

agree with the balances as shewn in the books of the several banks with which the Province does business. I found that, from 1877 to 1879, no accurate record had been kept in the Audit Department of the cheques issued, nor any systematic checking of the entries in the bank pass-books with the books in the Treasury Department by the Accountant. After the appointment of the present Auditor, Mr. Sproule, in 1879, a correct and continuous record of cheques issued was established, and the bank books checked with the same, but the balance with which this record commenced was taken from the Treasury Ledger, and that balance being inaccurate, the inaccuracy had thus been continued. When this condition of affairs was brought to my notice, I determined that an immediate and thorough examination must be made to locate the discrepancies, and I called in the services of Mr. W. F. Munro, an expert accountant, not connected with the Department or the Government, and set him at the work. It will be readily understood by those conversant with book-keeping and accounts, that a thorough examination of the whole banking transactions of the Government with eight or ten banks for a period of twenty years, involving the receipt and expenditure of upwards of fifty millions of money, was a work involving great time and labour. The difficulty of the work was aggravated by a faulty system of book-keeping inaugurated in the first years of the Province under Confederation. Mr. Munro proceeded with his examination, and presented his report and voluminous statements on July, 1886, showing discrepancies both in receipts and deposits. This report was submitted to Mr. Harris, the Accountant, for explanations. He denied *in toto* the accuracy of Mr. Munro's statement, and he was accordingly asked to give such explanations as he could, or shew where Mr. Munro's report was inaccurate. Mr. Harris asked expert assistance. As his accuracy as a book-keeper and accountant was involved in the result of this examination, his request was granted, and he was allowed to choose his own assistance. He called in Mr. Blakely, who proceeded, with Mr. Harris's assistance, to make a re-examination. Mr. Blakely submitted statements in December last, giving the result of his examination, which corroborated Mr. Munro's report as to some of the errors and omissions, and disagreed with him in regard to others. In the meantime, Mr. Sproule, the Auditor, had been preparing a complete record of all the cheques issued from 1867 to 1879, which, with that which had been kept from 1879 onwards, would form a complete record for the whole