

REPORT ON THE SYSTEM OF FINANCE AND AUDIT IN VICTORIA.

SIR,—

Wellington, 17th June, 1870.

In reference to the request contained in your letter of the 22nd October last, to make myself acquainted while in Melbourne with the system of Public Finance and Audit adopted in Victoria, I have the honor to report on the Audit and Treasury Departments of Victoria as follows :—

In Victoria no liability can be incurred without the specific authority of the Governor, and no public moneys can be issued by the Colonial Treasurer without a credit on the "Public Account" at the Banks being previously obtained under the warrant of the Governor. The Governor's warrant is obtained only on the certificate of the Commissioners of Audit, who are required to certify that the credit asked for by the Treasury is for sums legally available for and applicable to the services mentioned in the requisition. The moneys thus rendered available for expenditure can be paid away only on orders of the Colonial Treasurer, certified by the Commissioners of Audit as being within the limits of the credit granted by the previous warrant of the Governor.

It is thus seen that the Governor in Victoria directly controls the public expenditure. No expense is incurred by any officer of the Public Service except under the Governor's authority. Annual authorities are granted by the Governor for all salaries and money allowances fixed by the Estimates. For contingent expenses, quarterly authorities are issued. Before any other expenditure is incurred, the Governor's "special" authority for such expenditure must be obtained by application being made for it through the Minister of the Department concerned.

In fine, the Governor of Victoria is the Imperial Custodian of the Public Funds, and no issue can be made from the Public Account except under the authority of his warrant. The Legislature has further provided that, in the exercise of his important functions, the Governor shall be protected by the assurance which the certificate of the Commissioners of Audit gives him that the moneys required by the Colonial Treasurer are available.

[In New Zealand the Legislature has rescinded these powers of the Governor, and entirely assigned the custody of the Public Funds to the Comptroller. The Governor's warrant is now subordinate to that of the Comptroller, and can operate only on the credits granted by the latter officer. The Governor, in giving effect to these secondary powers, issues once in six months his warrant authorizing the Colonial Treasurer to pay the services provided for by the Assembly, thus fulfilling the requirements of the provision of the Constitution Act, that no part of Her Majesty's revenue within New Zealand shall be issued except in pursuance of warrants under the hand of the Governor, directed to the public Treasurer thereof.]

To enable the Commissioners of Audit in Victoria to guard against an issue of Treasury orders on the Public Account in excess of the Governor's Credit Warrant, an Order Book is kept, in which the orders are placed to the debit of the Treasury against the credits obtained under the Governor's warrants.

Copies of all authorities are sent to the Commissioners, who reject authorities in excess of votes and of appropriations of Parliament, and they surcharge all payments in excess of accepted authorities. Authorities, as they are received, are posted in a book called the "Appropriation Book." They are also entered in an "Authority Book," in which each voucher or account is posted against the respective authority. At the end of each quarter the totals are transferred to the "Appropriation Book," each under its proper head.

To enable the Commissioners of Audit to bring their powers into immediate operation, the Colonial Treasurer is required by law, at the close of each day, to send to the Commissioners of Audit for examination a copy of so much of the Treasury Cash Book as has not been sent to them. This copy is called the "Cash Sheet," and embodies the whole of the Accounts received from the Receivers of Revenue, and from the Paymasters. The Cash Sheet is accompanied by vouchers; and the Audit Act requires that it shall contain no entries of older date than four days. In the Cash Sheet all issues of public moneys, whether for services rendered or as advances to public officers, are final,—no transaction being admitted into the Cash Sheet, except those of actual receipt or actual issue of public moneys. All transfers and adjustments of accounts made in the Treasury are communicated to the Commissioners, either by "Slips" or by "Adjustment Accounts."

The Commissioners, by retaining in their own hands the results of their examination of the Cash Sheet, insure the transmission of the Annual Statement and Balance Sheet to the Assembly in the state in which their audit left it, and thus render any alteration of the Treasury books of no avail,—the Annual Statement and Balance Sheet, as finally passed by the Commissioners, being transmitted by them direct to the Assembly. With these Day Cash Sheets in their hands, the Commissioners proceed at once in their audit.

The Audit Office is divided into four branches—

1. The Expenditure Branch.
2. The Salary Branch.
3. The Special Account Branch.
4. The Revenue Branch.