

letter, the Superintendent adds, was accordingly withdrawn, and the first he afterwards saw or heard of it was a copy given in by Mr. McGlashan in his answer before the Select Committee.

Mr. McGlashan, on his attention being called to the statements of Mr. Macandrew, says that they are a tissue of untruths, in some parts interwoven with incidents that occurred, but are of no importance; that the conversation regarding his letter of the 20th September is a pure fiction; that he never withdrew the letter, nor was he asked to withdraw it; that the Superintendent seems to have forgotten that he (Mr. McGlashan) had already told Mr. Morris and Mr. Reynolds that the Superintendent had the deficient money, and had shown him his cheques. He had, moreover, told the Superintendent that he had done so.

There seems no rational doubt, from the evidence, that the Superintendent's real motive in withholding the letter from the Executive Council was to save his own credit. He states himself, in one of his notes, when the Provincial Treasurer appears to have threatened to bring the matter before the Executive—"The party who told you that I had been paying other people told you a gross falsehood. I cannot pay you to-day; and if you take the proceeding you threaten, you only make it the worse for both of us. If you had only or would only leave me to manage matters, it would have been all right ere now, and would be so, indeed will be so still."

CHARLES KNIGHT,
Commissioner.

EVIDENCE TAKEN BY THE COMMISSIONER.

Mr. STREET, examined.

How long have you held the appointment of Accountant to the Provincial Treasury? Since July, 1859.

Has the cash in the Treasury Chest been counted by the Board of Audit since you have held your present office? No, it has not.

Had you access to the Provincial Treasurer's cash-box, and did you at any time count the cash therein? I had not. I never counted the cash; it was in no way my duty to do so.

Could the petty cash issued to you by the Provincial Treasurer, which was deposited at the Union Bank in your name, be drawn upon by the Provincial Treasurer? No, it could not.

I see by the Bank-book that the amount issued to you during the three months ending 31st March, 1860, amounted to about £7500? Yes; the amount was unusually large, owing to the absence of the Treasurer. The average quarterly amount is about £2500. Under the existing regulations the balance of petty cash is not allowed to exceed £20.

Was any portion of the petty cash issued to you under the warrant of the Superintendent? No; but there was a general order authorizing the Provincial Treasurer to issue petty cash to me to the extent of £500.

I understand from your explanations that moneys issued in one quarter are sometimes shown in the cash-book among the transactions of the prior quarter, and sometimes among those of the subsequent quarter. That in fact the cash-book does not show the transactions chronologically arranged; and never shows the balance with which the Treasurer is chargeable. The Bank-book alone shows the payments in the order in which they were actually made? It was so, but it is not so now.

I see by the Bank-book that several payments on account of Public Works at Invercargill are placed to the credit of the Provincial Treasurer? These sums are payments made to Mr. Logie, the Sub-Treasurer of the General Government, in repayment of receipts in aid of the Provincial Agent at Invercargill. When the Agent's accounts are forwarded to the Provincial Treasury he receives credit for the amount. But these transactions, as they appear in the books of the Treasury, in no way throw out the cash balance of the Provincial Treasurer.

I observe in the Bank-book a payment of £180 2s. 10d. for "Wages, Public Works"? The money was issued in payment of wages without the Superintendent's warrants. If it proved to be in excess of the amount required the balance was refunded to the Treasurer. This transaction would not be shown in the cash-book until the warrant for the amount had been issued. Any sum so paid, for which the covering warrant was not issued until the next quarter, would cause a deficiency in the Treasurer's balance to an equivalent amount. This system has been lately discontinued, and no payment is now made at the Treasury without an order from the Superintendent.

The Provincial Treasurer states, in reference to the sums paid to you on the 29th and 31st March, 1860, amounting to £1100, that he does not receive credit for them in your statement of deficient balances? The payments alluded to were duly passed to the credit of the Treasurer before the close of the quarter ended 31st March, 1860, and are taken into account in making up my statement of deficient balances which I have now handed in. No deficiency prior to 31st December, 1859.

	£	s.	d.
Apparent deficiency 31st December, 1859	365	7	2
" " 31st March, 1860	1324	11	10
" " 30th June "	1251	0	3
" " 30th Sept. "			No deficiency.

State the apparent deficiency on the 28th February, 1860? £1010 9s. 5d.

Do the balances which you state to be deficient include those of the Road and Education Boards? They do not.

I observe that your statement of deficient balances is guarded by the term "apparent deficiency." Do I understand from your explanations that the books in the Treasury were kept in such a manner that you cannot positively determine the correct cash balance? I have used the term "apparent" in reference to deficiencies, to express that the money was not in the Bank, and it was not possible to ascertain the correct cash balance as the books were then kept. I would state that each day's cash transactions are now shown, and the correct balance can at once be seen.

According to the statement furnished by Mr. W. B. Morris, one of the Auditors of Public