

2126. Had you experience of accounts before you joined the Audit Office?—No. I went from the school to the office.

2127. Then, you have acquired all your experience in connection with accounts and book-keeping from the Audit Department?—Hardly that, because outside of that I had a set of books to keep for a man who was doing an extensive business in the city.

2128. While you were employed in the Audit Office?—Yes.

2129. How long is it since your duties took you to the Public Trust Office?—I think it was at the end of 1888 that I commenced to audit the Public Trust Office accounts.

2130. And you have continued to do so ever since?—Yes.

2131. Now, will you kindly explain, as fully and particularly as you can, what system you adopt in pursuance of your duties in auditing the accounts of the Public Trust Office?—Well, I will take the revenue side first, and the expenditure afterwards. The first thing I do is to check all the receipts from the blocks in the receipt-books into the cash-books, and from these into the ledgers. These entries in the ledgers are again substantiated by what appears in the terriers in the office. On the expenditure side of the account, all the vouchers, before any payments are made, are submitted to the Audit Office, and an examination then takes place as to the correctness of the calculations, or perhaps of the claim being a correct one. With that element we have little to do, because we trust mainly to the agents who are on the spot, and who have means of getting information. There are occasions, however, when we find agents unreliable.

2132. Do I understand you to represent that the Audit Department is responsible for the *bona fides* of all claims?—No; the responsibility of correctness is thrown on the Public Trustee.

2133. Then, will you confine your explanation to the books and the mode of book-keeping in the Public Trust Office so far as you know?—After the entries are made from the various cash-books into the ledgers, I have nothing more to do until I get the accounts at the end of the year, and then I check all the entries from the cash-books into what is called the check-ledger, and that, of course, balances with the ledgers in the office.

2134. Do you know the purpose of the check-ledger?—Well, yes; I understand it to be for the purpose of drawing a trail across the correctness of the ledger balances.

2135. The check-ledger, then, contains the whole of the balances of the office, does it?—Yes.

2136. Ought to do?—Yes.

2137. Then, from the check-ledger you could make out the balance-sheet of the office?—Yes.

2138. You have spoken of the various cash-books. To which cash-books do you allude?—Not the general cash-book, but the cash-book containing the details of the receipts.

2139. That is, the daily ordinary cash-books?—Yes.

2140. Then you check the items in those books?—Yes.

2141. And you see that the items are posted to proper accounts in the ledgers?—Yes.

2142. You spoke of blocks—what blocks do you mean? Of receipt-books?—Yes. There are two, one called, for the sake of distinction, “receipt,” and the other “acknowledgment”—practically the same thing. “Receipts” are for moneys paid over the counter, and “acknowledgments” are for moneys paid into the bank by agents.

2143. What do these receipt-books contain?—The date, of course, on which the money is received, the estate to be credited, and the amount.

2144. Are you aware there is a class of cash-books called rough cash-books in the Public Trust Office?—No, I do not know what they are.

2145. You never saw them?—No.

2146. Did you ever hear of them?—No.

2147. There are eighteen of them here; did you ever see any of them?—No.

2148. You do not know, therefore, although you are auditor, what they are for?—No.

2149. Here is a book, also—a copy of the bank pass-book. Do you know that book?—Yes.

2150. You have seen that?—Yes.

2151. Do you know a class of books in use in the Trust Office called Assets and Claims?—Yes.

2152. Do you audit and inspect them?—There is no complete audit of these. I do refer to them occasionally; but they are so roughly kept, and there are so many alterations in them, that it is impossible to have a check on them.

2153. They are not intended to show any balance?—No.

2154. Mere memorandum-books?—That is all.

2155. Do you recognise what is termed here the general cash-book?—Yes; only for the purpose of balancing the bank-book, and seeing that all the cash is brought in.

2156. But if the ordinary daily cash-book were entered up and ruled off daily, containing all the transactions that come into the office, whether debit or credit, and from which the ledgers are posted up, is there any use then for the general cash-book?—Not so far as the office is concerned. I should have to take out the totals from the cash-books. It does not serve any office purpose that I know of.

2157. You have attended daily and looked into the ledgers?—Not necessarily daily.

2158. How often do you check the entries from the cash-book into the ledgers?—The Audit examination and ticking-off is continuous. All this morning I have been at work at the Government Insurance Office.

2159. Then, under your system of checking those entries from the cash-book to the ledger, your work may get behind for a day, or even several days?—Oh, yes.

2160. What is the longest period it has been behind?—I cannot say. I know on one occasion it was three months behind. That arises from the fact that there may be a press of work in one particular office.

2161. Then, on one occasion at this Head-Office the work had not been checked for three months?—Yes, the entries in the ledger from the cash-book. I do not know, of course, that that