

*Mr. FitzGerald.* railways of the North; and I believe all officers, except those who have not yet had sufficient experience of the system, will agree in saying that the weekly system is preferable to the monthly system.  
23rd Aug., 1877.

670. You say there is no more work involved in the weekly system than there was by the monthly system?—I think there will be less. I may add that I do not think the opinion of those officers who have just come under the system for the first time should have much weight attached to it by the Committee. After twelve months I think they will come to the same conclusion as myself.

671. But do you not think there would by that time be such a system grown up that it could not be disturbed without inconvenience, if it were found necessary to do so?—You assume that the weekly system will be more complicated than the monthly. I think it will be less so. I may mention to the Committee that one of the Travelling Inspectors, who has just been over the Wellington line, told me there was not the slightest difficulty in making out the accounts. The accounts to be kept at the stations were very simple and small in amount.

672. Are the Inspectors of whom you speak skilled men?—Yes.

673. By whom were they appointed?—By the Colonial Secretary: he is the Minister who is the ministerial head of the Audit Department. If the Committee would allow me, I would further state that I regard the weekly system as the greatest possible security against defalcations and embezzlement of public money. It has been remarked that all defalcations which have occurred of late years have taken place under the monthly system of accounts. It is very much more difficult for a man to conceive a system by which he can falsify accounts kept under the weekly system. He has such a short time in which to act that the risk of detection is very high.

674. I suppose there would be even greater security under a daily system?—Yes; but a weekly account is sufficient in most cases. In the case of railway tickets the Stationmasters have to make daily returns to the Manager.

675. *Mr. Stevens.*] What do you believe to be the maximum amount taken in charge by any one officer under the weekly system?—Do you refer to receipts?

676. Yes; payments are not made in the same way?—The payment system is by imprest. I should think the Christchurch cashier could not get more than from £2,000 to £4,000 into his possession in a week. His collections would be much the largest.

677. You get the bank returns weekly?—The Treasury does; and these correspond with the period covered by the railway officer's returns. Besides that, we get the bank receipt for every sum paid into the bank. This is attached to the Manager's or cashier's weekly cash-book.

678. Suppose there had been a mistake made by an officer, or that he were suspected of something worse, owing to a discovered reduction of the moneys he ought to have paid in, how soon could he be stopped?—The cash-book should be made up on Monday or Tuesday, and I should think would reach Wellington on Wednesday or Thursday—at any rate in a very few days. If we thought it necessary we should operate by telegraph.

679. To whom would you telegraph?—It would depend upon whether the officer were suspected of mistake merely or something worse. In the one case we should telegraph to the Manager; but if we suspected that there was anything wrong, some one would be appointed to investigate the whole matter. Occasionally we have had occasion to telegraph to the bank to inquire what sums had been paid in.

680. *Mr. Larnach.*] I am not quite clear as to why you consider weekly accounts are preferable to monthly ones. Do you think they do not entail so much labour? Is it not necessary under the weekly system to make out four forms for every one made out under the monthly system?—Yes; but the mass of figures dealt with are so much smaller, that the time saved in discovering errors is so considerable, that I think that upon the whole there is less labour, instead of more labour, entailed by the weekly system.

681. But I understood it entails the employment of a great deal more clerical labour?—No.

682. Your staff has been increased?—Yes, because we have now to deal with more than three times the extent of lines than we had before, and six times the traffic.

683. Are you not aware that merchants find that half-yearly balances entail a large amount of unnecessary labour—that large firms have often abolished half-yearly balances because of the extra labour and expenses?—That might be so; but I do not see that the cases are in any degree similar. No merchant, so far as I am aware, has to deal with a state of things in which there are large receipts of money collected at a distance from the central place of business, all being paid in small sums, of the extent and number of which he must be ignorant, unless the amounts of the payments are supported by returns. There is nothing that I am aware of in a merchant's business similar to the passenger traffic on a railway.

684. I understood you to say that weekly accounts are a security against defalcations?—I think so.

685. Do you think that, if an officer of the Government is inclined to defraud that any system of accounts would prevent him?—I do not say that any system of book-keeping will actually prevent him, but a proper system of accounts will render it perilous for him to do so; whereas, if that system were relaxed, he might commit fraud with impunity.

686. May I ask you what are your duties in connection with the Government generally and the Railway Department in particular?—My duty consists in seeing that the audit of receipts in every branch of the revenue is carried out properly by the Audit Clerks; and when the queries are proposed by the Audit Office in explanation of accounts, it is the duty of the Commissioners of Audit to see that the replies are reasonable and satisfactory, and where they are not so, to order any deficiency to be forthwith made good. With regard to payments, it is my duty to see that the moneys which the Treasury is called upon to issue for payment of the public services are moneys which are intended by law to be so applied, and have been voted by Parliament.

687. Your duties in regard to the railways ensue to you by virtue of your position as Commissioner of Audit?—Yes.

688. Were you appointed a member of the Railway Commission?—I had no appointment. I was