

MINUTES OF EVIDENCE.

PART I.

Preliminary Examination of Witnesses by Commissioners in early stages of their Investigation and while engaged in going through Books and Papers of the Public Trust Office.

WEDNESDAY, 18TH MARCH, 1891.

Mr. JOHN CHAMBERS MOGINIE examined.

1. *The Chairman.*] Did you enter the service of this office as Accountant?—Yes.
2. And you found No. 1 ledger in use?—Yes.
3. Did you notice that the debtor and creditor columns of the transactions have been reversed and are still so in all your ledgers?—Yes, I notice that.
4. Do you know if that was done by order of the Public Trustee?—Well, from inquiries I made at the time, I understand it was done for this reason: that this ledger contained the accounts of individual estates, and that moneys realised were brought to the credit of the estates. As you must have a credit before you can have a debit, the credit column was placed first.
5. It does not necessarily follow in opening an account for any individual that he must have a credit balance before you can open an account?—No, but the office was not supposed to pay anything on account of an estate until it got some money.
6. So long as the credit column for transactions stood side by side with the debit column in the ledger, why should the usual custom have been departed from?—I do not know. That was the reason given to me.
7. Did you look through the ledger on coming into the office?—Yes.
8. Did you think it was well kept?—Well, it struck me as not being very well kept.
9. Did you ever consider it was properly kept?—According to the system they had in force it was fairly well kept. It would have been better if they had totalled up the transactions at the end of the year.
10. Do you not think that it is very inefficiently kept?—Yes, to that extent it is.
11. You notice that in a number of the accounts the summations have never been made—that the accounts have never been ruled off?—It was not the practice to rule off accounts until the closing of the estates. In those days they did not total the accounts.
12. In your experience as an accountant, has that not always been the usual and proper custom?—I have never seen books kept in that way before, without totals, &c.
13. Did it never occur to you to have summations ruled off and made complete?—I did not give it a thought that way, because the work was passed.
14. Did you never draw Mr. Hamerton's attention to the state of the books?—I have remarked that it was unusual to have it so.
15. Have you discovered that there are instances where the credits and debits have gone into the same column among the transactions, yet the balance has been made to appear right?—No, I have not noticed that.
16. Or, rather, that in some accounts a debit transaction has been put in the credit column, and in other accounts a credit amount has been put in the debit column?—I have not noticed that.
17. Well, what I am now looking at is presumed to be a credit balance. This is a credit transaction, and therefore correctly put in the credit column, and when added to the credit balance it will serve to make the credit balance so much more. And I can show you many accounts where there seems to have been no proper system. And in this case you never thought it necessary to have this book completed?—No: the work was passed. Of course, we have always had plenty to do without going back and working up those things.
18. Did the auditors never find fault with your books being in this state?—No, not to my knowledge; because the ledger, as I understand, was the joint production of Mr. Woodward and Mr. FitzGerald.
19. Then the Auditor-General, Mr. FitzGerald, had nothing to do with the keeping of it?—He had, because in those days the Auditor kept a duplicate set of books.
20. But I understand that the audit of the Public Trust Office is done by the Government Audit Office?—Yes.
21. Very well: did the Auditor-General or any of his officers ever find fault with the incomplete state of your ledgers and other books?—Not to my knowledge.
22. Was there a general ledger kept for this year?—Yes, it is here. It is called the Check Ledger.
23. You seem to do a lot of incomplete work in connection with this Check Ledger. I see that some accounts only are completed?—That is not done now.
24. How do you keep your Check Ledger now?—The intestate estates are kept in two accounts—one A to L, the other M to Z.
25. Are you aware that the object of a general or check ledger is to bring the totals forward from cash-books at certain periods, say daily—that is, the transactions. If you balance your Check Ledger weekly, you will bring the totals forward either daily or after the week's transactions?—Yes: our Check Ledger is always posted daily.
26. Now, look at Hatfield's account. Of course, I know how it should be kept. Here are the receipts and payments of cash brought forward daily?—The cash is entered weekly.