

kept in a safe with three keys. Those holding these keys have charge of all the securities. That is as regards deficiency bills only.

2249. Supposing the Department want to invest £5,000 on mortgage, what check have you in relation to that mortgage?—Before issuing that, I would see it supported by resolution of the Board authorising the Trustee to invest; I would see the certificate from the lawyer that the freehold title was perfect and the security right; and then I would issue. The mortgage-deeds might probably not come into the office for some months afterwards, and these would be filed in the safe. These deeds are inspected once a year, before passing the balance-sheet. I go through the mortgage-deeds every year to see that there is a mortgage for the sum invested.

2250. Supposing a cheque were wrongly drawn in the Public Trust Office, and went through the cash-book and through the ledger, would you have any way of discovering that?—A cheque would not be drawn until we authorised the issue of that particular amount.

2251. But, supposing it was represented to the Audit that a cheque necessary to be drawn was drawn, and it went through the ledger and all the forms of book-keeping, there is no mode in connection with your inspection that would detect that if it were a wrong entry?—Yes; by going through the receipts I would discover that the voucher was wanting.

2252. Supposing there was a voucher—that a voucher had been supplied?—The only way in which it could escape us would be by means of a forgery, and that we could not provide for. One case of that kind I know of was in connection with the asylum, in Whitelaw's case, where I knew by my own personal knowledge that the vouchers were forgeries; but it was a pure accident that I had that personal knowledge.

2253. *Mr. Macdonald.*] But, supposing a £5,000 loan was granted and a cheque drawn, and you had authorised the whole thing, and suddenly nothing was done in reference to it, but the cheque did not come back to the Public Account, how would you be able to check that?—When I came to go through the vouchers, numbered consecutively, and found the mortgage wanting.

2254. That might be twelve months afterwards?—Yes.

2255. *The Chairman.*] Do you think that the system would be improved if, instead of having an annual general balance, the balances were made half-yearly?—I do not know what object would be gained by that.

2256. You would reduce the long period you spoke of as an arbitrary period?—You think it would be a greater security against anything wrong?

2257. It would not only keep officers more in touch with the work going on, but also the Government, the Audit, and the public. Is that not so?—I never thought of that. We are just doing what we are told by Act—that is, once a year.

2258. Who was your predecessor in the audit of the Trust Office?—Mr. McIntyre.

2259. Is he in Wellington?—I think he is at the present moment. He is one of the travelling inspectors of the office. There have been seven or eight auditors going through the Public Trust Office accounts at various times.

2260. Has the Audit Department anything to do with the Public Trust Office when the Trust Office determines to realise an estate?—No. The papers would not come before us, nor would the Audit Department be consulted. We have no administrative power.

2261. *Mr. Macdonald.*] The Audit Department exercises, or attempts to exercise, certain powers in connection with the Public Trust Office, does it not?—Yes; because, in addition to being an office of audit, it is also an office of control, by Act. So we have to a certain extent a voice respecting the expenditure of the Trust Office.

2262. There has been friction between the departments on that point?—Frequently.

2263. Looking at the fact that you have had considerable experience in connection with this office, what is your opinion in connection with that—whether that control is one which ought to be exercised by the Audit in the interests of the Public Trust Office?—The Public Trustee at one time felt so very strongly that he wrote a letter to the Minister, who referred the matter to the Controller, who pointed out that the effect of the audit, by reason of this control, had resulted in a saving of over £1,000.

2264. Could you explain what the savings were?—Miscalculations in the vouchers—payments that were proposed to be illegally made; and Mr. FitzGerald said he thought that was a practical answer.

2265. Was the correctness of this fact admitted by the Trust Office?—Yes. A note was taken by the previous auditors. I presume the Public Trustee accepted the fact, because he did not attempt to dispute that these savings were made.

2266. How long is it since that statement was made?—Between twelve and eighteen months ago. There are small savings made from time to time, because agents and the Trustee are getting more careful about the class of voucher submitted to audit.

2267. I suppose the Audit Department could furnish a list of particulars of those savings?—I do not know, because once they are embodied in the annual Audit statement they are of no service.

2268. Are you aware that the Public Trust Office realises by auction estates and portions of estates in its hands?—Yes.

2269. Have you ever had occasion to be present at any of those sales?—No.

2270. You never purchased anything at any of those sales?—No.

2271. Do you know of any cases of any officer in the Government service having purchased anything at any of those sales?—Not of my own knowledge. I have heard of it. I have known gentlemen in the Trust Office to have gone to an auction-sale and bought portions of the effects of a deceased intestate.

2272. Have you known officers in other branches of the public service who also have bought?—No.

2273. Coming back to that point, the question of control, your opinion is that the control ought