

426. Therefore, if the mere form of keeping a cash-book is gone through and entered on both sides, debit and credit, whether completed or not, the requirements of that section of the Act merely asks you to sign at the bottom of the folio?—That is so.

427. Have you always signed these cash-books in that form?—I have always stamped them, not signed them.

428. What is the stamp?—An indiarubber stamp with my name.

429. I notice the Audit Department uses a similar process of going through the form of signing?—Not in the cash-book. Mr. FitzGerald signs with his own hand.

430. But do the officers of the Audit Department sign or use a stamp?—They use a stamp, but not in the cash-book. They use a stamp on the requisitions and vouchers.

431. Do you think the form of stamping a compliance with the Act, instead of writing your signature?—Scarcely.

432. Would your banker pay a cheque on that form of stamping your name in lieu of signature?—I can answer that question by stating the practice. A requisition is made out containing a dozen or many more claims to be paid. What we call the bank order is signed under the hand of myself and the Controller and Auditor-General. That requisition may require action by the bank in twenty or thirty places, and is accompanied by an order on the bank at each of these places, to be signed by the manager in Wellington. The bank order is signed by myself and the Auditor-General, and these directions to the local banks are stamped by me only, and cheques are paid under those circumstances.

433. But, as the Act says distinctly that the cash-book shall be signed, you do not think the form that you have been so long practising, of stamping, is a compliance with that Act?—Not a literal compliance.

434. It would not be accepted in a Court of law?—I am not quite sure of that.

435. Well, seeing that the Act does not require you to see that the cash-book is properly added up and balanced before you attach your signature, what is the object or use of your being asked to do that?—None whatever.

436. Is not the whole thing an absolute farce?—It is.

437. How often are your cash-books written up and balanced?—Well, I think I may say daily—that is to say, the general cash-book is totalled up and balanced daily.

438. I mean, are you in a position to say that you can take your cash-books to-morrow morning, and that you will find the work of to-day all written up, and balanced, and ruled off?—No; I am not in a position to say so, because the matter does not come before me.

439. Do you presume to think that they are written up every day? That is to say: your office closes at 5; could you at 6 o'clock, or later on during to-day, find the work of to-day written up?—I think it should be, but I cannot say it is so.

440. If I were to say to you that I have found cash-books several days behind in being written up, would you think that likely?—I should not think it likely; and if it did occur I should say it was a breach of the law.

441. How often are your ledgers written up?—In looking over the cash-books on Saturday I see that the entries in the ledger have been made. If not, I require to know the reason.

441A. Do you look to the ledger and see that the entry is in the ledger?—No.

442. You merely take a figurative mark in a column which is supposed to indicate that these entries have been carried elsewhere, presumably to the ledgers?—Yes.

443. I think I understood you to say that your ledgers were so numerous and increasing, and your cash-books too, that many of the Ledger-keepers had each a cash-book to himself which he had to keep?—That is the present system, that each Ledger-keeper has his own cash-book.

444. I might preface this question by giving my opinion that you, I thoroughly believe, have had a very honest body of officials in your office, who have desired to do their best. But has it never occurred to you that it is rather a weakness in the system of book-keeping, allowing the Ledger-keeper to post the cash-book?—No; it has not occurred to me, because no entry can be made on the debit side of the cash-book unless the Accountant has signed a receipt for the money. The Accountant signs the receipts for all moneys received.

445. But instances of signatures being put on receipts purporting to be the signatures of other individuals have occurred in certain places before now?—Yes.

446. If the Ledger-keeper were disposed to falsify his ledger, which can, or ought only to, contain entries that have gone through the cash-book, if he keeps the cash-book also will it not be much more easy for him to do so than if the cash-book were kept by one officer and the ledger by another?—I do not think so, under our present system, because the Ledger-keepers do not give receipts for cash.

447. It is not necessary, in order to get money and to make away with money. Receipts are very easily manufactured. In your experience of life, you have known instances where the greatest care has been taken, and, notwithstanding the necessity of receipts, there have been mystifications in books. Supposing your cash-books were kept by one officer or two officers, whose duties it was to keep the cash-books, and your ledgers by one, two, or three officers whose duties it was to keep the ledgers, before there could be any mystification or falsification in the books there would have to be collusion between the cash-book-keepers and the ledger-keepers?—Yes.

448. But under your present system the Ledger-keepers who keep their own cash-books have the thing in their own hands?—Yes, they have the entries in their own hands, but have nothing to do with the cash.

449. You seem to think that if you have got the cash under lock and key the office is perfectly safe from any fraud. Now, I wanted to show you that such things have taken place in large houses in all parts of the world, where the actual cash has been under several keys, but the books have been so mystified that, if they have not got the money directly, they have indirectly, and liabilities have come upon the office that had to be recognised?—Yes.