

course adopted, in respect of the Invercargill payments, regular, and that you have taken credit for them before the vouchers were received? My statement to the Committee was so far erroneous. I could not conceive how it was that the Auditors could have found a deficiency of £1800 odd. On the Committee asking me about it, I answered that if it was the case, I could not account for it in any way, except by advances having been made for wages here or at Invercargill, for which I had not been credited.

22. I find from the documents you have placed in my hands, that on the 16th January, 1860, you drew from the Provincial Account a sum of £400 by cheque signed by the Provincial Treasurer. This sum you state was paid to Mr. Macandrew. It appears acknowledged by an I O U, for £400, signed "J. M." and dated 16th January, 1860. There is a notation on the I O U, dated the same day, in your handwriting, stating that the amount was to be repaid out of money of next trip of "Pirate." A subsequent notation states that £333 6s. 8d. was received on 21st January, 1860, towards payment of the I O U, thus leaving a balance unpaid of £66 13s. 4d. There is another document in your handwriting, dated 23rd January, 1860, stating that "Mr. Macandrew borrowed to-day £500 to enable him to retire an acceptance of Mr. Reynolds'." You now state that this sum of £500 was repaid, but that Mr. Macandrew immediately borrowed another sum of £420, viz., on the 1st February, 1860, thus making up a sum of £486 13s. 4d. For this amount you state that Mr. Macandrew, on the 20th February following, gave a cheque on the Union Bank of Australia. Referring then to the above sum of £500, I find that a cheque for the amount was drawn on the Provincial Account at the Union Bank, on the 23rd January, 1860, and paid on the same day to Mr. Cheyne, a clerk in the Treasurer's office. Do I understand you to say, that when you gave Mr. Macandrew the cheque (which is signed by you as Provincial Treasurer), he said "Go yourself, or send Cheyne," and that you sent Cheyne? I said to Mr. Macandrew, I cannot give it you, except by drawing on the Bank. He said then, "Go yourself for it, or send Cheyne."

23. Out of what funds did you pay the loan of £420 to Mr. Macandrew on the 1st February, 1860? It was given to him out of the £500 repaid, and I think on the day after, or a day or two after, the repayment.

24. Mr. Macandrew gave you a cheque on the Union Bank for the sum of £486 13s. 4d., dated 20th February, 1860. Did the Bank pay the cheque on presentation? No. It was immediately presented and the answer returned was, "No funds." It was presented repeatedly afterwards, and the same answer given.

25. Will you hand in the dishonoured cheque? I have it not. Mr. Macandrew destroyed it when I obtained from him a cheque for £836 13s. 4d.; but I have a copy of it in the handwriting of Mr. Cheyne, which I now give in.

26. The cheque being dishonoured would leave Mr. Macandrew indebted to you in the sum of £486 13s. 4d. Now on the 28th February, eight days after the cheque was dishonoured, the deficiency of your balance according to the Auditors' report was £1037 1s. 3d., or according to the Accountant's report, £1010 9s. 5d., thus leaving a sum exceeding £500 unaccounted for, besides the balance of the Road Fund, amounting to £853 4s. 8d. How do you account for the deficiency? Part of the £500 would be in the chest; and it is possible that sums may have been advanced for wages and not credited. The result reported by the audit was ascertained only at the date of their first audit.

27. You state that the cheque drawn by Mr. Macandrew on the Oriental Bank for £836 13s. 4d. was dishonoured on presentation. Have you any documents to show that Mr. Macandrew was indebted to you to that amount? I had a cheque for £600, in addition to the one for £486 13s. 4d. He destroyed both when he gave the cheque for £836 13s. 4d. I gave in a memorandum made at the time he gave the cheque last mentioned, and also a copy, in Mr. Cheyne's handwriting, of the cheque for £600.

Copy of Mem.—Due J. McG. £486 13 4
600 0 0

				£1086 13 4
Cash	...	...		100 0 0
				£986 13 4
Sal.	...	...		100 0 0
				£886 13 4
Do*	...	...		50 0 0
				£836 13 4

28. Did you retain any moneys belonging to the Provincial Account besides the petty cash of about £400? I am not aware of having retained any Provincial money except the sum to the Superintendent, and about £400 of petty cash. There may at times have been sums received and not paid into Bank on the same day they were received; but the cheques for such sums, when paid by cheques, have been, I may say, almost invariably given by me to the Accountant immediately on receiving them, to be paid into the Bank.

29. You state in your evidence before the Committee of the Provincial Council, that in February and March last you lent the Superintendent £400 and £600. The £400 was drawn from the Bank. Where did you obtain funds for the £600? The £600 was given by me to the Superintendent in cash. I recollect giving it him from the following circumstances:—I happened to go to his room that day to have a conversation with him on public business. I found Mr. John Jones with him on opening the door, and therefore immediately withdrew, without talking to the Superintendent. In a short time he came into my office in a great fluster, and said he was just settling a £9000 transaction with Mr. Jones—that it was inconvenient for Mr. Jones to pay him the money that day—that he was to do it "to-morrow"—that he needed £600 that day, and that if he did not get it he would suffer a heavy

* The figures within the bracket are in Mr. Macandrew's handwriting.