

109 It is not a question of making the payment: it is a question of preparing the voucher. Are not the Treasury officers careful in preparing vouchers for audit before payment?—I do not know that there is any irregularity in the preparation of the voucher, even if it is for an unlawful payment.

110. From your long experience as Auditor and Controller-General can you tell this Committee whether there has been any carelessness or neglect in the preparation of vouchers for pre-audit?—The Treasury knows very well that the vouchers come before the audit before the payments are made, and, as the vouchers are prepared not by the direction of the audit, but by the Treasury on their own responsibility, that secures their accuracy.

111 Then, what further accuracy can you have with the post-audit system in the preparation of the vouchers?—My evidence has been given upon the lawfulness and irregularity of the payments, not upon the accurate preparation of the vouchers. There might be an accurate preparation of a voucher for payment that the Audit Office could not pass.

112. You mean to say this that they are more likely to prepare an illegal voucher under the pre-audit system than under the post-audit?—They are more likely to make a payment. I think it tends to make the officers less careful in making a payment when the Audit Office has to pass the proposal to make it, as the law requires at present.

113. Statements have been made that it relieves the Treasury officers and departmental officers of responsibility in pre-audit does it do so?—I do not know. It should not.

114. Have you had any instances in which it had been done?—I spoke of an instance.

115. How many instances can you tell us of?—I have no recollection of instances, but I know very well that the administration is often prepared to make payments which it would not make on its own responsibility if the Audit Office would not pass them?—That is an unquestionable fact.

116. How many cases have you reported to Parliament in all your experience?—I do not report such cases to Parliament.

117 You report to Parliament when there is a difference between you and the Treasury as regards the legality of a voucher, do you not?—No, not unless it is paid. We stop the proposal to pay, and then of course there is no payment.

118. Have you stopped many?—Oh, yes! any number.

119. Does not the pre-audit system bring in the additional safety in that the Audit Office would not pass it?—Yes, it does, except when the money is issued by way of imprest—except as to payments made out of imprest—and there is no limit as to the amount of money in appropriations that may be issued by way of imprest. Practically half the payments are made in that way.

120. Then I understand that pre-audit is safer, but that several of our accounts are paid without pre-audit?—No, I did not say that. I said, except as to payments made out of moneys issued by way of imprest no money could be paid out without the sanction of the Audit Office.

121 I am not dealing with that, but with payments that may be made with the sanction of the Audit—is that as safe?—I do not think it is anything like as safe as the other system—the system of post-audit. I say the Audit Office has only a general knowledge of the administration of all the Departments. That responsibility is by post-audit imposed upon the Departments without reference to the Audit Office, and they are not likely to make any payments which they think the Audit Office would question.

122. Is not the responsibility on the Departments now in the preparation of the voucher?—Yes; but I do not think they realize it.

123. You say you are in favour of the post-audit system?—Yes, and always have been.

124. What was your predecessor in office in favour of, do you know?

*The Chairman* I do not think you can ask a question like that. What his predecessor was in favour of is not for him to answer.

125. *Mr Allen.*] You have referred to the evidence taken in 1898 before the Public Accounts Committee?—Yes.

126. Can you recollect this evidence given by Mr Heywood, Secretary to the Treasury? He was asked, “The Auditor-General is strongly in favour of post-audit. He says it is better that the responsibility should be on the heads of Departments”, and he replied, “The matter was very much discussed at the time by the late Controller, who had visited all the other colonies and inquired into the different systems of account-keeping. The Government of the day adopted the proposal of the Controller, and it was admitted that the system of pre-audit was far better.” Do you remember that evidence?—Yes, I think I do.

127 Then the late Mr Seddon asked a question, “The system of pre-audit had the approval of the late Auditor-General after he had examined the systems obtaining in other places”; and Mr. Heywood replied, “Yes, he had a mission to make himself acquainted with the various systems of account-keeping”—All I have to say is in the memorandum at the end of that paper.

128. Are the total imprest accounts pre-audited before they are sent out?—The amount to be issued is audited now.

129 Now I understood you to say this in your evidence: that you thought it was right the administration should have unrestricted use of money before audit?—Yes, I think so still, except with the restriction I have already explained—within the appropriation.

130. You still adhere to that—you think the administration should have the unrestricted use of money before audit?—Yes.

131 Now, in regard to making up the accounts at the end of the year if you have the post-audit system, how are you going to manage in making up and balancing your accounts at the end of the year?—Well, take the Public Trust Office, for example, where it is audit after payment: we have an audit officer who takes in everything day by day as it is done with. As the vouchers come into the office in the schedule from different parts—from Wellington or other parts of New Zealand—they are done with, and ready to be entered up and the one side tallied with the other, so that day by day everything is ready for the audit at the end of the year.