

of audit after payment as affording better security for the care and proper application of the public money than the system of audit before payment; and, as to the Public Revenues Amendment Bill, of which a copy has been supplied for our information, we think that it would be better for the purposes of the system of audit after payment rather to reconstruct the Public Revenues Act for such purpose than to amend the present Act, constructed for the system of audit before payment. If the Minister should decide to give effect to this suggestion, advantage might be taken of the opportunity thus afforded for amending the law in the direction of making it possible that the collection of revenue and direct payment of expenditure might, if so desired, be made through the medium of the Post Office, or through any other Department, under regulations to be made under the authority of the Governor in Council.—J. K. WARBURTON, R. J. COLLINS, W. R. MORRIS.

—*Imprests to Officers in New Zealand:* (1) The Treasury to issue money by way of imprest only to the Treasury Cashier, the Post Office, and the Railway Department, and to issue it on application in the same manner as at present. (2) Out of the moneys so issued by the Post Office and Treasury Cashier, any special advance approved by the Treasury on the application of an officer requiring it to be made on a credit note provided by the Treasury and presented by such officer. (3.) All payments in Wellington out of moneys issued by way of imprest, except payments for services of the Post Office and Railway Departments, and the payments for which the special advances out of such moneys may be used, shall be made only by the Treasury Cashier. (4.) All payments out of imprest moneys elsewhere than in Wellington, for which no special advances are made except those out of imprest moneys issued to the Railway Department, to be made at the Post Office money-order offices at which they can most conveniently be made, and on the certificate of an officer to be notified by the Treasury to the Post Office. (5.) The Treasury, on the receipt of the application for a special advance, to furnish the officer to whom the advance is to be made with a credit note which would enable him to obtain from any Post Office money-order office, or from the Treasury Cashier, sums to the amount limited, and within the time limited, by such note; and the officer to account direct to the Treasury or to the Post Office, as the Treasury may direct, for the money obtained on such credit note. (6.) In any case, in which it may be impracticable or inexpedient for a Postal Officer to take from the payees themselves receipts for the payments to be made by a Postmaster out of moneys imprested to the Post Office, he may employ to take such receipts, and supply with the necessary money the paying officer authorized by the Treasury, taking his receipt to account for the money pending the production of the receipted vouchers for it." That letter, with the enclosure, was sent to me in reply by yourself and the other two officers mentioned?—Yes.

53. Now, the suggestion made there is that a credit note should be issued to an officer instead of an imprest?—Yes.

54. That would prevent him from having the amount that the imprest was limited to entirely at his disposal for operating upon either in or away from Wellington?—Well, it would practically be a letter of credit to draw within the amount of the letter from the Post Office in cash. Of course, he could draw the whole amount at once anywhere, but an irregularity of that kind by which he would obtain more money than he required for his immediate purposes the Treasury would notice. It is impossible to prevent irregularities, but, as the Treasury noticed any such irregularity, and the Audit Office too, that would prevent the use of more money than as a general rule the imprestee requires, and the result would be that probably some hundred thousand pounds or more would lie at the credit of the Public Account at the Bank, instead of in the pockets or hands of imprestees.

55. *Mr Fraser* ] Is that the case now?—There has been occasionally out on imprest an amount of £500,000—money in the hands of imprestees or to the credit of imprestees.

56. Not in one sum?—No; aggregated sums for the Dominion out of the Public Account. Under the other system, which is a very reasonable system, half at least of that sum might remain continually at the credit of the Public Account.

57. *Right Hon Sir J G Ward.* ] On that point you are referring to, Mr Warburton, about the irregularity being possible, that an amount beyond the actual requirements of the imprestee may be availed of by him, under the existing imprest system he controls the full amount?—Yes. He could do so in both cases, but it would be an irregularity contrary to instructions in one case. It is impossible under any system to prevent irregularities, there must be irregularities, I might say, in all businesses, and the Public Revenues Act is, I might say, designed with a view not to completely prevent them, but to keep them down.

58. By the payment of notes to distant post-offices—I mean, away from the seat of Government—those notes would be transferred immediately by the Postmaster to the Head Office?—You mean bank-notes?

59. No, credit notes?—The Postmasters would send up the receipts which they received from the imprestees for the moneys which the imprestees got from the Post Office. They would be sent to the Treasury, and be charged to the imprestees and credited to the Post Office.

60. In other words, under the present system the imprestee can draw cheques upon his Imprest Account, and he need not return the receipted vouchers until he has expended the whole of his imprest or until he has returned to Wellington?—Yes, that is so.

61. So that the system of credit notes, from the point of view of more frequent check, is better than the present system?—Yes; it brings up the payments out of the money issued on imprest at once.

62. So that the proposed credit-note system is a more effective check as against the imprestee by the Audit Department and by the Treasury both?—Yes, I think it would be a more effective check. The Post Office would require the vouchers at once, and the Treasury would get an early advice from the Post Office in the receipt of the imprestee for a certain sum of money for immediate expenditure, and that expenditure, of course, would be under the eyes of the Treasury, and the vouchers would be called for