

that the Audit Office had no right to ask and could not compel the Council to amend the form of its balance-sheet; that it must give a certificate, and that if there was anything objectionable in the balance-sheet it must be stated in the certificate. And that is the usual practice of all auditors. They can take exception in their certificate to anything that they consider to be incorrect, but cannot compel any alteration in the form in which the accounts are presented.

68. It is all very well to cite that case, but it may not be on all-fours with this. If the Auditor-General takes this position, that the form of the accounts presented is contrary to the statute, and that the statute binds him to his duty, what are you to do then?—That case is on all-fours with this. He has to accept the accounts and show his objections in the certificate. The position of the Auditor-General is this: When the balance-sheet is submitted to him he must audit it and point out where—if at all—it is incorrect, and in his certificate he must show where it is incorrect in any detail. He cannot send it back and say, “You must put it in another form.” There is no statutory obligation in that matter. The statute does not bind him as to form or in any way.

69. Except the refusal to sign—what then? Supposing he refuses to sign?—Under the ruling of the Supreme Court he must take the balance-sheet as presented to him and audit it, and if incorrect, say so in his certificate, and why.

70. But the Supreme Court does not guide the Auditor-General?—He is bound by the law as interpreted by the Supreme Court. It is the same thing. If he refuses to sign, then a mandamus must be applied for, that is all.

71. Whose servant is the Auditor-General? Is he a Civil servant like any other officer of the service?—No; he is an officer of Parliament.

72. And he has to inform Parliament as to the state of the accounts?—Yes.

73. Then, there is no authority to bind him except the Act. What is the objection to presenting the accounts this year as they were presented last year?—Because a true balance-sheet which showed the true position was not audited, and I object to go on year after year issuing accounts which do not show an auditor's certificate. For the last three years there has been no auditor's certificate attached to the balance-sheet, and you see the result.

74. Coming back, then, you consider that as head of your Department, you are a better judge of how the accounts should be presented than the Audit Department?—Yes, certainly.

75. *Right Hon. R. J. Seddon.*] Suppose the law were to say, in accordance with the decision of the Supreme Court, that the Audit Department was to audit the accounts as presented, but to point out any objections?—The Auditor-General has so certified taking certain exceptions this year for the first time.

76. I understood you to say that for three years the balance-sheet was not certified?—This is the first year it has been certified to in any manner since 1901, and I take it that it is because of this decision in the case of the Waimate County Council that it has been done. It is just in accordance with Mr. Justice Denniston's ruling in that case—that is, it is certified to with exceptions taken to it.

77. *The Chairman.*] Looking at your memo., the third last paragraph, you say, “The last balance-sheet presented by Mr. Warburton as Superintendent (in the form now demanded) was incorrect and misleading in many items, and such as no auditor would be justified in certifying to as correct.” What balance-sheet do you refer to?—That of 1896. That shows a credit balance of £5,400 to Management Account, whereas there was, in fact, a deficiency of £15,000 on Management Account. I think it would be misleading to any one. Then, again, there are other items. In that year, as in nearly every year, there is a great deal of interest paid in advance before it is due. For instance, we send out notices of instalments and interest due a month or two before the date on which it is payable. A number of mortgagors pay immediately they receive the notice, and, according to the Audit Office method of accounts, we must take that money into revenue, although it belongs to a future year and is not ours at the time. In that balance-sheet the amount paid in advance was taken in as revenue for the current year, which is not correct, because it should have been shown as a liability until the next year, when it was due. In the meantime they were creditors of the office, and therefore I say it was incorrect and does not show a true statement of affairs. The Audit Office considers that receipts, even though not earned, are revenue to the Department.

78. *Mr. J. Allen.*] With regard to section 47, does not that only apply to moneys being declared the property of the Crown, so that they can be sued for?—Yes; but all the moneys of the Advances to Settlers Office are the property of the Crown and must be accounted for.

79. Sections 47 and 48, have they anything to do with the balance-sheet provided for under section 50?—Yes, I certainly think so. If accounts are kept, they ought to be presented and published. That is what the Act intended.

80. Section 48 provides for the accounts you keep as Superintendent?—Yes.

81. There is nothing in section 48 that says they are accounts that you have to submit to Parliament?—No, not in express terms; but section 50 does so distinctly.

82. Then, where is there in the Act the demand on you to submit a balance-sheet to Parliament—in what clause?—Section 50.

83. That is the only one that guides you?—The balance-sheet must be founded on the accounts.

84. The first subsection of section 50: are they not receipts and expenditure only?—Yes.

85. It says what are to be submitted?—Yes; but subsection (4) refers to what is not receipts and expenditure, and that those must equally form part of the balance-sheet as a concrete statement.

86. Subsections (1), (2), and (3) demand that you shall submit to Parliament the receipts and expenditure?—Yes, but it does not say they are limited to that. These subsections distinctly refer to the accounts provided for in section 48. They all go together.