

was made by Dr. Knight; therefore he probably had some communication with the Treasury on the subject, which probably passed in my absence. I remember there was a great deal of conversation on the subject, and that was the ultimate decision. The reason, no doubt, was that we thought it was a payment so different in character from a Provincial liability in the meaning of the Financial Arrangements Act, that we over-ruled the decision of the Provincial Auditor on the subject. A "Provincial Liability" had a definite meaning within the Financial Arrangements Act, and we thought it was so far outside that Act that we considered it required further consideration.

232. *Hon. Mr. Reynolds.*] I think you said you refused to pass it, and then you passed it as unauthorized?—Yes; we refused to pass it, except as unauthorized.

233. *The Chairman.*] Did you ever give such an opinion in writing?—I cannot say. Very likely not. A good many of these matters were arranged by conversation, but the result would show, I think, that that was the opinion we finally came to.

334. *Sir George Grey.*] Then the fact was that the Provincial Auditor approved of these sums as Provincial liabilities?—Yes.

235. Did you consider they were not Provincial liabilities?—Not strictly within the meaning of the Act.

236. Therefore it is upon the papers that you did object?—That is to say, they were not debts owed to the Province on the 31st December.

237. *Hon. Major Atkinson.*] I should like to ask you one more question.—A question arose between the Audit and the Treasury as to how the Provincial liabilities were to be passed, and an arrangement was come to, I believe, between the Audit and the Treasury that if the Provincial Auditors were placed under the control of the Audit, that what they passed would be accepted by the Audit. The Provincial Auditors were so placed, were they not?—Yes.

238. As a matter of fact, did the Commissioners of Audit pass vouchers which had passed the Provincial Auditors, because they had so passed, although the Treasury objected to the classification?—I think there is a memorandum of mine in writing, in which I distinctly stated, that while accepting the certificate of the Provincial Auditor, we did not abandon the power of inquiring into any voucher, into which we deemed inquiry necessary. The audit of vouchers, of course, involves a great deal of technical work. It has to be seen that the computations and extensions are right. We accepted the certificate of the Provincial Auditors as showing that this had been done, and did not think it necessary that it should be done twice over; but as to the vote on which it was charged, we have, on several occasions, questioned the ruling of the Provincial Auditors, and I think there is a memorandum of mine in which I state that it was the duty of the Commissioners of Audit to determine finally whether the charge passed by the Provincial Auditors was correct or not.

239. Then you hold yourselves directly responsible?—As a rule, what the Colonial Treasurer has stated is correct. That was the rule; and it was departed from on very few occasions.

240. Did the Commissioners of Audit enter into any arrangement with the Provincial Auditor, and, in a manner which was subsequently found to be wrong, order the sum to be charged on the understanding that they would support it?—No; certainly not. I consider we never abandoned our power to give a final decision in any case. What we did was to relegate these duties to the Provincial Auditors, but not abandon the power to resume our responsibility in any case were we pleased to do so.

241. The point I wanted to bring out was this:—Did you delegate your power to the Provincial Auditors? What I understand was, that when the Treasury agreed to place the Provincial Auditors under your control, you delegated your powers to them, and looked upon their certificate as your own?—We did delegate our powers to the Provincial Auditors, and in 99 cases out of 100 we acted upon their recommendations; but we did not delegate those powers in the light of abandoning the power of supervising their certificates.

242. Can you give the Committee an instance where you over-ruled the Auditors, and where you called the attention of the Colonial Treasurer to the fact of over-ruling them?—I do not know that we could without going all over the vouchers, because any remarks of that kind would be found simply endorsed on the back of the voucher.

243. I thought you might possibly remember?—I might possibly, and if I could, I would let the Committee know. It would necessitate going over all the vouchers to see if there are any remarks. I think there are such cases, but I will not be quite confident.

244. Do you know, as a matter of fact, of any cases in which you passed vouchers, where the Provincial Auditors were objecting?—No; I cannot recollect that. Perhaps I ought to state to the Committee that there were so many difficulties surrounding these provincial payments. There was the question of provincial liabilities, and of expenditure, which might be made under the 35th section of the Financial Arrangements Act, which empowered the Government to continue any provincial service or salary until the end of the next session of Parliament; and some of those charges which might have been charged, either under section 35 or as provincial liabilities. When these questions were submitted to us, we drew up a memorandum (Appendix C.) for the instruction of the Provincial Auditors. That was drawn up after considerable conversation with the Treasury. We distinguished all these charges under three heads:—Provincial liabilities, liabilities under section 35, and unauthorized provincial liabilities; meaning by provincial liabilities unauthorized the case of a vote by the Provincial Council, which might have been expended, although the service was not completed. It would be exactly the same case as an unauthorized excess on a vote of the House of Representatives. We drew up that memorandum and sent it to the Provincial Auditors, and that in some measure cleared away difficulties. The Provincial Auditors then understood how they were to pass these payments, and we had very rarely to consider whether their charge was right or wrong. I can say, however, that we never passed a provincial liability without satisfying ourselves that it was a right charge. The clerks in the Audit office were instructed that they need pay no attention to any part of the voucher but the charge.