

11. And by the Public Trustee?—Yes, and by the Public Trustee.

12. And by the Railway Department?—Yes, the Railway Department pays very largely out of imprest.

13. Is there any greater liability to improper payments being made under the post-audit system, in your opinion?—No, I do not think so. Everything depends on the honesty of the officers.

14. Well, in the case of mistake, what is the remedy?—Surcharging the officers in fault. In Australia, for instance, the Minister of Finance is surcharged.

15. *Mr Fraser*] The Minister of Finance there is surcharged with what?—The Minister of Finance is surcharged with any deficiency.

16. *The Right Hon. Sir J. G. Ward.*] In your opinion, Mr Warburton, is the country properly safeguarded in the case of a wrong payment?—I think so. I think the officers of the administration can be confided to do the business of the country as safely as the officers in other countries.

17. Then, I understand you to say that more care is bound to be taken in the authorization of vouchers under the post-audit system?—Yes, I think there is better security for correct payments of public money under the system of audit after payment than under the other system.

18. Now, under pre-audit a voucher may pass audit and the payment of the money may be made to the wrong person the Audit Office has no check on that?—No. The Audit Office depends upon the officers of the administration to make the proposal to pay in accordance with that proposal as submitted to the Audit Office.

19. The Audit Office does not re-examine the vouchers paid by the Treasury under the present system to see that the money has reached the proper person?—That is so, I believe. It was so when I was in the Audit Office, unless, of course, there was any irregularity and the Treasury officers who were appointed to examine the vouchers as they came in brought up the irregularity; and if there was any difficulty in adjusting it or correcting it the Treasury officers would sometimes refer to the Audit Office. But there is very little of such irregularity, as far as I can recollect.

20. Therefore, as far as the audit is concerned, payment of a salary passed in favour of John Brown may have been made to Thomas Smith?—Yes, or there may have been forgery.

21. But in any case in practice that is so, that, though pre-audit of a salary in favour of John Brown has been authorized by the Audit Department, it may be paid to Thomas Smith, and the Audit Office would not have an opportunity of examining that under pre-audit?—Yes, but the Treasury may direct that a payment to Smith may be made to Brown, which may not be strictly irregular.

22. In other words, the wrong payee could be as easily dealt with under pre-audit as under post-audit without the Audit Department having any knowledge of it?—It could be dealt with as easily under the post-audit system, and so much better dealt with that no irregularity of that kind could well pass.

23. Under the pre-audit system a mistake of that kind could be made after the Audit Department had authorized the payment?—Oh, yes! it could be made.

24. Is the power of the administration greater under post-audit than under pre-audit?—No, I think the responsibility that the administration has amounts to the same, but the only difference is, I think, in favour of better security for the payment under post-audit, because the officers of the administration, knowing that their payments have to go before the audit after they have made them, are very much more likely to take care that they can justify the payment than if the Audit Office passes it before payment.

25. Well, is it not a fact that where audit follows the payment the administration is uncertain of what payments the auditor may question, and consequently they are not likely to make any payments which in their opinion the auditor would not pass?—Yes.

26. Where audit precedes payment I understand you to say that the administration would be more likely to be content to make any payment that the auditor may not pass?—Yes, I think so. I have known such payments. I stated before the Public Accounts Committee many years ago the facts of a case, in which I then had the evidence before me, but which I could not perhaps very well prove now. I stated that a proposal to pay was submitted time after time to the Audit Office—that is to say, a proposal to make a payment was submitted at least three times to the Audit Office with a view of getting it passed by the Audit Office. Now, had it been the duty of the officers of the administration to pay that before audit, the question is whether they would have paid it. I do not think they would have in that case, as far as I can recollect. Now, for instance, under pre-audit the principal defence of a payment as to which any question is raised is that it has passed the Audit Office.

27. I understand you to say that, as the administration has to justify any payment made under this system of audit after payment, it must operate more effectively in keeping the administration alive to its responsibilities?—Yes, I think so.

28. Well, now, is it or is it not a fact that the post-audit system will give the Audit Department independent review of the Treasury operations, which the Controller under this Bill will require to deal with in his report to Parliament?—Yes.

29. And under the pre-audit system as it exists that is not the case?—No. Under the present Public Revenues Act the auditor is required to certify subject to such objections as he thinks fit, and he has to confine his remarks to such objections as he may have to raise to any transactions in the account.

30. And that he would report to Parliament?—He would add that to his certificate, which would go before Parliament. Perhaps I may read the opinion of the Chairman of the Audit Board upon Mr Gladstone's views when the present system at Home was introduced "In com-