

the Treasury, serve but as examples to our beginners in financial inquiry of the circumspection with which figures must be accepted, even from sources supposed to be infallible.

The Post Office accounts, in which errors have to be adjusted in the manner in which errors are now adjusted in the Public Trust Office accounts, and in which, as the instructions recognise, errors are unavoidable, would be estimated to be marvellously well-kept if the errors were no more numerous and serious than these, which are thought by Mr. FitzGerald sufficient for his attack on the Public Trust Office. In the best system of accounts in the United Kingdom, provision is made throughout the books, and even in the balance-sheet, for a "balance of errors." Errors are no more to be entirely prevented than fraud, unless at an expense which would not be warranted by the result; and the book-keeping of accounts ought not to allow of the correction of errors, except by entries as of transactions on the day of discovery.

I shall, I think, be reasonable in assuming that Mr. FitzGerald's disposition would be such as to lead him to select for his case against the Public Trust Office the worst of the errors in his list of 320, and that he has omitted nothing which he could plausibly allege in disparagement of the arrangement of the accounts, or of the administration. I learn, indeed, from my Accountant, that the errors were generally of a very trivial character, and that many of the "queries" were actually written after the errors had been discovered and adjusted by the Trust Office officials, and after the Audit had become aware of the adjustment. The fault would in this case be only the method of correction or adjustment.

But before I proceed to the details of each case, taken by itself, I trust that I may not become tiresome in offering, with a view of facilitating an easier comprehension of the position, a few general remarks respecting my own experience of the Audit Department in its conduct under Mr. FitzGerald. Unprofitable to the colony, as I cannot but show his administration of that department to have been, I do not propose to extend my relation beyond what may be necessary to a proper conception of my own position. I have no object but a complete defence to Mr. FitzGerald's attacks, and in propriety of expression I trust that I may not exceed the bounds which Mr. FitzGerald himself has set, in venturing upon the assumption that he has conclusively shown "how little the statements of the Public Trustee can be relied on."

Upwards of fifteen years ago, when I was in charge of the Postal accounts of the colony, and when these accounts had become the model which they have ever since remained, Mr. FitzGerald reported to the Government that the Post Office accounts, which were distinguished by the absence of the cumbrous and unintelligible methods approved by himself, were kept without books, and that the system was dangerous; and he recommended that a Commission should be set up to inquire into the matter. I answered by explaining the system, and by offering my ready concurrence in the proposal for a Commission; but on the condition that, as Mr. FitzGerald and myself had expressed ourselves a little warmly on the subject, we should be excluded. I said that the result of the inquiry would be to bring about more rapidly the adoption of the Postal system by the other departments of the colony. Mr. FitzGerald, however, rejoined by admitting that my explanation had satisfied him, and that he had rushed too hastily to his previous conclusions; and I understood at the time that the subject had been dropped.

The Audit of the Post Office accounts was then, as it is now, almost entirely effected in the Post Office itself. The Post Office Savings-Bank ledgers, the money orders, postal notes, &c., are never audited by the Controller and Auditor-General's Department. It is doubtful whether the entire staff of that department could, in the whole year, accomplish the single task of auditing the Savings-Bank ledgers alone. To do so, they would have to apply themselves more closely than the Audit officials of the Public Trust Office apply themselves to their duties. The Post Office Account, however, not less for the conspicuous merit of the system under which it was kept, and still continues to be kept, than for the absence of Audit interference with the arrangements for the conduct of the business, was obviously a reflection on the methods which the Audit insisted that other departments should observe in official pecuniary transactions, and which are rather methods of not keeping the accounts; for it used to be common for an accountant, from whom, for example, 2d. might be due, to be required not to account for the money in a proper manner, but to carry the amount to the bank to be entered in a separate voucher, and to be lodged separately for the credit of the Public Account. These methods are the development of what may be described as the inherited idea or delusion of the Audit officials, that every sum of money due to the Public Account must be actually paid into the Treasury chest, and that every amount due for the public service, or every legal demand for money from a public department, should involve an actual recourse to that chest. The hope of shaking this unfortunate idea has been lessened by the promotion to the principal offices in the Audit of officials brought up and educated in the Treasury under Audit dictation.

The fatal fascination of Mr. FitzGerald by this idea or delusion, that all receipts must be remitted in cash to the Treasury, and all payments remitted from the Treasury, rendered the Post Office Account his stumbling block. This principle is the foundation of all his objections to reform, and deprives the public service of the real economy of accounts. And yet Mr. FitzGerald has continually on his tongue some expression implying his appreciation of commercial practice and the service of banks, and is apparently without any conception of the fact that his unfortunate delusion renders him incapable of adopting commercial methods, and that a bank is not essentially, and ought not to be made legally, necessary to the machinery by which a Public Account is kept. On the subject of the dependence on a bank of the machinery of a Public Account the following correspondence may prove interesting:—

"The Public Trustee.

"It appears to be now the system in the Public Trust Office to pay parts of the receipts, at the discretion of the Public Trustee, into the hands of the Cashier, instead of into the bank, the Trustee giving his receipt for record of the transaction. It is true that the clause of the Act of