

18. *The Chairman.*] Supposing, for example, a cheque for £10,000 was issued for railway stores on the 30th March, and was not paid until the 4th April, would that payment appear as a payment for the year ending 31st March?—Yes, for the year in which it was issued.

19. *Mr Allen.*] But under the post-audit system it would not have been audited till the next year?—Not till after the 31st March.

20. *The Chairman.*] Although the audit would not be complete it would appear in the financial operations of that year as having been made?—Yes, under the post-audit system.

21 Does the Audit Department audit the whole of the business of the Government Departments?—Yes.

22 Post Office and Railways and everything?—Yes.

23. And the system that obtained some years ago, when some Departments did their own auditing, has been superseded?—Yes.

24. *Mr Fraser.*] Under the pre-audit system are the tables which accompany the Financial Statement of the Government audited or not?—They are not audited for that purpose. It does happen that Table No. 1, the abstract of receipts and expenditure, is audited. That is laid on the table of the House as a parliamentary paper duly audited, but there are no requirements to entail the tables accompanying the Financial Statement being audited.

25. Under the post-audit system the statements accompanying the Financial Statement will not necessarily all be audited accounts?—They are not now, with that one exception. It would be just the same as at present. The abstract of receipts and expenditure for the year will be sent to the Audit Office for examination and be audited as heretofore.

26. Under the pre-audit system?—Yes. Section 80 reads, “(1) The Treasury shall, within fourteen days after the end of each financial quarter except the last, and within thirty days after the end of the last financial quarter, in the financial year, prepare and send to the Audit Office an abstract of the revenue and expenditure of the Public Account, as provided by this Act, during such quarter; and shall also within thirty days after the end of each financial year send to the Audit Office a similar abstract of the revenue and expenditure of the Public Account during that year (2.) Every such abstract shall be certified by the Audit Office and returned to the Treasury within fourteen days after the receipt thereof from the Treasury as aforesaid, and the Treasury shall forthwith publish the same, certified as aforesaid, in the *Gazette*, and lay the same before Parliament if sitting, or, if not sitting, then within ten days after the commencement of the next ensuing session thereof.”

27 Do I understand that under post-audit or pre-audit the statements of account would be much the same in respect of audit?—Much the same. This system is very simple.

28. You said that the items would appear in the accounts but would not be audited?—Yes, that is so: the voucher would not be audited.

29 I suppose it would be audited before the Financial Statement is produced?—No, not necessarily before the Financial Statement is produced.

30. When would it be audited?—As soon as the receipted voucher is returned to the Treasury

31 *Right Hon. Sir J G Ward.*] Does the fact of a payment being made on the 31st March and the cheque for that payment appearing in the Public Accounts—does the fact of it not being audited until after the 31st March render the check of the Audit Department upon that account any less effective than if it came in prior to the 31st March?—It depends upon whether the voucher was correct in respect of which the cheque was issued on the 31st March. The audit of the voucher does not take place till after the 31st March under the post-audit system.

32 If a payment was made on the 31st March under the pre-audit system, the Audit Department would authorize the payment of that cheque, and later, if it was found there was a mistake in that account, that would have to be discovered quite irrespective of pre-audit?—Yes

33. Would the circumstances be any different if a payment was made on the 31st March and the account came in in April?—Under the present system the voucher would be audited before payment, but under the post-audit system the audit examination would not take place till after the payment was made.

34. *Mr Allen.*] There was an extract you read from one of the Australian States?—Yes, the Commonwealth.

35. Was that put in with your evidence?—Yes.

TUESDAY, 20TH SEPTEMBER, 1910.

JAMES KEMMIS WARBURTON examined. (No. 4.)

1 *The Chairman.*] Until recently I believe you held the position of Controller and Auditor-General?—Yes.

2 And you are now retired?—Yes, on pension.

3 *Right Hon. Sir J G Ward.*] From your long experience in dealing with the accounts of the Dominion, Mr Warburton, do you consider it desirable to introduce the post-audit system instead of pre-audit?—Yes. In the Post Office, the accounts of which are kept according to a system introduced by myself, there is practically post-audit. I introduced the system there many years ago. The Post Office under the present law makes nearly every payment chargeable to the appropriations, out of moneys advanced by way of imprest, and, of course, all those payments are audited after they are made. And there is very little irregularity in the payments of the Post Office—practically none. In the Public Trust Office, the accounts of which are kept on the system introduced by myself, the system is audit after payment. The officers there understand, of course,