

26. Do you consider it desirable that a regulation should be issued saying that no Postmaster shall pay any money for any service unless it has been previously imprested to him?—I do not think any Postmaster could tell. The Postmasters are agents for the Post Office Department. It is the department alone that can tell. There may be thousands of pounds paid without the officers having it remitted for the purpose.

27. Could it be done at the main office?—Yes.

28. Why does not the department do it if it can easily be done?—The Post Office and Treasury could better afford that explanation. I have put my note on the account as to the state of the case, and in my letter of the 28th January, 1898, I say, “The Post Office is perhaps in a difficulty of being unable always to estimate with precision what amount of moneys should be imprested. But if this difficulty, which does not at the close of the financial year result in showing that too large an amount of the claims has been paid at that date, could be allowed to account for exceptional cases of the payment by the Post Office of claims exceeding in amount the imprests available at the time, and these cases should be regarded as the unavoidable contingencies of the operation of a beneficial provision of the Public Revenues Act, the condition would have to be that the Treasury should, as soon as any case had been ascertained to have thus arisen, immediately pay to the Post Office the amount necessary to correct the irregularity. Such difficulty of making a precise estimate obviously will not account for so large an excessive payment of the claims as from £17,000 to £31,000; while, on the other hand, the Post Office explains its action, in the case of the failure of the Treasury to provide in due course for the imprest payments, to be that ‘when the imprest requisitions are not promptly satisfied renewed applications are made to Treasury. This is frequently done.’”

29. That is the reply you received?—Yes.

30. That it is not always possible to determine what the actual requirements may be?—Yes.

31. Can you say from your own knowledge whether that is correct or otherwise?—I did not receive that with any doubt.

32. If it is not always possible to determine this, then there will be a difficulty in making a requisition for the right amount?—I think it could easily be arranged, as in the case of the Public Trust Office and Advances to Settlers Office, that as much as was ever required should be obtained. My answer to the Post Office is contained in the third paragraph of my letter to the Treasury dated the 28th January. (See reply to question 28.) The reply of Mr. Gray—“When the imprest requisitions are not promptly satisfied renewed applications are made to the Treasury. This is frequently done”—appears to indicate that there is delay by the Treasury in satisfying the requirements of the Post Office; and that is the explanation the present position affords.

33. Just explain the course. The Post Office authorities send a requisition to the Treasury saying, “We want so much to pay out on such-and-such an account”?—Yes; the Post Office makes an application for moneys on imprest from the Treasury, and is required by law to state in the voucher or requisition the vote for the payments that are to be made out of the imprest moneys.

34. And you say they sometimes make payments out of moneys in their hands before the requisition is granted?—Yes.

35. And in cases where the money is paid before the requisition is sent forward there is no pre-audit?—No; there is no pre-audit in the case of expenditure out of imprests. The payment by imprest defeats pre-audit; it evades the control.

36. Is much of the money paid by imprest in the colony?—More than half of it, I should say, speaking from my impression.

37. And there is no pre-audit of more than half the money paid out?—No.

38. Do you think a pre-audit system is necessary?—No; I think it is—I was going to say—demoralising. I think post-audit is preferable; there is better security for justifiable payments, responsibility is thrown on the administration as well as on the Audit Office. [See Exhibit N.] Where payments have to be audited after they take place the administration must exercise more care in studying beforehand whether after the payments are made they can be justified. At present it might appear, and does appear to me in many cases, that the only great concern or justification is the passing by the Audit Office of the vouchers pre-audited. The payment cannot then be rejected. The rejection of a voucher after payment is serious, but there is no harm in having a voucher rejected when the payment has not been made. Under the post-audit system you would have the administration, as in the Public Trust Office, looking to every transaction, and never having anything as a rule that can be challenged.

39. As you are in favour of the post-audit system you think the practice of obtaining money by imprest a satisfactory one?—I think post-audit much more satisfactory than pre-audit.

40. Have you anything to find fault with about the imprest system in the Post Office in Wellington?—No; that is required by law, by the section I have quoted.

41. Do you suggest that the law wants altering in any way?—I would not suggest a partial alteration. This authorised practice seems to be consistent with the general principle of the system of the Public Revenues Act. I would like to say that what I have said as to the Post Office is subject generally to what the Post Office may say.

42. *Mr. Fraser.*] The fact of local Postmasters using moneys from the Post-Office Savings-Bank, or whatever money it might be, you do not deem that to be a breach of trust, but the using of it by the Head Office?—I meant that it does not matter to the individual agent of the Postmaster-General where he gets his money from so long as things are right on the whole at the Head Office.

43. *Right Hon. R. J. Seddon.*] Can you give a date, a time, or a requisition under which the Colonial Treasurer has failed to supply the Postmaster?—No; I have taken the letter as evidence. The Treasury did not reply to my letter of the 28th January, and I have had no acknowledgment of it since.