

to look at section 48 of the Act, which provides that, in addition to such other accounts as the Superintendent shall consider necessary, he shall cause to be kept, &c. Why am I not entitled to have the accounts considered necessary audited?

73. So that there may be no misunderstanding, I will repeat the question I asked just now: Do you not think that the Auditor-General is bound to see that the law is maintained? Do you not think that it would be advisable that the law should be altered so as to enable him to certify to a proper statement of accounts?—Theoretically, yes; but, practically, I see the greatest difficulty in getting any amending statute passed through Parliament.

74. That is outside of the question?—That is what influences me.

75. I was not asking that. I was asking whether you wanted the law to be altered so as to enable an intelligible balance-sheet, as you call it, to be produced?—That was suggested by Mr. Gavin, the Assistant Auditor-General, in a conversation I had with him.

76. *Mr. J. Allen.*] I want to ask you whether you yourself, putting aside the difficulty of getting an amending Act passed by Parliament, agree with what Mr. Gavin said?—Of course, it would be infinitely better to have the law amended if we can thereby get on smoothly.

*Hon. Sir J. G. Ward:* I would now like to ask Mr. Warburton a question or two.

J. K. Warburton, Controller and Auditor-General re-examined. (No. 3.)

77. *Hon. Sir J. G. Ward.*] You were formerly Superintendent of the Advances to Settlers Department?—Yes.

78. The accounts were then under the control and audit of the late Controller and Auditor-General, Mr. FitzGerald?—Yes.

79. I happened to be the Minister in charge of the Department at the time, and have a very distinct recollection of your having some fights with the late Mr. FitzGerald as to the system of accounts that you should submit for this very Department?—No, not for this very Department; that was before this Department was set up. In this Department I complied with everything that the Audit Office required. I myself was not satisfied, but I complied.

80. What Department was it that you were in charge of when you had the disputes with the late Controller and Auditor-General—the Public Trust Office?—Yes.

81. You will admit that you had some performances with him about the system of accounts, and different things?—Yes; I had a discussion with him as to the objections he raised to, and the faults he found with, the Public Trust Office accounts.

82. I think you generally disagreed with the Controller and Auditor-General?—On some points I did. I thought he was carrying his objections too far.

83. Well, now, for the first two years that you, as Superintendent of this Department, made up the accounts of the Department, did you, under the laws governing the accounts now, set out the accounts in the shape in which you have insisted that the present head of the Department should set them out?—These accounts are not in the form in which I, as Superintendent, rendered them. But this balance-sheet is in no different form from the balance-sheet which has been passed by the Audit Office for the last few years. I refer to the balance-sheet which I objected to.

84. Why has the difference arisen?—As an accountant's account, without regard to the statute, there is no very great objection to the balance-sheet which I objected to, for it comprises approximately what the statute requires. I, as Controller and Auditor-General, do not always go into the details. I trust to my officers. Take, for example, the statutory account passed by the Audit Office. Take this entry, "Repayments by mortgagors, £666,912 17s. 6d." Those are the actual cash transactions. Now take the book-keepers' account on page 9, "Less repayments of advances"—which are the same transactions—"£668,530 6s. 1d." The difference between those two amounts is accounted for by adjustments—by book-keepers' entries on the other side of what are assets, and what will come in to make the one total agree with the other. I am precluded even by that discrepancy from certifying that accounts so shown are in compliance with the statute.

85. I understand, at all events, that you admit this, as showing the difficulty in your present position, that when you were the head of this Department your accounts, passed by the late Controller and Auditor-General, were not in accordance with the statute?—I could not recollect that. I could not say without reference to the accounts. I recollect generally I was quite prepared to adopt, so far as the form of balance-sheet went, any form that the Audit Office required.

86. But they were not in the form that you now insist upon as requisite to comply with the law; is that so—because I have the accounts in my hand?—They were not in that form. I have no doubt they were not. But I would like to look at them, and look into what were my own accounts. It is very difficult for me now to recollect distinctly what the form was, but a form of balance-sheet does not affect your book-keeping.

87. No. Personally, I quite recognise that where the individual account shows the total receipts and expenditure, the balances being transferred to the Management Account, the Audit Department could not possibly be expected to report upon the individual account itself. I clearly understand that. But the point that strikes one is the fact that for six years previously the accounts of the Department, under your own administration, as well as under Mr. McGowan's since he has been in charge, have been passed by the Audit Department in the form to which you have now taken exception?—I do not know that that affects the question of whether these are statutory accounts or whether they are not. Though that book-keeper's account was approximately near to the truth, according to the requirements of section 50 of the Act, the danger of not strictly complying with the statute becomes apparent in another way. I understand the Advances to Settlers Act strictly to require statements only of cash transactions. This balance-sheet brings into account the accrued interest, which is interest not received. It brings into account, under the