1945. Would you be good enough to describe the present system of audit of accounts?—We take the Manager's balance-sheet and summaries and check them with the Stationmasters' balance-sheets and summaries, which are checked with the abstracts. Then we go into a detailed audit, both as regards the weigh-bills and passenger-traffic returns.

Mr. Dodd.

21st Sept., 1877.

1946. How long would it take the department to detect errors or irregularities? Supposing an irregularity occurred in one of the railway centres, how long would it take your department to find it out and commence an investigation?—We had the accounts of the 8th in yesterday (the 20th). An investigation of these was commenced forthwith. If there was an irregularity we should probably find it within three days after. We could always discover an irregularity in a week after receiving the accounts, provided the office was in full swing.

1947. Are there any other means of ascertaining whether the accounts and returns that are sent in are accurate?—Yes.

1948. Would you describe how?—When compiling the summaries, the Accountant is obliged to detect any errors in the station summaries, or he would not get his accounts to balance.

1949. Is any one on the spot sent to deal with a case of irregularity, or does he deal with it himself?—He himself deals with the case very promptly. For instance, the errors in the balance-sheets of the 8th will be taken to charge in the balance-sheets by the Stationmasters on the 22nd. The Stationmasters make out the accounts, the Accountant makes up his statement from the Stationmasters' returns, and we audit the whole.

1950. Are you in a position to give an opinion as to whether the audit, inspection, and so forth, could be more swiftly conducted by having a department for each Island or each large railway centre? Have you considered the subject at all?—I have not. The difference between doing it from here and say from Christchurch or Dunedin is exactly the difference in time it takes for the mails to come up or down. If anything important took place we could wire it in an hour at the outside.

1951. Supposing it was a very urgent case and that the wires were down, and there was any delay of that sort?—We should be at a disadvantage then. There appeared to me to be an irregularity in the accounts of the White Cliffs Station in the last week's received. There was some omission of money. We telegraphed to our Inspector, and sent him up there. Another instance occurred at Addington, and the accounts came in right next week. The Stationmasters are not as a rule good accountants, and they occasionally drop things out of their accounts. We can always detect irregularities within a short time. When you have a weekly system, you get them attended to very promptly.

1952. If any one recommended a differential system for the goods and the passenger traffic, that is the goods monthly and the passenger weekly, what would you say to that?—I would say No. Such a system might do for Christchurch and Dunedin, where the traffic is large, but not in places where it is small. Some of the Stationmasters have only £2 or £3 to pay in at a time.

1953. Are you familiar with the question of payment for articles required for the railway? Supposing that the Railway Department requires, I will say, a thousand pounds' worth of coal, are you familiar with the process by which that payment would be made?—Yes.

1954. Can you tell me how long it would take, pratically, to make a payment of that nature?—A thousand pounds voucher would probably only come from Canterbury. The invoice is sent in, and if the account is right it is sent on. It would be delayed in the Accountant's office a day or two, in our office part of another day, in the Treasury I could not tell you how long. That depends on circumstances. If made out for urgent payment it would be passed in three or four days, and the money actually on the way.

1955. The actual promptitude, after the passing of it, is a matter you cannot speak of?—No. Vouchers made out as urgent are given precedence to others, and passed as promptly as possible. Suppose some one in the country sent for an imprest, that would go through the very day the voucher was received. We keep no vouchers back in our department.

1956. If there was some irregularity, I mean a simple inaccuracy, in vouchers which came to the Audit Office for passing, we will say from Christchurch or Dunedin or anywhere else, would subsequent vouchers sent up be delayed in consequence?—Certainly not. Each voucher, as far as I know at all events, is treated on its own merits. If right, it is passed; if wrong, rejected.

1957. Do you know of any case in which payments have been delayed of other sums?—I cannot recollect a case excepting this: Where one part of a voucher is perfectly correct and the other part incorrect, it would be delayed.

1958. Do you consider the present condition of the railway accounts in the colony is satisfactory?—I think it is.

1959. Does it occur to you that there are any material modifications which would be beneficial?—Not material; small modifications in the forms might be introduced, but not material alterations.

1960. *Hon. E. Richardson.*] Are any officers authorized now to pay small accounts by imprest, such as for stores or other articles, and then one voucher is sent up covering a lot of these small payments?—So far as I understand it the regulation is this: that all store vouchers are paid direct from the Treasury to every individual having a separate account and separate voucher, and contingencies are paid out of what is known as the Manager's Imprest Account. Payments are made running from 1s. to £50. Mr. Walter Ollivier pays a large number of these petty things.

1961. Any irregularity in those accounts would not affect the persons to whom the money is paid; they are paid on the spot?—They have already got the money, therefore it could not affect them. If there is any delay it is delay on the part of the Manager ordering the Cashier to pay.

1962. *Mr. Larnach.*] You are General Audit Clerk?—Yes, chief of the Railway Audit Department.

1963. You are working directly under the authority of the Commissioners of Audit?—Yes.

1964. How long have you been in the service?—About three years.

1965. How many Audit Clerks are there in your department?—Seven.

1966. Does the weekly system increase your labour and staff?—No.

1967. Has it increased your officers by one even?—I do not think so. There has always been a