

The present question is simply whether the Audit officer can lawfully countersign a cheque on the Foreign Imprest Account for a payment which the Agent-General has been directed by the Treasury to make out of that account, for expenditure which the Treasury knows that Parliament has not authorised, unless such payment is made out of moneys issued under the appropriation for unauthorised expenditure.

Between the Foreign Imprest Account in London and an ordinary imprest account in the colony the great point of difference is that in the case of the New Zealand Imprest Account the control ceases with the issue of the money, and the expenditure is audited after payment, while the issues from the Foreign Imprest Account are controlled by the Audit officer in London, who audits the expenditure before payment. He consequently cannot lawfully countersign a cheque on the Foreign Imprest Account for expenditure in respect of a service for which Parliament has not provided, unless such expenditure is authorised, as the Public Revenues Act requires, by a requisition in which the expenditure must be charged to the Unauthorised Expenditure Account. The copy of such requisition and the corresponding bank order are necessary to enable the Audit officer to control the payment and countersign the cheque.

Without the consent of the Audit officer in London the payment cannot be made. He, knowing that the payment would be expenditure without parliamentary authority, refers to the Audit Office for instructions. But the Audit Office cannot instruct him to countersign the cheque before the amount is placed in requisition, as already explained.

J. K. WARBURTON, C. and A.-General.

No. 9 (attached to No. 8).

The Controller and Auditor-General.

The Treasury, 9th March, 1901.

IN reply to your memorandum of the 6th instant, I am directed by the Right Hon. the Colonial Treasurer to state that it is now understood by your memorandum that the Audit Office challenges the right of the Treasury to direct the Cashier to pay out of his imprest moneys claims which may become chargeable against the Unauthorised Account. The Controller and Auditor-General must be well aware that the Treasury Cashier is supplied with funds from Vote 14 (the Miscellaneous vote of the Colonial Secretary's Department) for the express purpose of paying emergent claims of the most varied character. It occasionally happens that at the time he is requested to pay, the direction to charge upon the voucher is not decided on; a conflict of opinion may occur, but in the meantime the Government decide that payment is to be made and the question of the charge determined afterwards. This course the Colonial Treasurer chose to adopt with regard to the vouchers now under discussion.

The Colonial Treasurer is unable to see the necessity for the correspondence which has taken place, and especially to the allusion to the advance of £7,000 to the Post Office. Such an allusion it is considered must have been made for some ulterior object, as the Audit Office must be quite aware that the £7,000 was imprested to the Post Office for the purpose of paying for horses for the contingents equipped at the expense of the Imperial Government, and that the Imperial funds placed at the disposal of the Treasury have never been finally charged to defray claims other than those properly chargeable to such funds.

The Colonial Treasurer is satisfied that it is quite within the powers of the Administration to make payments out of "Unauthorised" so long as the appropriation of £150,000 is not exceeded. If the Audit Office does not see its way to object to payments being made by the Cashier out of votes other than Vote 14, it follows that the payments out of the vote for £150,000 should also be unobjectionable.

In conclusion, the Colonial Treasurer is of the opinion that the circumstances in no way warrant the action of the Audit Office in delaying credit to the Treasury Cashier, and the only result arising therefrom is to embarrass the Administration in the proper and reasonable performance of its duties to the public.

Life is too short to be troubled with trivial matters which on every occasion seem to give an outlet to the ruling passion of the Audit Office for *cacoethes scribendi*.

JAS. B. HEYWOOD, Secretary.

No. 10 (attached to No. 8).

The Hon. the Colonial Treasurer.

Audit Office, 11th March, 1901.

*Advances to Colonel Collins and Major Hawkins.*

THE respect due to the position of the Hon. the Minister is such that the style and language which he has adopted in the Treasury memorandum of Saturday, the 9th instant, are extremely to be regretted.

If, with public money, transactions take place which the Administration exceeds its powers in directing, the Audit Office does not perform its duty in certifying the Public Accounts of the period without mentioning such transactions; and it would not become the Audit Office to consider as a trivial matter either the application of public money in a manner not authorised by law, or the duty of reporting such application.

It is, moreover, most respectfully submitted that if the Hon. the Colonial Treasurer, when the Audit Office first asked on what authority of law money, of which the issue to the Treasury by way of imprest is charged to votes for authorised expenditure, is applied to payments chargeable to the Unauthorised Expenditure Account, had replied briefly to the point, there would have been no occasion to so recapitulate the facts and explain the question as to correct his apparent misapprehension and more fully inform him.

From the reply which is now received, and in which the Administration is understood to contend that its powers have not been exceeded, the Audit Office is satisfied that the two payments in question, being payments chargeable to the Unauthorised Expenditure Account, were made by