

Did you receive any information? I was told that the Auditors were overstepping their duties, that they had nothing to do with it.

According to remark No. 4 in your report there appears on the 30th June to have been a difference between the balance shown by the cash-book and the sum in the Bank of £1073 15s. 4d.

Did you make any inquiry about this? We did, and were told by the Treasurer that this arose in connection with the accounts at the South.

Did he give any further explanation? Yes, but I do not recollect what it was.

Was that explanation satisfactory to the Auditors? Certainly not to me.

Did you make further special inquiry of the Treasurer as to how he accounted for this deficiency? Yes, we did. He stated that part of it was in the chest, and part owing to sums of money unvouched for at Invercargill.

Were the balances on hand on account of Road and Education Votes included in this £1073 15s 4d? No.

Did you at any time in the course of the audit prior to 24th October, 1860, ascertain whether the balance, which, according to the cash-book ought to have been in the hands of the Treasurer, was actually in his hands? Yes, on or about the 24th October I believe the full balance, as shown by the cash-book, was in the Treasurer's hands. It is, however, impossible, under the present system, to ascertain this with accuracy.

You have stated in your report that you believe the full balance of the Provincial Account to have been lodged in the Bank on the 30th September. Do you believe this to have been the case prior to that date? Yes, I do.

Can you tell us what time between the 30th June and 30th September, the full balances were lodged in the Bank? No, I cannot.

Did you try the balance at any other time during the financial year? Yes, we made trial balances at various dates.

Did any discrepancy between the cash-book balance and the Bank-book balance, as reported by you on the 30th June, appear when those trial balances were made? Yes, always a discrepancy; sometimes more, sometimes less.

Did you ever ask the Treasurer what amount he had in his cash-box at any particular date; or did he ever volunteer such information? No; I never asked him, and he never volunteered.

Did he ever state to you officially whether any portion of the public funds were in the hands of any other person? Yes, he did.

In whose hands did he state they were? The Superintendent's.

In any other person's? Not to my remembrance.

Did he state the amount in the hands of the Superintendent? I believe so, but do not remember what it was.

Did he say how this money came into the Superintendent's hands? I believe he said that he had borrowed it; but my memory is not clear on that point.

*By the Speaker.*—You have stated that on inquiry from the Treasurer he mentioned that a portion of the apparent deficiency on the 30th June was in the chest. Did you examine the cash balance in the Treasurer's chest to ascertain the fact? No, because our audit did not commence till subsequent to 30th June.

When these discrepancies appeared in the trial balances, did you ascertain whether these balances were in the Treasurer's chest? No; we had no means of doing so, seeing the trial balances referred to a period previous to their being made.

Can you tell to what part of the Public Funds the money lent by the Treasurer to the Superintendent belonged? The Treasurer stated that the balance, or part of the balance, of the Road Board was in the Superintendent's hands.

Did the Auditors at any time count the cash in the Treasurer's chest? No.

JAMES KILGOUR, Esq., examined.

*By the Chairman.*—Were you one of the Auditors appointed by the Council in April last, to audit the public accounts? Yes.

When did you commence your duties? I do not remember, but it was considerably after the appointment.

How did this delay occur? Communications had to pass between us and the Superintendent with regard to our duties, which were ill-defined.

Did you, as well as the other Auditors, apply to the Superintendent for instructions? Yes.

Do you remember when the Superintendent left? No.

Was there any Deputy appointed? I don't think so.

Did any communication pass between you and the Superintendent between the commencement of the audit and your first report? No formal communication, except by Mr. Morris, on behalf of the Auditors.

Can you explain the remarks on Voucher 437, Immigration per "Gala," appearing in your report? I can give no further explanation than that afforded by the report.

Can you tell us what course was pursued with regard to the receipts for former payments under the Immigration contract? I believe they were usually signed by Mr. Macandrew and Mr. W. H. Reynolds; but the Treasurer stated that, on a former occasion, he had paid the money with only one signature, the other having been subsequently obtained, and he expected the same would have been done in this case.

With reference to Voucher No. 738, Clutha Coal Field, £1000, will you state what you know of it? Upon examining the voucher, a writing appeared across the face, showing the money had been paid without the Treasurer's cheque. Further, the Auditors thought it strange that money should be remitted home for Government purposes when there were ample funds in the Agents' hands. They also deemed it irregular that money should be paid for plant ordered, before its arrival here. Upon making inquiries from the Superintendent, no satisfactory information could be elicited.