

referred to the Treasury. The question is whether you are to allow the Audit Officer to exercise a discretion which the law does not authorise him to exercise now.

28. No; the question is whether the Audit Officer in London is sufficiently trusted by the Audit Department here to carry out the work of the colony and to report to you after he has actually acted?—I think Mr. Palliser is one of the ablest officers we ever had.

29. But if he is restricted by instructions from here?—I do not think he is subject to any instructions. He has a statutory position under the Act.

30. Then, why did he consider it necessary to cable here in that particular case?—Well, the Treasury might have arranged in some way to charge the Unauthorised Expenditure Account. If the Treasury had said, "We will charge the Unauthorised Expenditure Account," it is quite possible the payment could have gone through. But the accounts for last quarter did not charge this amount to the Unauthorised Expenditure Account. The amount ought to have been the subject of an application by the Minister and approved of by the Treasury under section 47 of the Public Revenues Act, and the issue of an order under section 48.

THURSDAY, 18TH SEPTEMBER, 1902.

Examination of J. K. WARBURTON, Controller and Auditor-General, continued. (No. 1.)

The Chairman: Mr. Warburton was under examination when we postponed consideration of this matter.

1. *Mr. W. Fraser.*] Yes, and it was my turn to examine him. I had prepared a list of questions to ask Mr. Warburton, but have not got it here now. I am therefore at a disadvantage, but I will ask Mr. Warburton a few questions that I have here now. You held, Mr. Warburton, that the £3,000 referred to in Mr. Pilcher's draft should be paid out of "Unauthorised," did you not?—Yes; if paid at all, it should be paid out of "Unauthorised." It should be a payment charged to the Unauthorised Expenditure Account.

2. The Treasury held the contrary opinion?—They regarded it as a vote to which general imprest would apply—the moneys issued by way of general imprest to the Agent-General through the Foreign Imprest Account.

3. Why did you consider this £3,000 should be paid out of "Unauthorised"?—Because there was no appropriation for it. The expenditure was not sanctioned by Parliament.

4. Do you hold that all payments which are not sanctioned by Parliament should be made out of "Unauthorised"?—Yes; all payments that are not sanctioned by Parliament are payments chargeable to Unauthorised Expenditure Account.

5. I asked the question whether they should be paid out of the Unauthorised Account?—That means the same thing, yes.

6. You received a telegram from the Auditor in London asking you as to what he should do in regard to this £3,000, did you not?—Yes; he asked me whether he should charge General Imprest with the payment.

7. What was the date of that telegram?—It was received at Wellington on the 13th June. It would probably be dated the 12th. I think it was.

8. Did you reply to that telegram?—I sent a reply to the Treasury a day or two afterwards, but I first asked them to provide for the payment in the ordinary course by bank draft, or, rather, I suggested that.

9. Would you mind answering my question? You will clear the matter up better if you will. Did you reply to that telegram?—It is impossible to say "Yes" or "No." I sent a message to the Treasury, to be transmitted in reply to that telegram.

10. You sent a reply to that telegram to the Treasury, to be transmitted to your officer in London?—Yes, I did.

11. Did that reply of yours ever reach that officer?—I think not. I believe not.

12. You do not know?—I have only the information from the Treasury. I have no acknowledgment of or reference to it in any correspondence from my officer.

13. When was the draft due in London?—It was due at three days' sight.

14. Do you know the date?—Apparently it was drawn in Cape Town on the 3rd June, 1902. I have a copy of the draft here.

15. Would you mind stating when it was due in London—you can get the date?—It would be due in London three days after sight.

16. What date would that be?—I do not know when it was sighted. I see that the Audit officer, Mr. Palliser, indorses it to this effect: "Accepted this 23rd day of June, 1902"—I presume it was received on the 23rd June, 1902—"payable at the office of the Bank of New Zealand, 1, Queen Victoria Street, on the 28th June, 1902." That is signed "F. W. Palliser, for Agent-General."

17. Have you not stated in your evidence that this draft would be due on the 30th June?—I gave it in evidence, I think, that the draft had been paid. It is stamped as paid on the 30th June.

18. Did you know, when you received the telegram from your officer in London, when this money was due in London?—No; I knew nothing more than that telegram conveyed to me.

19. Could there be any danger of this draft being dishonoured through delay on your part from any action which you took?—I do not think so. I do not see how there could have been any delay from any action that I took.