

ment of the colony before that payment is made?—Before I said anything to him he was of the idea that my instructions referred to payments which were authorised or unauthorised, but I have written to correct him since then. This is the letter I wrote: "Audit Office, Wellington, New Zealand, 23rd July, 1902.—The Auditor Officer in London.—SIR,—In my letter, No. 27, of the 15th May, from which you in your letter, No. 134, of the 21st June clearly understand 'that it is intended that all payments, irrespective of amounts, and not authorised by requisition,' may be paid out of General Imprest, I should have explained, instead of leaving it to be understood, that such payments should be none but those of expenditure which Parliament has sanctioned by its votes. Unauthorised expenditure is not so sanctioned and is not payable out of the moneys issued by way of general imprest, and the payments by the Agent-General of such expenditure are illegal unless they are expressly authorised by a requisition charging them to the Unauthorised Expenditure Account. But you cannot, as a general rule, know whether a payment proposed or directed by the Administration is a payment of unauthorised expenditure or not; and, not knowing, you would assume that the Administration in proposing or directing the payment is doing no wrong, is doing so in strict accordance with the Public Revenues Act, which makes the observance of sections 47 and 48 necessary to the payments of unauthorised expenditure. You were quite right to send me the telegram inquiring whether Pilcher's draft for £3,000 was chargeable to General Imprest. It was not. The Treasury acted illegally in directing its payment to be so charged; and if you are again asked to countersign a cheque which you have reason to think is to make a payment of unauthorised expenditure not expressly authorised by a requisition you should not countersign such cheque before you have satisfied yourself, by telegraphic inquiry if necessary, that the payment is not one of unauthorised expenditure. I concur with you in the remark which you make in the concluding paragraph of your letter, that if the available moneys issued by way of general imprest are very shortly exhausted it is not your concern, but the concern of the Treasury. And if the Treasury observes the law according to section 63 of the Public Revenues Act, and charges so far as possible against the vote all sums transferred to the Foreign Imprest Account, there should be none but very exceptional or small payments of authorised expenditure to be charged to General Imprest. Trusting that I have made the matter clear, I am, sir, your obedient servant, J. K. WARBURTON, Contoller and Auditor-General." General imprest is, according to the Audit Office judgment, a provision of money not charged to the votes, for payments chargeable to the votes.

20. Have you Mr. Palliser's letter where he says he was under the impression that all payments were to be charged in a particular way?—Yes. Here it is: "Westminster Chambers, 13, Victoria Street, London, S.W., 21st June, 1902.—SIR,—I have the honour to acknowledge the receipt of your letter, No. 27, of the 15th May on the subject of the treatment of 'General Imprest' payments, and note your remarks thereon. I clearly understand now that it is intended that all payments, irrespective of amounts and not authorised under requisitions, shall be paid by me out of 'General Imprest' funds as long as I have funds under that head available. Not being aware of that intention, I cabled to you on the 12th instant, copy of which I attach hereto, applying for authority to pay £3,000 for Coronation Contingent expenses out of 'General Imprest' moneys. I shall accordingly in future issue out of 'General Imprest' all charges not covered specifically under requisition. This will, in so far as 'General Imprest' funds go, simplify matters; but I am of the opinion that it will very shortly exhaust available funds under that head, and which could legitimately be covered by being placed in requisition. That, however, is no concern of mine, and rests with the Treasury.—I have, &c., F. W. PALLISER.—The Contoller and Auditor-General, Wellington." This was on the 21st June, before the draft was paid, but he telegraphed to me on the 12th June as follows: "Instructions received from the colony honour Pilcher's draft £3,000 expenses Coronation Contingent; instruct whether may charge General Imprest.—PALLISER." Well, the above letter was dated the 21st June, while the correspondence was going on. Then I explained to him, what I had left him to understand, that I was speaking only of authorised expenditure.

21. But, judging from that letter of Mr. Palliser's of the 21st June, it is to be inferred from that that he did not regard the £3,000 as unauthorised expenditure. There is his own statement in that letter?—Oh, yes, he did. He regarded my instructions as applying to all expenditure, whether authorised or unauthorised, you see.

22. I think the clear inference is that he did not regard that £3,000 as unauthorised expenditure, because he goes on to say there that he will act upon your instructions?—Yes; he did take my letter to be unrestricted as to the nature of the expenditure.

23. In which the £3,000 came under the unrestricted amount. So that it is quite clear he regarded that £3,000 as unrestricted expenditure and charged against the General Imprest, of which he says he had an amount available to meet it?—Yes; after he got my letter. When he sent the telegram he sent it to ask whether he could charge £3,000, which was unauthorised, to General Imprest.

24. But his letter of the 21st June says that he was clearly of opinion that he could charge it to Unauthorised Expenditure, because he says there he considered it was to be charged to the unrestricted amount?—He was wrong in that assumption.

25. How did he know it was authorised?—Oh, he knows as an old Audit Officer. He would see from the estimates.

26. He had not been advised from here?—No; and if it had been brought to me after it came up I should then have taken exception to it. There was the further payment of £1,500 for Coronation Contingent expenses, to which I have drawn your attention.

27. Do you not consider it is a dangerous course—that it would in practice be a very dangerous course for the colony to be put in the position of payment being held over on account of the uncertainty of the Audit Officer in London, and the instructions to him to cable to you for definite instructions from this end before he acts?—Oh, I do not think so. This telegram was