

the cashier's book is made up of cash in the till and of stamps in charge of other clerks for the purpose of duty and postage, just as the balance due from a post-office cashier is made up of the cash in his own hands, and the stamps, postal notes, &c., in the hands of other postal officials. In the Post Office, forms have been printed for the acknowledgment to the cashier of the amounts represented by stamps, &c., in the hands of the other officials. For the Public Trust Office no such form has yet been printed, and the Accountant employs, in the meantime, the intelligible expedient of I.O.U.'s.—one for £50 and the other for £5. If an Audit official had checked the cashier's book he would have ascertained this, and Mr. FitzGerald might have been saved from the indiscretion of his present insinuations. The Audit official is aware that the I.O.U.'s for stamps are, as they obviously would be, continuously in the till, and he may consequently have so cleared up his doubts and tranquilised his conscience as to really believe that his knowledge of the existence of those I.O.U.'s would not only be readily accepted by Mr. FitzGerald; but would be acknowledged generally as indisputable evidence of a counting which is "simply a fiction." There is the additional evidence that the balance was not checked, in the absence from the book of the initials of the Audit officer—of the initials as affixed after every former counting; and in the more significant fact that no mention of any irregularity so serious as that which he would now insinuate to have existed should have been made in his report on the balance-sheet—a report in which nothing would obviously have been omitted that might have contributed to make good his attacks on my administration.

Now, let us suppose the case of the cash having been counted, or not having been counted. If it was counted, the explanation of the I.O.U.'s for stamps in the custody of another official would have been known, as probably the explanation was actually known. Careless, indolent, and neglectful as the Audit officials are, they could not have helped asking for the explanation, if it had not been given without asking. If, therefore, the cash was counted, the Audit must have known that the I.O.U.'s represented the stamps. With this knowledge, and putting aside idle questions of honour and fair-play, was the Auditor and Controller-General expected by the public to draw the attention of the colony to such a matter by insinuating, in the words of Mr. FitzGerald, that "the counting in the present case disclosed the extremely questionable practice that a part of the public money was represented by promissory notes of the officials in the office—in other words, that the public money might be used for private purposes. I am not saying that such has been the case." But if, on the other hand, the cash was not counted—and that it was not counted must be known, if not to Mr. FitzGerald, to the Audit officials who render him the services which he requires in connection with the Public Trust Office—the most favourable conclusion can only be that Mr. FitzGerald was under what he himself might call "a pure hallucination on the part of the writer."

The counting of the cash and of the stamps in the head office of the Public Trust Office, and the checking of the certificates for the amounts which are due from other offices, and which form, with the cash and stamps, the balance for which the department is accountable, is of the first importance to an efficient audit, though Mr. FitzGerald would imply that the matter is of no moment. I gave, however, the failure to count the cash and check the balance as but a striking example of the general indolence, neglect, and inefficiency for which, in the conduct of the Audit of the Public Trust Office accounts, the administration is notorious of the department of Mr. FitzGerald. Long before I became Public Trustee the audit of the Trust Office had become a scandal. I found, soon after I took up the appointment, that Public Trust Office ledgers had been passed as correct which contained hundreds of errors, and had not been balanced for years; and it was but a few weeks ago that I had to record as "scandalous beyond expression" the neglect of the Audit to check the distribution of the rents received from Native reserves during the last eighteen months. But I will not tire you with the miserable details.

Having expressed myself on political economy, so far only as to defend the legislation by which the control of Mr. FitzGerald was removed from the Public Trust Office, and an efficient administration thus rendered possible, and said on the subject of banking little more than to offer my own opinion that our laws ought not to render the services of a bank necessary to our public accounts, Mr. FitzGerald has, of course, very little to notice in my views on these subjects. By the expression of his regret at not expecting to see my "dream realised that, by a certain method of stating the Post Office accounts, the whole work of the bank can be more profitably done by the Post Office," he probably affects to ridicule the proposition that in the pecuniary business of the Government we could advantageously dispense with the services of a bank. The puzzle to him that banks should often have been employed for the remittances which were necessary to the transaction of the business of the Post Office, when I was in charge of the accounts of that department, will disappear if he can reflect how small would have been the hope of a reformation, certain to be opposed by Mr. FitzGerald, encouraged by the Treasury officials of the day, by the banks, and by all those persons whom the mere declarations convince of persons in authority. Being at that time an obscure official, I had quite enough to do to protect the Post Office from the paralysing imposition of the Audit arrangements and control to which the Post Office might otherwise have been subjected. It can only, however, have been of late years that he has despaired of the realisation of what he calls my "dream." In 1880, he went on a mission to the Australian Colonies, and his report, from which I propose to quote in this memorandum, is printed as Paper A.—4, 1881, in the Appendix to the Journals of the House of Representatives. In that report, he recommends the adoption in New Zealand of a system of payment by cash over the counter at the Treasury, and that, throughout the colony, the responsible officers of the Government should be authorised to draw cheques on the Treasury in payment of the claims against the Government. And he states, page 35, "Of the payment at the counter in the Treasury in coin, instead of by cheque on the bank, not much need to be said. Except for petty expenses, it is in use nowhere but in South Australia. Whether it might not be adopted with advantage in the payment of the large staff employed in the Government buildings in Wellington may be worthy of consideration, though whether the counting out of so much coin would be less trouble than writing so many cheques may be doubted. The saving to the