

Of this sum the Colonial Treasurer has paid to the Province of Otago £40 8s. 8d., as the amount of its claim for maintenance of patients, and £84 18s. 4d. for miscellaneous expenses; and having thus got rid of the whole, with the exception of £5 12s. 3d., it proceeds to deal with the original sum as if still lying in the public chest as consolidated revenue, and pays over one-half to the Province, being a loss of £239 17s. 4d. to the Consolidated Revenue, and a double payment to the Province. On reference to the Act under which these transactions occur, it is found that the Lunatic Act provides that the claims for maintenance of patients in lunatic asylums are to be defrayed out of the respective estates of the patients, and the Registrar is required to discharge the claims in the following manner:—If due to any Province, then the payment is to be made to the Public Account of the Province, and if the claim is made by the General Government, then the payment is to be made into the Consolidated Fund. In the case under consideration, the claim was made by the Province of Otago, and the Registrar should have paid the maintenance direct to the Provincial Account. It is submitted that the sum of £245 9s. 7d., paid to the Province as revenue, should be recovered.

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The amount provided for payment of Southland Debt by Vote 86, was £6,000. The Treasury has transferred from Special Fund, £7,000 to provide for this vote. As the Treasury does not use the excess of £1,000 for the Southland Debt, the effect of this is that the Consolidated Fund is benefitted to the extent of this £1,000 at the expense of the Special Fund.

*Interest and Sinking Fund, page 9.—Sinking Fund at 2 per cent. on £342,800 for the Half-Year ending 15th June, 1869.—£3,428.*

This is an entry to adjust last year's accounts. If we turn to folio 13 of the printed Statement for the year 1868-69, there is found an entry of £3,622 for the same Sinking Fund, and for the same period as above quoted. Those who have not time to analyze the published accounts would be entirely misled by these entries, and would fall into the mistake that there had been a double payment on the same account. If, however, we turn now to p. 28 of the account for the year under examination, the sum of £3,622 appears as a credit to the Consolidated Revenues: thus virtually cancelling the entry of the previous year. It is considered that it would have been better if the assumed error (£194) *i.e.*, the difference between £3,622 and £3,428, had been brought to credit, instead of showing the same expenditure twice.

The Auditor-General is of opinion that no error really existed. The amount of the bonds upon which Sinking Fund was due for the half-year ending 15th June, 1869, appears to have been as follows:—

Series due 15th December, 1891 ... ..	£106,300	0	0
Series due 15th June, 1891 ... ..	255,900	0	0
	£362,200	0	0

The Sinking Fund on which, for six months, is £3,622, as shown in the accounts for the year 1868-69. If this is correct, as the information supplied to the Auditor General leads him to suppose, the adjustments in the accounts of the year 1869-70 not only introduce an error, but unnecessarily complicate the accounts.

*Interest and Sinking Fund, page 61.—Sinking Fund, 2 per cent. one year to 15th March, 1870, £4,244.*

The amount of bonds unconverted on which Sinking Fund was due for the year ending 15th March, 1870, appears to have been £226,400; the Sinking Fund on which would be £4,528 for one year, instead of £4,244.

*Sinking Fund Consolidated Loan, 1867, on £4,346,000, on account of three months, to 15th October, 1870, £353 2s. 2d.*

The total amount of bonds on which Sinking Fund was due for the quarter named, was £4,409,000; and the liability belongs to the year 1870-71.

*Debtor and Creditors Act, 1862-65, page 71.*

The above quoted Acts, and that of 1866, were repealed by "The Bankruptcy Act, 1867," which last Act created the office of Accountant in Bankruptcy, but makes no provision for the office or the expenses. The sum expended should be submitted with the other supplementary expenditure for a vote of the Legislature.

"Bank Commission on Money Order Remittances," appears in two places: namely, under Vote for Salaries, &c., of the General Post Office, p. 77, £480 11s. 10d.; and again, under Contingences (same page), £147 4s. 5d. Both items are for the same service, and the separation seems to be made without any definite reason.

*Refunds of Revenue, page 135.*

The Auditor-General, in his Report, on the Accounts of the Financial Year 1868-69, objected to the practice of charging refunds of revenue adopted by the Treasury, because it pressed unfairly on the Provinces. The case of Auckland may be cited. The course adopted is as follows:—1st. The revenue collected is divided equally between the General Government and the Province. 2nd. Revenue to the amount of £170 9s. 3d. is refunded. 3rd. The Treasury charges the whole of the refund against the Province: thus clearly making £84 4s. 7d. on the transaction, at the expense of the Province. To make an equitable adjustment the sum of £854 8s. for the year 1868-69, and £198 3s. 4d. for the year 1869-70, should be refunded to the Provinces.;