

to be made to the Forces in the field, or scattered in distant posts, this is, perhaps, to a certain extent unavoidable. For the latter reason, and especially during the time when the engagements with the Military Settlers for pay and rations were in force, it was thought that the Paymasters ought not to be called on to account more frequently than once a quarter. The result was, that very large sums were outstanding as advances unaccounted for. Matters have been gradually improving in this respect of late. The outstanding advances in the hands of Military Paymasters, on the 30th June, for the three years 1866–68, were as follows:—

30th June, 1866	...	...	...	...	...	£63,808 15 2
„ 1867	...	...	...	...	...	66,548 7 10
„ 1868	...	...	...	...	...	25,649 1 10

18. After consultation with the Hon. Colonel Haultain, we are able to recommend that the Military Paymasters, who are now reduced to five in number, should be required to render their Accounts monthly, instead of quarterly; and this may be readily done without in any way interfering with the efficiency of the Colonial Military Service, or with the arrangements of the Defence Office.

19. We are unable to advise at present that the Military Paymasters shall be dispensed with, and that the payments on Military Services be made in the manner we have proposed for the Civil Services; and this, mainly because much of this expenditure has to be made in places where there is no Bank, and the money has to be transmitted from the Treasury in notes and cash, and to be disbursed in the same manner. But we are entitled to regard this state of things as exceptional and temporary; and may fairly anticipate that when active operations in the field are at an end, and the Military Force is limited to the Armed Constabulary, the same system of payment may be adopted for this as for all the other Public Services.

THE AUDIT.

20. Under the provisions of the Public Revenues Act, the Accounts of all Receivers and Paymasters are sent to the Auditor monthly, as soon as recorded in the Treasury; and as soon as they are audited the Auditor is required to grant to each Officer his discharge. The system of payment direct from the Treasury will relieve the Audit Office of a large amount of work, by limiting the number of Accounting Officers. We think that it would be desirable if the Audit, and the discharge of the Public Accountants, were taken up, where possible, from a definite date—say from the thirtieth of June last, —to be from that point currently and rapidly conducted, without waiting for the completion of the arrears prior to that period, which might be brought up with as much expedition as the strength of the Department would allow, consistently with the important object of allowing no arrears to accumulate for the future.

21. It is the duty of the Auditor to audit the Accounts of the Treasurer once a year; but the Accounts supplied monthly by the Treasury enable the Auditor to carry on this work throughout the year, so that no great delay is necessary in completing the Audit when the final Account is rendered.

22. The Commissioners understand that a regular set of Books used formerly to be kept in the Audit Office, in which the Accounts of the Colony were recorded in detail, and almost in the same shape as in those kept by the Treasury. Since the passing of the Public Revenues Act, however, the Treasury Accounts, as described below, have been furnished to the Audit Office every month in so clear and convenient a shape, for purposes of Audit, that it has only been found necessary to keep two very simple Account Books, of the nature of Abstract Ledgers, in which the monthly totals under each head of Receipt and Expenditure are entered, for the purpose of checking the Annual Account of the Colonial Treasurer. The present system seems to be economical and efficient, and it does not appear necessary to suggest any alteration.

23. Since the commencement of the current Quarter, the vouchers for all Contingent Expenditure have been examined in the Audit Office, prior to being entered in the Treasury Books. Most of these vouchers are therefore now audited before payment; but a certain proportion of them, namely, those sent in by Officers who have had advances under imprest for particular services (including Military Expenditure), cannot be so audited. They are all, however, finally examined in the Audit Office before being entered in the Treasury Books. By this arrangement much trouble is saved both to the Treasury and Audit, and the number of Queries on the Accounts, involving considerable labour and delay in their adjustment, is very much diminished. We find that the Staff in the Audit Department has been considerably reduced during the past year, owing, in a great degree, to the change in the form in which the Treasury Accounts are now presented to the Auditor. The Staff in the Treasury has been somewhat increased, but more than corresponding reductions have been made in the Sub-Treasuries in various parts of the Colony.

THE TREASURY ACCOUNTS.

24. After a careful inspection of the Books of Account kept in the Treasury, those of the Commission who are unconnected with that Department desire to bear testimony to the accuracy, order, and completeness with which the whole monetary transactions of the Colony are recorded, and, looking to the system under which the Revenue of the Colony has been received and disbursed, the Accounts appear to us to have been kept in an economical manner. Every transaction, whether of Receipt or Expenditure, is currently recorded as soon as the Monthly Accounts are received from the Receivers and Paymasters throughout the Colony. The Accounts of these Officers, accompanied by the vouchers, are then sent to the Audit Office, embodied in a Monthly Account made up in the Treasury, in three parts—First, An Account of Receipts, the charge and discharge of which are balanced; secondly, An Account of Expenditure, the charge and discharge of which are similarly balanced; and thirdly, An Account-current of the transactions of the Colony for the month, in which the Accounts of Receipt and Expenditure are combined and balanced as a whole. These Monthly Accounts are made up to facilitate the work of the Auditor in making that final Audit of the Treasury Accounts for the year, which is required by the Revenues Act, and which is the basis of his Annual