

It is also to be observed that the money ought not to have been withdrawn from the Bank by the Superintendent. His Honor was not entitled to receive it on any grounds. According to the provisions of "The Executive Council Ordinance of 1854," the Provincial Treasurer is the proper officer to receive and pay all moneys on behalf of the Province. The Superintendent is under no bond for the security of the public, and it is clearly an evasion of the law to issue to him public moneys for payment of claims on the Provincial Treasury. The Provincial Treasurer should have remitted the money to England.

It is recommended that the Superintendent should be required to give security for the due appropriation of the money, or else to repay the amount into the Provincial chest, subject to the condition of its being refunded to him on producing a sufficient voucher.

Deficiency of the Public Moneys at the Bank.

By the regulations of the Provincial Government, the Treasurer was required to keep the Provincial funds at the Bank, with the exception of a sum for petty cash, which was not at any time to exceed £500. The petty cash was in charge of the Accountant, to whom it was issued by the Provincial Treasurer usually by cheques on the Bank, but sometimes in cash.

No formal instructions appear to have been issued for the regulation of the Provincial Treasury. The accounts were kept in an irregular and objectionable manner. The cash-book at no time exhibited the transactions as they actually occurred, and never showed the balance with which the Treasurer was really chargeable. Cash transactions of one quarter were frequently shown in the cash-book among those of the prior quarter, and sometimes among those of the succeeding quarter. The bank-book alone showed transactions chronologically arranged; but as large cash payments were made out of the petty cash (in one quarter amounting to £7500), the Accountant states he was unable from the books in the Treasury to determine the correct cash balance.

The Provincial Treasurer was also Treasurer of the Road Board and of the Board of Education. The balance of the Road Board funds sometimes exceeded £1400; from the 1st July, 1859, to the 29th September, 1860, it varied from about £900 to £700. The Provincial account money, and the moneys belonging to the Road and Education Boards were severally kept in separate bags deposited in the iron safe connected with the Treasury Office. The Auditors of the Road and Education Boards, when examining the accounts, did not ask for the exhibition of the money belonging to these Boards, and it was not exhibited to them. And the Provincial Auditors, when they examined the Treasury chest, never asked for exhibition of the other funds. During the period over which the present inquiry more particularly extends—that is, from 1st October, 1859, to the 30th September, 1860—the Provincial Auditors, from some misapprehension, did not verify the cash in the Treasury chest by counting it; so that there is no means of knowing what amount of funds were at any time in the hands of the Treasurer; and no check can be applied to any statement he may make as to the amount. Under this defective scrutiny he could at any time make good the Provincial Funds, by transferring the necessary amount from the Road Board balance, out of which few payments were at any time made.

The Superintendent being desirous to prove that to a considerable extent and for a long period Mr. McGlashan, the Provincial Treasurer had made use of public moneys, the following is the result of the Commissioner's inquiries.

According to the statements furnished by the Accountant of the Provincial Treasury, there were no deficiencies in the Treasurer's balance up to the 30th September, 1859.

	£	s.	d.
On the 31st December, 1859, the apparent deficiency was	...	365	7 2
On the 20th February, 1860	...	1010	9 5
On the 31st March, 1860	...	1324	11 10
On the 30th June, 1860	...	1251	0 3

And on the 30th September following there was none. The Accountant states that in determining these, he has given the Treasurer due credit for payments at Invercargill, and for advances on account of "wages, public works." It is necessary to observe this, because the Treasurer, in his explanations, has often alluded to these payments as increasing his apparent deficiency.

The Treasurer, in his evidence, states that the deficiencies were principally in the hands of the Superintendent, to whom he had lent the money, and the remainder was in his chest; or, if not there, that the deficiency was apparent, not real, and arose from his not receiving full credit for moneys issued.

Eventually the deficiencies were made good, and the balance for the September quarter, 1860, is found correct. £970 appears to have been recovered from the Superintendent. The remainder was supplied out of private funds, and out of cash stated to have been in the chest distinct from the petty cash in the hands of the Accountant.

Referring to the deficiency on the 31st December, 1859, amounting to £365 7s. 2d., the Treasurer at that time had no authority to retain petty cash in his hands, except for the wages of the men employed on the public works, for which he receives full credit in striking the above balance (£365 7s. 2d.). There are no means now of determining whether the deficient cash was in the chest, and the only evidence which throws any suspicion on this point is, that in the month of November, 1859, Mr. McGlashan paid £500 in discharge of his private acceptance at the bank. It will presently be seen that the deficiency on the 28th February following, after deducting the loan to the Superintendent, was rather more than £500, and that the explanations are not satisfactory.

Adverting now to the deficiency of the 28th February, 1860, amounting to £1010 9s. 5d., it appears from the evidence that on that day the Superintendent was indebted to the Treasurer in the sum of £486 13s. 11d. only. If this debt had been recovered at the time, the deficiency would have been £523 6s. 1d. The Treasurer, in his evidence, explains that a part of the latter sum would be in the chest, and possibly that sums may have been advanced for wages and not credited. In respect of sums not credited, it has already been stated that they are allowed for in the Accountant's statement, but as to the cash in the chest, no check can be applied to any assertion the Treasurer may make respecting its amount. The very day the deficiency occurs, the Accountant also held £500 in his hands