

6. Every payment is currently recorded by the Paying Officer in his Cash Book, of which he transmits a declared copy monthly to the Treasury, supporting his items of disbursement by the proper vouchers. After the receipt of the Paymaster's Accounts the expenditure is brought to charge in the books of the Treasury.

7. It seems to us that the whole system of disbursing the Public Moneys may be considerably simplified. Setting aside the Military expenditure, and those small sums to meet petty cash payments, which it will probably always be necessary to place in the hands of certain Officers by way of imprest, we think that the great bulk of the Public Moneys may readily be disbursed directly from the Treasury at the Seat of Government, without the intervention of local Paymasters. We recommend that all payments shall be made by cheque, signed by the Paymaster-General, drawn upon the Bank at the place, or nearest to the place, where the money is payable; but that this cheque shall not become payable until countersigned by the Officer who certified the account. The Paymaster-General would then transmit to his own account in each branch Bank the amount necessary to meet all the cheques which he had drawn upon it by the same mail. He would return the Abstract to the Officer who had certified it, and he would post the cheque direct to the payee. The cheque, being valueless until countersigned, could be transmitted by ordinary post without risk.

8. On receipt of his cheque, the payee would have to take it to the Certifying Officer, who would be the Officer with whom he had dealt throughout, and to whom he looked for payment; and the Officer would countersign the cheque upon receiving the proper receipt of the payee on the Abstract. The counter-signature of the Officer should be in the form of a certificate, printed across the cheque, that the proper receipt for the amount had been given. The Officer would return the voucher to the Treasury, the cheque would be paid at the Bank, and the transaction would be complete.

9. Claimants unable personally to present their cheques for counter-signature would be able to obtain payment with the same facility as at present, by giving an authority to an Agent to sign the proper receipt in the presence of the countersigning Officer.

10. It would be necessary to supply each Bank with a list of the Officers authorized to countersign cheques drawn upon it, all of whom would probably be personally known to the Bank.

11. The advantages of this system would be very considerable. The cheques, being issued from the Treasury, could be at once charged in the Treasury Accounts, without waiting for the vouchers. At present from six to ten weeks must elapse after the Public Money has been imprested to the Paymasters, before it is finally brought to account in the Treasury Books as expended. We think that it should be so charged as soon as the cheques are issued, and that although cases might arise in which cheques might not be presented for payment for a long period, or even at all, they would be so few in number, and for such small amounts, that the trouble incurred by having to make correcting entries in such cases would bear no proportion to the large amount of labour saved by getting rid of the Paymaster's Accounts.

12. Another manifest advantage of this system would be, that the Minister for each department would be able, by inquiry at the Treasury, to ascertain the actual sum which had, up to any given date, been expended on account of his Department. At present this cannot be done, because the expenditure authorized is always considerably in advance of that which is recorded in the Treasury Accounts. Under the proposed plan, the amounts authorized and expended would be identical.

13. But it is not only the normal case of a correct account which must be considered. Mistakes frequently occur in the returns of distant Accounting Officers, and the accounts have in such cases to be sent back for explanation. The period, therefore, of finally charging the expenditure is often protracted much beyond that stated above, and a great amount of explanatory correspondence is involved, the whole of which would be put an end to under the system proposed.

14. No further delay would occur in making any payment than takes place at present; with one exception. The certified Abstracts of Salaries would have to be sent to the Treasury at the end of each month, in order that the cheques might be made out, and transmitted to the public servants. The cheques would therefore not come into their hands until from a week to a fortnight after the conclusion of each month. But this would be felt as an inconvenience only at the commencement of the system. After the first month, the payments of Salaries would, as at present, be made to the Officers in each month at the same interval.

15. As some evidence of the amount of labour which may be saved by the proposed system, we may state that, during the past financial year, 1,756 specific advances, amounting to £2,526,973 3s. 2d., were made to Paymasters and Sub-Paymasters. The number of advances accounted for during the same period was 1,421, amounting to £2,447,510 11s. 5d.; a part of these being advances made prior to the period referred to. The number of Paymasters' Accounts received during the year was 963, and these Accounts, being transcripts of the Paymasters' Cash Books, represent an equivalent amount of clerical labour in the offices of the Paymasters themselves. The system of direct payments will enable the whole of these Books and Accounts to be dispensed with; and the Accounts now kept in the Treasury Books against the several Officers will be dispensed with likewise. The use of duplicate vouchers and sub-vouchers (estimated at 40,000 for the past year) will become unnecessary, and the correspondence now carried on with the several Paymasters relative to the business committed to their management will cease.

16. The system recommended will, in fact, bring the Treasury itself into direct communication with the public creditor, and all the books, forms, and clerical labour now expended in the transaction of this business by the hands of Agents will be saved. The abolition of all advances, except those to Foreign Agents, to Military Paymasters; and for petty cash disbursements, will at the same time remove from the Accounts of the Colony a class of transactions which have added much to their complexity, and have presented an insuperable obstacle to the proper control of its Finance.

THE MILITARY EXPENDITURE.

17. The Department in which we find the greatest delay and irregularity in accounting for money advanced, is that of Defence; and, considering that many of the payments in this Department have