

SESS. II.—1891.
NEW ZEALAND.

REMARKS ON THE REPORT OF THE COMMISSIONERS ON
THE PUBLIC TRUST OFFICE.

Presented to both Houses of the General Assembly by Command of His Excellency.

As the Commissioners on the Public Trust Office have made certain strictures on the manner in which the Audit Office performs its duties in reference to that department, I feel it due both to Parliament and the public, as well as to myself and the staff of the Audit Office, to reply to such strictures.

1. *The Duties of the Audit Office.*

The duty of the Audit Office is to ascertain and to certify that all the money received by any department is (1) duly accounted for, (2) is charged to the proper account, and (3) has been paid out of the proper account to the persons entitled to receive it. The forms in which Government accounts are kept are determined by statute or by Order in Council, or, subject to them, by the head of the department. The Audit has no responsibility as to the form in which accounts are kept further than to require that they shall be in accordance with the law, and shall be such as to enable the Auditor-General to certify to their correctness. Hence the witnesses in this inquiry who have stated that the forms of the books in the Public Trust Office were settled by the Audit Office and the first Public Trustee, have been misinformed. Mr. Woodward, the first Trustee, may have consulted me; but I have no recollection of it, nor does any memorandum, so far as I know, exist on the subject. Mr. Woodward may be presumed to have been a competent accountant, having had experience in several commercial houses, and having been permanent head of the Treasury for some years. The subdivision of the cash-books and ledgers into such a number of volumes as are now in use was the work solely of the Public Trust Office itself, and in no way affected the audit of the accounts.

2. *The Charges against the Audit Office.*

The Commissioners state in their report that “the system of audit practised in relation to the business of the Public Trust Office has been in reality a delusion.” I shall deal seriatim with the grounds on which they consider themselves justified in coming to such a conclusion:—

(1.) They say that the officers of the Audit Department “were ignorant of the existence of a large number of books in use by the officers of the Public Trust, in which money entries were made each day.”

I reply, *it is distinctly untrue* that the officers of the Audit Department were ignorant of the existence of any book in the Trust Office which could have thrown any light upon, or in any way assisted in, the fulfilment of their duties, or of any book which contained an entry of a single farthing which did not appear in the books which they did audit; and not only was abundant testimony to this laid before the Commissioners, but, strange as it may