

colonies (in Queensland formerly, and in South Australia at present) the Audit Office was also the Accounting Office, the Treasury being regarded only as the cashier. It is admitted that such is not the position an Audit Office should occupy; that its duty should be to audit accounts, not to construct them. Hence the accounts of the Audit Office should be of the nature of such memoranda as will enable it to check the accounts submitted to it. But in New Zealand the office is not one for audit only, is also the office of control; hence such accounts are necessary as will enable it to limit its issues to the amounts sanctioned by law, and to the funds lawfully at the disposal of the Government out of which such issues are to be made; and the nature of the necessary accounts depends on the form and degree of detail with which the votes are passed. It has always been the endeavour to limit the accounts of the Audit Office to such only as would enable them to present the information at any moment required, namely, whether any sum proposed to be issued had been sanctioned by Parliament. That such accounts should be kept is involved in the nature of the duties imposed on the Audit by the Revenues Act, and I do not think that any specific provisions as to their form or extent would meet any practical object.

In one point, however, the legislation affecting the duties of the Audit Office appears to require amendment. It has been shown that in most of the colonial Acts a power has been given to the Auditors-General to "surcharge" accountants in certain cases, but it is nowhere defined what is the legal effect of so doing. So far as I have been able to ascertain, the word "surcharge" is one peculiar to Chancery practice, in which, on an account taken, the opposing party could apply for an order to "Surcharge and falsify" "If the party can show an omission for which there ought to be credit, it will be added (which is a surcharge), or if any wrong charge is inserted, it will be deducted (which is a falsification)" (*See Daniel's Chancery Practice*, p. 551.) The result of these operations on an account is of course incorporated into the final order of the Court respecting it, and has the force of law. Hence the word as used in modern Acts has none of the meaning which originally attached to it; for it is not pretended that the surcharge of a colonial Auditor-General has the affect of an order of the Court of Chancery. It is clear that a surcharge by the Audit Office could only be enforced in a Court of law, and that the question then would be, not whether the surcharge had been made, but whether the party surcharged did or did not owe the money to the Crown; a question which could be equally raised without the nominal process of surcharging. Hence it is very desirable that the duties of the Audit Office, as to recovering moneys due to the Crown either from non-collection of revenue or from expenditure made without due authority, should be more clearly defined, and I can see no reason why the surcharge of the Audit Office should not in all cases be made final, subject to appeal on points of law to the Supreme Court, the more so that it has had that effect, by the Revenues Act, for many years as regards the accounts of implestees.

I would venture to submit a recommendation upon one other point, namely, that the form in which the accounts should be published should be definitely settled by statute. The alteration of the form to suit the views of the Government of the day has caused much difficulty in comparing one year's transactions with those of other years. The adoption of a statutable form of account would save much trouble to all concerned in keeping and auditing the public accounts, and would be very satisfactory to all who seek to derive information from them.

On the subject of stores, and the accounts of local bodies, I have said sufficient to render any further remarks superfluous.

One other matter only remains to be noticed. The system in force for paying claims on the Government, will, no doubt, receive its careful consideration; but whatever conclusion be arrived at as regards the general question, the present relations of the Post Office with the Treasury can hardly be allowed to continue without some alteration either in the law or in the practice. The latter has gradually departed widely from the spirit, if not the letter, of the former. Instead of all revenue being paid by the collectors directly into the Public Account, which is the principle