

No. 16.

Hon. the Colonial Treasurer.
KINDLY cause the narrations for the debentures amounting to £130,000 to be submitted for inspection by the Audit Office.
25/10/1901.

J. K. WARBURTON,
Controller and Auditor-General.

No. 17.

HEREWITH.—JAS. B. HEYWOOD. 25/10/01.

No. 18.

Audit Office, 26th October, 1901.

The Minister's Letter of 24th October, 1901, as to Dates in Narrations of Debentures.

THE narrations submitted by the Minister are three. They comprise 955 debentures for £281,750, among which are 322 debentures carrying interest from a date prior to that of the payment of the purchase-money. There is on all the three narrations the Treasury entry, "Interest payable on 1st May, 1st November"; and the first coupons of the 322 debentures are filled up for the full half-year's interest from 1st May. On two of the narrations there is the Treasury statement of what it has computed to be, and entered in the first coupons as, payable for interest. On the third narration no such Treasury statement appears, but there is the Controller and Auditor-General's note, which virtually supplies the omission, "Interest payable from 1st May, 1901, on all but Nos. 215 to 274 inclusive, on which interest is payable from 7th June, 1901."

It would no doubt have been more precise for the Controller and Auditor-General to say that the Audit mistake was in assuming the purchase-money to have been paid on the date—the 1st May—from which the Treasury has computed, what it has stated on the first coupons, and on two of the narrations, but omitted from the third, to be the amount of the first payment of interest.

Occasion may be taken here to remark that the Treasury, when it sent each of the three narrations to the Audit Office, knew it to have been judged by the Controller and Auditor-General to be contrary to law to pay the maximum rate of interest from a date prior to the payment of the purchase-money, and that in such case the Audit Office expects the Treasury to point out, in submitting the debentures for countersignature, those to which the Audit Office objection applies. If, however, the Treasury, without letting the Audit Office know, comprises in one narration debentures which are considered objectionable by the Audit Office with debentures which are not, such objectionable debentures may occasionally escape detection.

J. K. WARBURTON,
Controller and Auditor-General.

Hon. the Colonial Treasurer.

No. 19.

The Treasury, Wellington, New Zealand,
28th October, 1901.

The Audit Office.

IN reply to your letter of the 26th instant, the Treasury begs to take exception to the remarks in the last paragraph, which seems to imply that the Treasury should have informed the Audit Office that some of the debentures carried coupons for interest computed from dates prior to the actual receipt of the purchase-moneys, and that such debentures would become objectionable to the Audit Office.

Debentures with narrations were forwarded for countersignature in the usual way, and it was certainly never contemplated by the Treasury that the Audit Office would raise any further objection to debentures carrying interest from dates prior to the dates of payment of purchase-moneys, seeing that the principle involved in so paying interest had only very shortly before been settled and determined by the Governor's Warrant.

With the knowledge that the Treasury's action was in accordance with law, and having the determination of His Excellency the Governor before them, it could not be anticipated by the Treasury that the Audit Office would raise further objection; and in the face of such opinion and determination the objection of the Audit to countersign for reasons identical with those already disposed of appears to the Treasury to be an unnecessary obstruction to the public business.

R. J. SEDDON,
Colonial Treasurer.

No. 20.

Audit Office, 29th October, 1901.

As the Minister appears, from his letter of yesterday, to consider it to be an unnecessary obstruction of public business for the Audit Office to decline to countersign debentures on the ground of objection taken in a case in which the Governor in Council has already determined a dispute, the Controller and Auditor-General feels that he ought to state the position of the Audit Office in the matter.

Section 53 of the Public Revenues Act provides that, "If the Audit Office declines to pass any issue or credit requisition on the ground that the charges therein are not according to law, the matter in dispute shall be determined by the Governor in Council." But the Governor, in exercising this power, does not interpret the law. The Audit Office has declined to pass a requisition on the ground that *the charges therein are not according to law*. Till, therefore, the law is amended, or its interpreters pronounce that it authorises the charges, it is the duty of the Audit Office to decline to pass any subsequent requisition in which there are similar charges of the same nature.