

made has already reached the limit of the votes, and, of course, nothing could be expended beyond those limits except out of unauthorized expenditure if transfer ceased to be authorized.

43. Regarding the powers of audit in London, is it not a fact that some of the Australian States have unrestricted powers of payment in London without audit?—This is the provision, and I will read it. It is almost word for word the same both in Australia and the Cape “Moneys outside Commonwealth: Notwithstanding anything in this Act contained, the Governor-General may make such arrangements as he considers necessary for the collection, receipt, custody, issue, expenditure, due accounting for, care, and management of any money belonging to the Commonwealth outside the territory of the Commonwealth, and for the keeping of books and accounts, and furnishing statements, returns, and vouchers, and for the examination, inspection, record, and audit of such books, accounts, statements, returns, and vouchers.” So that the Audit may arrange the whole business of paying outside the colony, and the audit of it is authorized by their Audit Act to be arranged as the Governor-General considers necessary.

44. But in New Zealand our audit in London is governed entirely by the Audit Office—it is mandatory under the Public Revenues Act?—Yes, all the provisions are in the Public Revenues Act.

45. So that in that respect we are allowed to leave nothing to the Governor in Council—it is under the supreme administration of the Controller and Auditor-General, and fixed by Act?—Yes, there is an Audit Officer appointed in London, through whom nearly everything has to pass.

46. And that is under the direct control of the Auditor-General here, not the Government?—Yes, that is under the Audit Office there, and is subject to no direction but that of the Controller and Auditor-General here.

47. He is subject to no direction of the High Commissioner either?—No.

48. Under the Public Revenues Bill as we have it, would the powers of the Controller and Auditor-General be lessened in any way by the introduction of the post-audit system?—I do not know whether the Bill is the same.

49. This Bill gives the Auditor-General the same power: it gives him the power of pre-audit in certain instances at his discretion, such as payments on lands and loans to local bodies. Would the Bill as you see it lessen the powers of the Auditor-General under the post-audit system?—No; I think the powers would be more effective under that Bill. He has, you might say, unlimited authority to report on everything in connection with the accounts, and to make suggestions.

50. Then the only other question is, in your opinion, is the post-audit system, for the general administration of the public business of this country, preferable to the pre-audit system?—Decidedly, yes, I think so.

51. At this stage I desire to put in a letter and the reply. It is a copy of a letter, dated the 4th June, 1909, sent to W. R. Morris, Esq., Acting-Secretary, General Post Office, Wellington; J. K. Warburton, Esq., Auditor and Controller-General, P. Heyes, Esq., Commissioner of Taxes, Wellington; and R. J. Collins, Esq., Secretary to the Treasury, Wellington. I sent a copy of the letter to each of those gentlemen separately and the letter is as follows:—  
“SIR,—As it appears to me to be desirable that the system of keeping the accounts of the various departments of the public service of the Dominion of New Zealand should be carefully examined with the object of determining whether it is possible to rearrange and simplify the proceedings incidental thereto, and reduce the cost of administration, I have decided to appoint a special Committee for the purpose of investigating the system of accounts kept in every Department, and of formulating proposals for any improvement which may, as the result of such investigation, be deemed necessary, such proposals to be embodied in a report to be submitted to me at the earliest possible opportunity. It is my pleasure to nominate you to act conjointly with Messrs. W. R. Morris, J. K. Warburton, P. Heyes, and R. J. Collins on such Committee; and you are hereby authorized to examine persons, to have the right of entry into all Government Departments, and to demand the production of all books and documents which you may consider necessary. I also desire that you should carefully consider the relative merits of the systems of ‘post-’ and ‘pre-audit’ of accounts, and report specially thereon. A copy of a Bill entitled the Public Revenues Amendment Act, 1909, which has been prepared for submission to Parliament is submitted for your information.—I have, &c., J. G. WARD, Prime Minister.” You received that letter?—Yes.

52. The following is the reply, dated the 15th April, 1910:—“Memorandum for the Right Hon. the Prime Minister. Owing to circumstances to which it may possibly be regarded as unnecessary to more specifically refer, the Committee appointed to report on the system of accounts of the various Departments of the public service of the Dominion have been unable to make, as required by their appointment, the desired investigation and formulate proposals for any improvement. But we (Messrs. J. K. Warburton, R. J. Collins, and W. R. Morris, members of the Committee) have conferred informally, and decided as the result to recommend that direct advances from the Treasury by way of imprest should, as outlined in the attached statement, be restricted to the Treasury Cashier, the Post and Telegraph Department, and the Railway Department, and that individual officers to whom the Treasury is recommended to make advances should be authorized to obtain them by means of Treasury credit notes. It is considered that the adoption of this arrangement would prevent large sums of money, amounting in the aggregate to, at times, little short of half a million, from lying idle at credit of the imprestees. It would also minimize the risk of moneys being converted to the personal use of the imprestees, instances of which are known to have existed. We do not see our way, so far as we have been able to consider the question, to recommend, pending amendment of the law as at present exists, any alteration in the arrangements for the receipt of revenue and direct payment of expenditure. With regard to the Minister’s desire that the Committee should consider the relative merits of the post- and pre-audit systems of audit, we have no hesitation in reporting that we regard the system