is all the road work I did in 1914. (See Statement.) In addition to that I was paid for digging a ditch the sum of five dollars. I dug this ditch for my own advantage and for the benefit of the road, but I did it without any authority, and then I went to Mr. Powell and asked him if I could be paid for it. He paid me. I know Mr. Ash, the Inspector, told him afterwards that the work was satisfactory. I received payment in goods. Mr. Clarke did not pay me. Mr. Clarke was Chairman of the Road Board at that time. People were in the habit of going to Mr. Goodison, so I did not go to him for work done, but I wouldn't go, so I went to Mr. Powell and asked him if I couldn't get paid for it and he told me "yes" and paid me. This is all the work I did on roads.

Moses Waters (Sworn)—Cannot read or write. I remember working on the well at the Neck in the spring of 1913. I worked four days and earned five dollars, which was paid me by Nicholas Powell in goods. Some in goods and perhaps some in cash. I worked two days on the roads under Mr. Clarke, in his evidence, he personally paid me in cash. This payment had nothing to do with a note for \$2 on Mr. Nicholas Powell drawn by Mr. Goodison in favor of my wife. My wife told me it was to get something for her Xmas. I never did a stroke of work to pay for that and I wasn't asked to do so.

Robert Cole (Sworn)—Cannot read or write. Remember working on the Carboncar to New Perlican Road in the spring of 1914. Don't remember how many days I worked. Mr. Clarke paid me for the work I did on the old Mr. Marsh. Don't know how much, but think it was about four dollars and one-half. I also worked the same year on local roads in Victoria Village. I swear I only worked one day. I was paid one dollar and a quarter for that by Mr. Clarke. I also received four dollars for work I did in making a turn off to the road to my house and partly in my own yard. I was paid for that by Mr. Clarke. I got some help from Mr. Goodison, the member. He gave me a note to Mr. Powell for four dollars. He also gave my wife a note for six dollars. My wife and I took it up in catables. I did not work then nor since for that ten dollars. I could not speak for my wife I did not know what it was given me for. When I went to Mr. Goodison I asked him to help me as I wanted some relief. I did not know where the money came from and I have not been asked to do any work for it.

George E. White (Sworn)—I worked on Carboncar, New Perlican road two days in the spring of 1914. Was paid for same in cash by Mr. Ed. Clarke. To the best of my knowledge I did not do any work of any sort for the Government in 1914 except the above. I was told, though to go to work but, not being able to go, James Cole took my place. Mr. Clarke gave me a note in 1914 to go to Mr. Powell. First of all I took a note from Mr. Powell to Mr. Clarke and it was then Mr. Clarke gave me a note to Mr. Powell for two dollars which I took up in goods. I went to Mr. Powell and asked him to let me have a gallon of molasses and a pound of tea and he asked me if I had tried to get some work from Mr. Clarke on the roads. I said "No" and he (Mr. Powell) gave me the note to Mr. Clarke above mentioned. I never worked out that two dollars, nor was never sent to. I took upon the money as relief. Mr. Clarke did not tell me that I would have to work out that two dollars when he gave me that note to Mr. Powell. I cleaned out what they call the Double Brook the previous winter. Then I went to Mr. Goodison and asked him if I could get paid for it, and he gave me a note to Mr. Powell, who paid me at that time either one dollar fifty or two dollars. This is not the same as the note Mr. Clarke gave me to Mr. Powell for which I did no work.

George Peckham (Sworn)—On May 16, 1914, I worked one day on Carboncar to New Perlican road. My signature is on return sheet for \$125. In May, 1913, I did not work at the construction of a well at Victoria Village. If my name appears on the return sheet marked "A" as being worked on the construction of a well at the Neck it is not correct. The ten dollars which appears on said return sheet, but did not work. The ten dollars was not promised me for any thing particular, but I went and got it from Nicholas Powell. Mr. Goodison promised he would do something for me and it was on this promise I went to Mr. Goodison, who telephoned Powell to know if there was any money on hand. Mr. Goodison then told me to

(Continued on 9th page.)

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