

No. 2.

MEMORANDUM by Mr. BATKIN.

I AM quite unable to explain the discrepancies between the balances at credit of the four funds in the Public Account, as stated by the Controller and by this Department. I believe these discrepancies are owing mainly to differences in the mode of dealing with the transactions of the English Agents, and to the different modes of constructing the accounts. For instance, as between the Treasury and the Colony, the balance of any fund in the Public Account—say the Special Fund—is the sum received throughout the Colony to a given date, less the sum paid, including the transactions of the English Agents. As between the Controller and the Colony, the balance in the Public Account is the sum received into the Bank at Wellington to the same date, plus the receipts of the English Agents, minus the amount of the Treasury requisitions, minus the expenditure of the English Agents.

I believe that a fatal error in the accounts of the Controller is to be found in his dealing with the expenditure of the English Agents. Thus, on finding that a sum of money actually raised by loan has been expended by the Crown Agents for Interest and Sinking Fund, the Controller, I believe, forthwith makes an entry in his books as though the money so applied had been withdrawn by requisition from the Special Fund, and at the same time transfers, in his books, a corresponding sum from the Consolidated to the Special Fund to restore what appears to him to be a misapplication of funds: the real operation being this—the Treasury having say £50,000 to expend in the Colony for defence, for telegraph, and for other services chargeable on the Special Fund, and having at the same time a similar sum payable in London for Interest and Sinking Fund, with an available balance of borrowed money (Special Fund) in the hands of the Crown Agents, the Treasury applies the money lying in London to the London payment, and applies the money drawn from the Controller in the Colony for interest to the payment of the Special Fund charges.

The Controller has no means of becoming acquainted with that part of this operation which is performed in the Colony; but on receipt of the accounts of the Crown Agents he at once incorporates in his accounts that part of the transaction which has taken place in England. I have repeatedly urged that the Controller should not recognize or deal in any way with the expenditure of the Crown Agents; that no operation on the Public Account should take place, or be deemed to have taken place, except by requisition in the prescribed form operating within the Colony; but that on receipt of the Crown Agents' account the Controller should forthwith call upon the Treasurer to place in the Public Account at Wellington the whole of the sums shown to have been received by those officers.

If the moneys so received are neither expended, nor immediately required to be expended, the money can be removed by draft. If, on the other hand, it has already been or is about to be expended for any purpose, the Treasurer would be compelled to make a requisition for the amount in order to restore the balance as required by the Controller.

There are many other sources of difference between the two accounts, but these are the most important.

The Treasury balances are the result of transactions, debtor and creditor, which are scrutinized by the Auditor-General with extreme nicety, and with the exception of such trifling errors as are the subject of occasional query and adjustment, those transactions and balances have never been disputed by that officer.

Treasury, Wellington,
27th August, 1869.

C. T. BATKIN,
Accountant to the Treasury.
