

It is not surprising that it was “*within the knowledge* of the Audit Department,” considering that the Controller-General issued all the moneys paid by the Public Trust Office. Passing that by as a trifling indication of the slight acquaintance possessed by the Commissioners with the law governing the matters they were appointed to inquire into, I observe that the expression “the *supposed profits* of the Public Trust Office” is one conveying a false impression.

The 38th section of “The Public Trust Office Act, 1873,” states definitely that the Expenses Account shall be charged “with all salaries and other expenses incurred in the general management of the Public Trust Office,” and shall be credited “with the sums payable out of the several properties in the Public Trust Office, and with all fees and other moneys paid into the Public Trustee’s Account, but not belonging to or forming part of any such property.” The Commissioners, in another part of their report, describe this as “a most peculiar and unusual method,” which “has obtained in the Public Trust Office—*perhaps legally* ;” and show how the account should have been kept in a manner certainly *illegally*. The Expenses Account has, however, “perhaps legally,” been kept strictly in accordance with the law ; and the 40th section provides, “If the balance in the Expenses Account is more than sufficient to meet the charges thereon the Public Trustee shall from time to time, at such times as the Colonial Treasurer shall direct, pay the excess into the Consolidated Fund, and the moneys so paid in shall become a part of Her Majesty’s consolidated revenue.” The Colonial Treasurer made no demand from the founding of the office until the year 1888, when he directed the balance of the account, as kept according to the Act, to be paid to the Treasury ; and had I refused to issue the money, there is not the slightest doubt that I might have been compelled by the Supreme Court to do so. On the other hand, the same clause provides that if the balance in the Expenses Account is at any time insufficient to meet its charges the deficiency shall be advanced out of the Consolidated Fund. Such seems to me a sufficient answer to the charge made.

5. *The State of the Books.*

The Commissioners say, “The books of the office have been kept in a careless and unfinished manner, particularly the cash-books and rough cash-books.”

I desire to call attention to the fact that a very large part of the time and money expended in this inquiry was spent in the examination of officers of the Trust and Audit Departments solely on the question of the book-keeping ; that it is perfectly apparent, from the questions put by the Chairman, that his mind had been made up, and that he had come to the conclusion stated in the report from his own personal inspection of the books themselves *before the examination commenced* ; and that the major part of the questions asked were with a view to extract from the witnesses their assent to his own views. Had such occurred in any of the public departments it would have been my duty as Auditor-General to call the attention of the Government to the subject, and to suggest that some explanation was necessary before sanctioning such an extravagant and unnecessary waste of public money. I am aware that great latitude is permitted to Royal Commissions, but none the less is it my duty to call the attention of Parliament to what I think every one who reads the evidence will agree with me in regarding as an abuse of the privilege, at heavy cost to the public, and for no apparent object. Whether books are “kept in a careless and unfinished manner” requires no witness but the books themselves.

I had not for some years personally inspected the books of the Trust Office ; but I have recently gone through most of them. The “rough cash-books,” I have already shown, are nothing of the kind. A rough cash-book is generally supposed to be a book from which entries are carried into *the* cash-book ; but in the scheme of Accounts given in the Appendix to the Commission’s Report these books are omitted, showing that the Commissioners *knew* that they are not so used. Hence, to say that “*the rough cash-books*” are kept in a careless manner is not consistent with the evidence or with fact.

But I am compelled to turn to the evidence in order to expose the character of the examination pursued by the Chairman. At my first examination Mr. Larnach called my attention to the fact that the money columns in the branch or individual cash-books and ledgers were not added up and ruled off ; and I naturally expressed the opinion that it did not seem to be the work of a competent accountant. Of course I made inquiry into the system subsequently, and found that the entries in these books were totalled *daily*, and the daily total carried from the cash-books into the general cash-book, and from the general cash-book into the general or Check Ledger ; so that the summation of the whole columns