

49. There is no suggestion that you can make where you could alter it—where you could have it finally settled so as to avoid the tags which have been attached to the Public Accounts?—I think not. I think you must have a report by the Auditor on the account itself. The Auditor cannot in such report lose sight of every objection.

50. What I mean to say, Mr. Warburton, is this: The course of procedure in connection with these disputes is that you report to Parliament and that report is laid on the table of the House. That is under section 9 of the Public Revenues Act. Is there no method, in your opinion, whereby the attachment of tags to the Public Accounts can be avoided? Take the last clause of section 9 of the Act?—If the Treasury had charged the £566 18s. 3d. to the Unauthorised Expenditure Account there would have been no report upon it. The provision to report to Parliament is in a case—as I understand the law—where the Administration considers it necessary to pay, but impracticable to charge to the Unauthorised Expenditure Account.

51. It is not a question as to whether this could have been charged by being charged to “Unauthorised expenditure.” My question is whether you can avoid attaching tags to the Public Accounts by reporting direct to Parliament and keeping those tags off the Public Accounts?—There is no tag in that case on the Public Accounts.

52. What I mean to show is that advantage is taken of the fact that there is a tag upon the Public Accounts of the colony, and that it has arisen through a misunderstanding regarding that account, and the impression is widely disseminated that our Public Accounts are negligently kept, that our accounts are all wrong, and there is a misunderstanding on the part of the public in regard to those accounts. What I want to know is whether you could not achieve the same object by having a report direct to Parliament, and keeping those tags off the Public Accounts?

*Mr. Heywood:* I can suggest something, Sir Joseph Ward, if you will allow me. I consider there is a method, and a simple one, to obviate these tags, and it is in this direction: If the law were altered from its present condition so that the Public Accounts should not require to be audited prior to publication, then these tags would not appear. In the other colonies, and I suppose pretty well throughout the world, the Audit Office presents a report upon the accounts of the colony, and it is this report—which is quite separate and distinct from the accounts—that is submitted to Parliament and the public. It is in this report that the Auditor's tags or comments, reports, and opinions are contained; and if that was our system here the Audit Office would not put these tags upon the abstract of the accounts presented to Parliament, and through it to the public; but the opinions of the Audit Office and the consequent tag would come along in the report just the same.

*Mr. Warburton:* Yes; after the Public Accounts—

*Mr. Heywood:* But they would not be attached to the abstract of the Public Accounts as gazetted.

53. *Hon. Sir J. G. Ward* (to Mr. Warburton).] In your opinion, Mr. Warburton, the same object could be achieved by an alteration in the law—to have a report from the Audit Department upon the accounts, and which could be considered?—I do not think that would be consistent with the principle of an auditor's report—“That it should on the account itself state any objection.”

*Mr. Heywood:* I might remark that it is the effect of two systems. This is the effect in our colony of the pre-audit system, as against the post-audit system the world over.

54. *Hon. Sir J. G. Ward* (to Mr. Heywood).] Are there any other countries which have the pre-audit system as well as us?—No, not in any place that I am aware of.

55. *Hon. Sir J. G. Ward* (to Mr. Warburton).] Do you see any objection to the post-audit?—No, I do not. I think it is a good system. I think it is the natural system, that of audit after payment. When all the work of the administration is done the Audit Office should come in and examine the result. I think that is a proper system of audit, and under that system you have the administration making its payments of accounts on grounds which will justify them. If they are submitted to the audit before payment, the passing by the Audit Department is often considered quite sufficient. At present, if an account is passed by the Audit the administration is quite content to pay it, whether they think it right or not. In the Public Trust Office accounts the system is one of audit after payment, and there you have every clerk taking very great care before he makes a payment that he will be vindicated by the auditor. But under our present system an account may sometimes be sent in three or four times, as in a case that obtained three or four years ago; and if, for instance, an account like that could be paid before audit and justified by the administration there would be no objection to so paying it. They might draw an imprest and pay it; but in cases of payments that might be challenged by the Audit Office the administration or the Department considers it safer to go to the Auditor first—that is, safer if the Audit Office passes it first than if they pass it themselves.

56. In your opinion would it be preferable to have post-audit instead of pre-audit?—Yes. I think it would be preferable under a good system of accounts, not under the Treasury system such as I have seen. I would not, however, like to be responsible for recommending any alteration of the system unless I had the carrying-out of it. I certainly have always thought—and when I was in the Public Trust Office I brought about audit after payment—that our accounts should be on the system of paying direct the amount of the moneys you are authorised to spend. A clerk might be in the Treasury to pass the payments made as the business went along. But if I set up a system I should like to be in a position to see it carried out—to be its executive or administrative officer. I should like to have the independent administration of the system myself. I think if a post-audit system were adopted it should be one that would work automatically, whether you were there or not. It ought not to be dependent upon one man, however good that man might be. It ought to be a system that would work automatically and to the satisfaction of all.

57. *Hon. Sir J. G. Ward* (to Mr. Heywood).] Which, in your opinion, would be the better of the audit systems for the colony, the existing system—the pre-audit—or the post-audit?—I am very