The only point in your Memorandum which I feel called upon to notice is No. 3, to the effect that I had borrowed several sums from the Provincial Treasury. In reply to this, I simply deny most emphatically having ever borrowed either the sum in question, or any other amount, from the Provincial Treasury. I admit having had one or two private transactions with Mr. John McGlashan, not, however, involving any funds in his hands as Provincial Treasurer. How these transactions should come to be dragged before the public is known only to those to whom Mr. McGlashan appears to have unwittingly confided his private affairs.

I will only add, further, that it is useless disguising the fact, that the appointment of your Committee has originated with a political party, bitterly opposed to me, with the sole view of carrying their ends, by casting doubts on my integrity as Superintendent of the Province, as to which, however, I am content that time shall tell.

I have, &c.,
James Macandrew,
Superintendent.

T. B. Gillies, Esq., Chairman of Select Committee on Public Accounts.

[P.]

Gentlemen,— Dunedin, July, 1859.

I have the honor to lay before you the following report as to the system of book-keeping suited to the nature of the Provincial accounts:—

I would recommend that the accounts be kept by double entry, by means of three principal books, viz., cash-book, journal, and ledger.

Cash-book to contain an account of each day's transactions as they occur; all deposits in, and cheques on, the Bank account should pass through the cash-book, which has not hitherto been the case; and in fact every transaction, of whatever nature, should pass through the cash-book.

The journal to be posted either weekly or monthly from the cash book, classifying the various items, and placing them to their proper Dr. and Cr., in order to posting them into the ledger.

The ledger to contain a distinct account of each item provided for by the Appropriation Ordinances; it should be posted either weekly or monthly from the journal, and at the head of each account should show the amount appropriated to that particular item, so that it may be at any time seen whether the expenditure is within or in excess of the sum authorized.

Subsidiary books may be necessary, such as a Debentures Book and Immigrants' Bill Book, and such other subsidiary books as may be found necessary from time to time.

I would further recommend that all moneys paid (except very small sums) should be paid by cheque on the bank account, so that the bank account might afford, at all times, a check on the accuracy of the other books.

By the method above indicated, it appears to me that a complete view of the state of every account can be obtained at any moment, and the comparative expenditure on each branch of the service from year to year will be exhibited.

I presume it will be unnecessary here to enter into a detailed statement of the mode of keeping each separate account, as it must vary according to the nature of the account. Salaries and such payments will be balanced annually by revenue and expenditure, whilst the balances on debentures, immigration, immigration loans, and similar accounts, will be carried on from year to year, and shown in the annual balance sheets as liabilities to be met in a future year.

I trust the system indicated will be satisfactory to the Committee.

And remain, &c.,
C. H. Street.

To the Committee on Provincial Accounts.

[R.]

Sir,— Dunedin, 20th September, 1860.

I have perused the report of the Auditors, which you put into my hands yesterday without saying what you wished me to do respecting it, and which I now return to you. I have some remarks, however, to make upon it, although the whole of the points adverted to need no explanation from me to your Honor, whose own acts they properly are.

The payment for immigration by the "Gala" was made to your Honor on your representation that you had been authorized by Mr. Reynolds to receive it, who, you said, could not be found at the time, but would be sent down to sign the receipt in the course of the day. Mr. Reynolds, not having come, was applied to by the Accountant and myself, and did not absolutely refuse to sign at first, but excused himself always on some pretext or other, and, at the last, point blank refused to sign it, saying he had not authorized you to get the money. On the previous occasions of similar payments, Mr. Reynolds told me to give the money to you, and on the immediately previous occasions said to myself, "You might have given the money to Mac," meaning you, which I had declined to do without his signature. On this account, and as you were very urgent for the "Gala" money, I was induced to pay it to you.

2. The payment on account of the Clutha Coal Field was paid on a warrant issued from the Superintendent's Office in ordinary form, and, as I learnt on inquiry, in consequence of an arrangement for the iron works being procured from home, made upon communings which your Honor had with Mr. Lewis.

3. The transaction with Harrold is a compromise expressly authorized by your Honor; and I may add that, while in office as a member of the Executive, I considered the matter a fair subject for a compromise.

4. At 30th June last, the balance not in bank was in the hands of your Honor, who can explain to the members of the Executive how that was the case.

On the several other points it does not become me to offer any opinion, unless specially desired.

I have, &c.,
J. McGlashan,
Provincial Treasurer.

To His Honor the Superintendent.