

UNIVERSITY MANAGEMENT.

FURTHER EVIDENCE BEFORE THE COMMISSION.

DICKSON'S GUARANTEE OF £1000.

COMPANY RESISTS THE CLAIM.

THE EX-REGISTRAR EXAMINED.

FINANCIAL DEALINGS WITH DICKSON.

Another sitting of the University Inquiry Commission was held yesterday, there being a full attendance of members. Mr. Fink presided.

Mr. H. B. Higgins, M.P., a member of the University council since 1887, said the finance committee (to which he had been appointed since the discovery of the Dickson frauds) did not see how the expenditure of the University could be further pruned, consistently with efficiency. He knew of nothing more unwholesome than allowing professors to examine on their own lectures. It led to students restricting their studies to the lectures of the teacher, instead of studying a wide range of books. With regard to Dickson's frauds, any proper audit should have quickly discovered most of them. He did not see how it was possible for the University council to accept responsibility for the correctness of the cash and of the books. The council relied on the audits. The securities of the University should not have been under the control of any one official. The financial responsibility should rest with the registrar.

Mr. Boyd: Can you explain why the council, notwithstanding that the rules laid it down clearly that the registrar had full superintendence of the finances, had passed a resolution to the effect that "in practice this was not strictly adhered to"?

Mr. Higgins: I apprehend that that was done in order to let down the registrar, Mr. a'Beckett, who was a most valuable officer, and as straight as a man could possibly be, with as little unpleasantness as possible.

Replying to Sir John M'Intyre, Mr. Higgins admitted that the professors were paid at a higher rate than those in home universities. He was glad that it was so. If it were otherwise the Melbourne University would not get the same class of professors that it had. The difference in remuneration was the price which had to be paid for being at a distance from centres of culture.

Sir John M'Intyre: Are we producing local brains equal to the work?

Mr. Higgins: I hope we are. I think we are.

Mr. Frank Handley, secretary of the London Guarantee and Accident Company, said the company guaranteed Dickson, the late accountant. An application had been made by the University for the sum of the guarantee, but the company had declined to recognise the claim, because the University had not given notice of it immediately after the defalcations were discovered; because liability of the company was limited to defaults committed twelve months prior to the receipt of notice of claim; and because if checks undertaken by the employer had been carried out the defaults would have been discovered long before they were discovered.

Mr. T. W. Jackson said he was appointed Audit Commissioner in 1885, prior to which he was Deputy Postmaster-General. In the certificates of audit for 1890, 1891, 1892 and 1894 it was stated that the debentures had not been inspected, but that charges had been made by the Bank of Victoria for their safe keeping. He was of opinion that that was not absolute proof that the debentures were intact. A proper audit would have included an examination of the debentures. Certain certificates referred to in the audit should be either at the Audit Office or at the University. He could not account for their disappearance. While Mr. Gates, the inspecting officer, was conducting the audit witness several times visited the University to see that the work was being properly carried out.

Mr. Fink: We cannot find that there was ever a book which even faintly resembled a cash book or a ledger.

Mr. Jackson: A cash book was certainly in existence. I am under the impression that there are other books in addition to those now before me.

Mr. Fink: We have any amount of evidence that those are the only books that were kept.

Mr. Jackson (indicating a book marked "1889"): This must be the book that was regarded as the cash book.

Mr. Fink: And do you call that a cash book worthy of the encomiums that were every year passed by the auditors?

Mr. Jackson: I think it would be regarded as sufficient. I would not have altered the system if it supplied the information required.

Mr. Fink: But it didn't. Did you ever know of a concern that conducted its business with books of this kind?

Mr. Jackson: No; I have not. To Mr. Smith: He had never kept a set of books.

To Mr. Warde: Strictly speaking, the debentures should have been inspected by the auditors, but the auditors did not insist upon that because the bank charged for their safe keeping.

Mr. Boyd: You seemed to regard the custodians of the debentures as above suspicion. Do you think you were doing your duty in that?

Mr. Jackson: I certainly should not regard anybody in the public service as above suspicion. (Laughter.) I would take nothing for granted in the case of a public servant.

Mr. Edward F. a'Beckett, the late Registrar of the University, said he occupied that post for 37 years. Before the appointment, in 1884, of Dickson as accountant, witness kept the books. When he started his duties at the University he knew nothing of bookkeeping. He picked up the requisite knowledge as he went along. Witness was nominally, but not really, the chief executive officer of the University. The Chancellor, the Vice-Chancellor, and the president of the professional board exercised a large measure of control. Dickson was appointed in 1883, because witness represented to the council that it was necessary to have a skilled accountant. The utmost satisfaction was always expressed with Dickson's work. On two or three occasions Mr. Morrah said to witness, "You have got a good man there. He keeps the accounts in first class manner." (Laughter.) Witness had no recollection of certifying that the accounts for 1890 were correct.

Mr. Fink: Is not that signature yours, then?

Mr. a'Beckett: It looks like it. Do you doubt it?—I have a doubt about everything connected with signatures.

Do you suggest that this is not your signature?—It looks like my signature, but I have not the slightest recollection of writing it.

Did you have any private financial dealings with Dickson before he was appointed, or in 1884?—No, sir, though it is alleged that I did.

You have recently had a settlement with him over a large number of IOU's which you gave him?—Yes. I repudiated everything above £100. That sum was accepted in settlement, and I paid it.

In 1885 you appear, from this bundle of IOU's, to have borrowed from Dickson almost every week sums varying from £10 downwards?—I have no recollection whatever of those transactions. I borrowed from him only in more recent years.

Had you any idea that the money borrowed from Dickson by you came from the funds of the University?—Not the slightest. We were very confidential as to our private means. He represented himself to be very well off. He told me he won a double for £1000 in 1888. (Laughter.) Everybody knew of it.

Mr. Warde: Do you mean that the University authorities knew of it?—Yes. He also told me he won money in Tattersall's.

Mr. Fink: You knew, then, that he was following the turf?—I don't know about following the turf. It doesn't require very great expenditure if you are only lucky. (Laughter.)

Didn't it strike you as very improper that a trusted officer, who had charge of the money, should be speculating on the turf?—It didn't occur to me at the time.

Mr. Smith: Whom do you blame for the financial losses?—Well, nobody can be blamed. Dickson was such a clever man that he gulled everybody, the finance committee and myself included. I am willing to admit that I am to some extent to blame, but we had to rely on the auditors.

Mr. Warde: Didn't it occur to you that you were setting a very bad precedent by borrowing money from a subordinate?—It didn't occur to me at the time, but I admit now that I should not have done it.

Mr. Warde: You say everybody knew about Dickson winning £1000 on a double?—Yes. Professor Irvine told me, and added that he wished he had won the money himself. (Laughter.)

The witness also stated that his duties were defined by resolution of the council in 1896. His duties were supposed to include supervision of the finances, but it was recognised quite well that that supervision was in the hands of the finance committee, he (Mr. a'Beckett) not being an expert accountant.

The commission, at 10 p.m., adjourned to 4 p.m. the following (this) day.

THE UNIVERSITY INQUIRY.

EXAMINATION OF SPECIAL AUDITORS.

The royal commission appointed to inquire into the financial position of the Melbourne University and also into its administration generally met yesterday afternoon at the Law Courts Library. There were present Mr. Theo. Fink, M.L.A., president, and Messrs. D. M'Kinnon, M.L.A.; E. C. Warde, M.L.A.; J. A. Boyd, M.L.A.; E. E. Smith, M.L.C., and S. G. Black, M.L.C.

William G. Sprigg, professional auditor, examined, stated that he had been called in by the University Council recently to examine the books and accounts of the University with a view to securing a conviction of the late accountant, Dickson. He carried out this work in conjunction with Mr. Drake, Government Auditor. The deficiency through the frauds was £23,839 6s. He found further deficiencies bringing the total sum to £29,000. That was the drift at the end of August last, when Dickson left. He understood that Mr. Drake, who had continued the investigation, found the total drift at the end of 1901 was £35,000. The leakage by fraud appeared to have commenced very shortly after Dickson was appointed. He agreed with Mr. Drake that Dickson helped himself to the receipts as they came in, and by false pass books, bank certificates and entries concealed the state of the accounts. The accounts in the calendar of 1901 were utterly misleading. As to the supposed disappearance of bonds and other securities, that had gone on for a number of years. Apparently these bonds never had any real existence. The Commissioner of Audit had signed a statement that he had seen the bonds. He favored the proposal that the University should pay 3 1/2 per cent. until the deficiency was made up. The University authorities had thought that they were protected by a proper audit, and the Government, having charge of that duty, clearly should make good the deficiency. If a proper audit had been made these frauds could not have taken place.

To Mr. M'Kinnon: He had found that on several occasions Dickson obtained cheques for accounts that were not in existence. There were no vouchers for these in existence. The registrar and the treasurer signed the cheques.

To the President: He had made the corpus of some of the trust funds greater in many cases than the original bequest by charging interest and improperly dealing with expenditure. In some of the cases the scholarships were never collected.

To Mr. M'Kinnon: A proper inspection of the cheque books must have made an auditor suspicious.

To Mr. Warde: The mysterious part of the affair was that auditors should state that they had seen securities which were not in existence.

Edwin Drake, inspector under the Audit Act, examined by the president, stated that his usual duties were to audit Government accounts in the country and those of irrigation trusts. He had been directed by the Premier to make a special audit, with Mr. Sprigg, of the University accounts, in view of the request made to the Government for financial help. A commissioner of audit usually had a clerk to do the routine work, but the commissioner ought to inspect the securities himself. Mr. Morrah had been Secretary of Lands before he became audit commissioner. He did not think that the clerks were qualified by examination.

The President: Practically you have a staff which is not specially qualified, and a gentleman at its head who had no other qualifications than an accountant?

Witness: Yes, but we have now an auditor-general. Describing the methods of the frauds, witness said that Dickson received about £15,000 or £16,000 a year in fees, to which he helped himself largely. In order to avoid the risk of detection by having large overdrafts, he took money from the trust funds and paid them into the general account. In 1894 he paid £3000 belonging to a trust fund into the general account, and in 1896 he received £12,000 in Government bonds and paid £3500 into the general account, and represented in his accounts that he had bought debentures with the money. How he obtained credit for debentures he never paid for witness did not know, but suggested that Dickson was allowed to call out from his balance sheet, and only called out bonds in that balance sheet, or he had two balance sheets. There was no record kept in the audit office of the audits of the University. There were only records of Government money paid to the University. He estimated that the deficiency at the close of the end of 1901 was £35,000. On 23rd August it was £29,133, but a tremendous number of outstanding accounts came in after that. Apart from the frauds, £12,000 represented the ordinary