

Mr. FitzGerald.
4th Sept., 1877.

145. *The Chairman.*] You have that memorandum in writing, instructing the Provincial Auditors?—Yes.

246. After you gave the Provincial Auditors these instructions, you gave power to certify that the money should be paid?—Yes. We required the Provincial Auditors to pass each voucher as provincial liabilities; provincial liabilities unauthorized, or under section 35.

247. You delegated your powers to the Provincial Auditors. Have the Commissioners of Audit got authority to do so?—No; we simply did not wish to go to the useless trouble of having the same accounts audited twice over, and therefore we said to the Provincial Auditors—we will accept your audit instead of ours. If I may explain to you, it was no further delegation of power than is usual in the case of a clerk in the Audit office. The Provincial Auditors act in the Provincial Districts precisely the same as the clerks act in the Audit office here. It was further only in this respect: that our clerks have not got before them the authorities for the expenditure of provincial monies, and the Provincial Auditors had that authority before them. Therefore they were simply acting as clerks of the Audit office, with the authorities before them.

248. *Hon. Major Atkinson.*] That is quite a new light for the Treasury. I think it was more than that?—I think it comes to the same thing. There is no difference.

249. You do not allow Provincial Auditors to draw money from the Treasury without your official sanction?—No; it cannot be done.

250. *The Chairman.*] That minute would be important on this account?—Not very important on this account. As a matter of fact and a matter of rule, what the Colonial Treasurer has stated is exactly the understanding; but the evidence in this voucher shows that we did not deprive ourselves of the superior power of questioning the Provincial Auditors, if we desired to do so.

251. Did you give the Treasury to understand that you would accept the Provincial Auditors' accounts without question?—I am persuaded there is a memorandum of mine somewhere in the papers, to the effect that we did not consider that we had abandoned the power to over-rule the Provincial Auditors.

252. *Hon. Major Atkinson.*] I think it will be found that you agreed to accept the certificate of the Provincial Auditor's as your own.

253. *Mr. Johnston.*] From the moment when the Provincial Auditors became your subordinates, were they, in your opinion, clearly approving of wrong expenditure, as in this case of authorizing this payment of the Thames overdraft as a Provincial liability; and when the voucher came under your review, did you inquire of your subordinate why he had done this?—No; I should think not. I do not see anything in the papers to show that we had any communication with him on the subject.

254. Then the only way to ascertain whether, in your opinion, he had done anything which was absolutely wrong, would be to ask him to furnish the Audit Department with the reasons why he did it?—No; I do not think this was a case in which there would be anything gained by asking him. The whole facts were clear on the face of the schedule.

255. Then could he declare anything to be a Provincial liability which he might desire to be so?—No; he could only do so by certifying it was in the Estimates.

256. *Hon. Mr. Reynolds.*] But then these were the Estimates of the Superintendent?—The Estimates of the Superintendent and the Governor conjointly.

257. It is a rather curious position, if your subordinate must accept the Provincial Estimate. You say he must take it on that ground, and not do something which his chief thinks is right. I understand that in your opinion the Provincial Auditor had no option but to declare that this was a Provincial liability?—No; I do not say he had no option.

258. But nevertheless you made no inquiry from them why he did so?—No; we did not think there was any use in making inquiry. We simply overruled his judgment. We had instructed him. He passed this as a Provincial liability; we held it should pass under Provincial liabilities unauthorized, and ruled accordingly. I do not say we were right. The Committee might possibly uphold the Provincial Auditor; but that is the conclusion we came to at the time.

259. So long as he is a subordinate of yours, I cannot understand your furnishing him with a memorandum under which he is at liberty to do a wrong thing, which you overrule, and at the same time do not require any explanation as to why he did it?—We did not think we required any explanation, unless it would throw some light upon it to guide our judgment. It would be simply a question of charge, in which it was perfectly clear that it must be under one head or the other. It was an overdraft due by the Borough of the Thames to the Bank, and the question was whether it should be charged upon the land fund of the Province of Auckland.

260. *Hon. Major Atkinson.*] I think the question was never in dispute between the Treasury and the Audit. It never once came under consideration.

261. I would ask if the telegram to the Provincial Auditor from the Commissioners of Audit, stating that the Government would consent to the payment, was sent with your knowledge?—I never saw it before. I may be allowed to say that I gather from the fact of the schedule having been signed by Dr. Knight that I may have been absent from the office at the time the official conclusion was come to, because I pointed out to the Committee that in the schedule, Dr. Knight had gone out of his way to single out this schedule, and to write "Passed as unauthorized."

262. *Hon. Mr. Reynolds.*] Then, as unauthorized expenditure, it will require to be voted this Session?—Yes.

263. Then the position would have been exactly the same whether he sent that telegram or not?—We should not have passed it as "Provincial unauthorized" without the Provincial Auditor's signature.

The Hon. the COLONIAL TREASURER examined.

Hon. Colonial
Treasurer.
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264. *Hon. Major Atkinson.*] The members of the Committee will remember that the revenue of Auckland for the last quarter of the year 1876 was estimated at about £3,000, and the estimated expenditure at about £47,000. In consequence of that, the Government recommended, and the House sanctioned, the