

MINUTES OF EVIDENCE.

WEDNESDAY, 7TH SEPTEMBER, 1910.

Colonel R. J. COLLINS, I.S.O., Controller and Auditor-General, examined. (No. 1.)

1 *Right Hon. Sir J. G. Ward.*] I should like to ask Colonel Collins if, with his experience, he considers it desirable, or otherwise, to have an alteration from the pre-audit system to that of the post-audit?—Yes, I do. I consider that the post-audit system is more desirable. It is the evolution of the pre-audit system, it will tend to facilitate prompt payment of claims, as vouchers can be dealt with at once upon receipt by the Treasury, instead of having to undergo examination before payment by the Audit Office. When a voucher comes before the Audit for examination it will be complete in every respect.

2. Would there be any greater liability to payments being improperly made, or a mistake, under the proposed system, as against the existing one?—No, I do not think so. In the case of pre-audit, where a voucher is wrongly charged or is incomplete, and has to be returned to the Department for completion, delay necessarily takes place, and therefore it is for that reason desirable that pre-audit should be dispensed with, and the audit take place after the payment. There are some payments, however, which should, in my opinion, be pre-audited—for instance, purchase of lands, payments in connection with loans, and there might be other claims which the Auditor-General might consider it desirable to examine before being paid. I think provision should be made for them.

3. What is the system in other countries?—Post-audit in nearly every place, except the Cape.

4. Post-audit in England, Canada, Australia?—Yes, but the Cape, I think, has adopted the pre-audit, but it is only very recently if they have done so.

5. Under the post-audit system, as against the pre-audit system, can the Treasury supply full details for the information of Parliament more effectually than under the pre-audit one?—Under the post-audit system the details would be as easily supplied.

6. Supposing some firm under contract operating with the Government for the supply of goods and materials to various Departments, under this post-audit system, when the cheque would be paid, the whole of the details of that account would be required to be attached to the voucher?—They would be in the voucher at the time of payment. In adopting the provisions as put forward in this Bill you do not alter the present procedure, with the exception of that dealing with the voucher. The voucher will go to the Treasury in the first instance for payment, but under the present system the voucher is sent direct to the Audit Department, and if passed, goes on to the Treasury for payment.

7. Under the new system the voucher goes to the Treasury, the amount is charged against the vote in the requisition, and then the bank order is issued by the Audit Department, so that the Audit Department have got the control over the appropriations?—Yes, that is so. In other places—the Commonwealth, for instance—a requisition is made for supplies for one, two, or three months, and the Audit Office issues a bank order for the payment of the moneys. The amount is charged against the vote and account. No money would be issued under the proposed system unless there was a sufficient balance in the account and at credit of the vote to meet it.

8. Do you consider the system of checking is weakened in any way by the process that is suggested of post-audit, by the Treasury in the first instance paying the amount in the vouchers?—I think that more care will be exercised by Departments authorizing payments than at present.

9. And the Audit Department would call upon them to put the matter right after the Department made a mistake?—Yes.

10. *Mr. Massey*] Under the present system the vouchers are examined prior to the payments being made?—Yes.

11. Do you not think there is very considerable risk in the system proposed?—No, I do not I do not see why there should be.

12. You do not think there is a chance of payments going to the wrong persons, or payments being made which are not contemplated by Parliament, under the system as proposed?—I do not think that any payment can go through unless it is in accordance with law.

13. Under the proposed arrangement there is nothing to prevent a wrong payment being made—as, for instance, by carelessness on the part of the Department?—It has to be charged against the vote and item.

14. Under the proposed system there would not be the same control as you have now?—There would not be the same control.

15. You think that provision should be made for pre-auditing certain accounts—that if there is any doubt about an account it should be audited before payment?—Yes.

16. With regard to the details of revenue and expenditure, do you not think it is possible to supply Parliament with details under the present system?—It would be possible. The details would be forthcoming, but there would be many vouchers included shown as paid which might not have been paid.

17. The details could be supplied all the same?—Yes.

18. There would be no more delay made in supplying such details under the proposed Bill?—No more delay in the case of supplying details such as you have mentioned.