

## LETTER FROM THE CONTROLLER OF THE PUBLIC ACCOUNT.

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SIR,—

Controller's Office, 30th September, 1872.

I have the honor to transmit herewith the Controller's balance sheet for the year ending the 30th June, 1872, and to request that you will lay the same before Parliament, together with this letter.

I have delayed completing this Return, in the hope that, as soon as the Accounts of the Treasury were complete, I should be able to show, as in former years, that the cash balances in the several Ways and Means Accounts were the same in the Controller's and Treasury books. I regret to say this does not appear to be the case, showing that operations have been recorded in the Accounts of the Treasury, probably by transfer from one account to another, of which the Controller was not informed, and which have not therefore been included in his Accounts.

The occurrence of such discrepancy in balances which ought to be identical is a sufficient reason for some such alteration in the system of control as is contemplated in the measure now before Parliament, and has been to a great extent effected by the late departmental arrangements made by the late Colonial Treasurer since the 1st July last.

In order to render the working of the new system effectual, it becomes indispensably necessary that the Treasury and the Control shall start on the 1st July with the same cash balances in the several Ways and Means Accounts. I have proposed, therefore, to adopt the balances as shown in the Treasury Accounts, in my books opened on the 1st July, leaving it for the final decision of the Audit Office, when the Treasury Accounts for the year 1871-72 are rendered to the Auditor, whether those balances, or the balances appearing in the balance sheet now rendered, are correct as between the several accounts.

It is my duty to call the attention of Parliament to an item of expenditure in the Crown Agents' Accounts of the Public Works Loan. They appear to have paid a draft for £7,500 drawn on them from the Colony by the Treasury, the proceeds of which were, as I am informed, used to discharge a debt incurred by the County of Westland to the Bank of New Zealand. As there is no vote or other authority for this issue, the payment was illegal. But a graver irregularity occurred in the fact that the proceeds of the order or draft on England were not, as required by law, paid into the Public Account. Had such been done, the money could only have been obtained by requisition on the Controller, which it would not have been in his power to comply with. The Controller had no cognizance of the transaction until it appeared in the Crown Agents' Accounts several months later. He therefore conceives it his duty to lay the case before Parliament.

I have, &c.,

JAMES EDWARD FITZGERALD,  
Controller of the Public Account.

The Hon. the Colonial Treasurer.

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