

1892.

## NEW ZEALAND.

## PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON AUDITING OF ACCOUNTS OF THE LANDS AND SURVEY DEPARTMENT.)

*Brought up 7th October, 1892, and ordered to be printed.*

## REPORT.

THE Public Accounts Committee has the honour to report that, at the request of the Auditor-General, it lays upon the table of this honourable House a letter received from him stating his objection to the removal of the Lands and Survey Department accounts from the control of the Audit Department, together with a letter from the Hon. the Minister of Lands in reply.

The Committee regrets that the time now remaining at its disposal will not enable it to examine the Controller and Auditor-General further in reference to the statements contained in the letter of the Hon. the Minister of Lands; but recommends that a full inquiry should be made into the working of the Audit Department.

7th October, 1892.

A. R. GUINNESS, Chairman.

The CONTROLLER and AUDITOR-GENERAL to the CHAIRMAN, Public Accounts Committee.

SIR,—

Audit Office, 3rd October, 1892.

I desire respectfully to add something to the evidence I gave before the Public Accounts Committee, and for which I was somewhat unprepared, on the subject of the transfer of the audit of the land revenue from the Audit Office to the Minister of Lands.

I understood the Hon. the Minister of Lands to state, as a reason for that transfer, that no accounts were kept in his department, and that it was not therefore sufficiently under his control.

I desire to point out that, under the scheme of government which has hitherto subsisted in New Zealand, and which was formulated in the Revenues Act of 1867, 1878, and 1891, Receivers of Revenue are not accountable to the heads of the several departments to which they are attached as regards the revenue which they collect, but only and directly to the Colonial Treasurer; and it is from the Treasury, and not from the Minister, that they receive all instructions as to the receipt of and accounting for their collections of revenue. No accounts are kept in the departments, but only in the Treasury; and it is on behalf of the Treasury that Receivers' accounts are audited by the Audit Office.

An exception to this rule exists in what may be called Revenue Departments proper—that is, departments which exist only for the purpose of collecting revenue, such as the Customs and Property- or Income-tax Departments. In these full accounts have always been kept; and as they possess within themselves the machinery for an audit of their receipts, there is some reason why an additional audit from outside may be considered to be unnecessary. But in all other departments no accounts are required to be kept, the Receivers being by law accountable to the Treasury.

This has especially been the case with the Land Department, in which the Receiver used always to be deemed to be independent of the Commissioner of Crown Lands; each being, in fact, a check upon the other. Hence the Audit Office has always required the Commissioners of Crown Lands to make periodical returns of all lands disposed of under each description of tenure, and has held the Receivers of Revenue responsible for the collection of the revenue accruing from each. Ledgers have been kept in the Audit, posted from the Commissioners' reports and the Receiver's cash-books, in which all revenue receivable has been recorded, and all arrears have been kept in view; and Receivers have been called on from time to time to collect the arrears, or explain why payment has not been enforced.

I desire, therefore, to point out to the Committee that the withdrawal of the audit of the land revenue from the Audit Office is a reversal of the whole policy of Government from the earliest times; for, if applied to one department, common consistency suggests its application equally to all. No reason can be assigned why the same rule should not be applied to the gold revenue, which is of much the same character as the land revenue, or, indeed, to any other department of the public service, or why every Minister should not be entrusted with the audit of the accounts of the officers under him. At the same time, it should not be forgotten, that an Audit Office, wholly independent of the political Government of the day, has been deemed necessary in all countries