

Gerald's opinion of the official's character—every opportunity of forming that opinion notwithstanding—would appear to have been ill-judged. The only opinion which, as hardly affecting the question at issue, it occurs to me to offer is that, on the most favourable consideration of all the circumstances, the Audit official, in neglecting to properly test his assumptions, and Mr. FitzGerald in making them the foundation of unjust insinuations, have been equally wanting in the circumspection which the accusations of an auditor should display.

There cannot, I repeat, be a shadow of doubt that the cash was not counted as Mr. FitzGerald has alleged. No fact can be established more clearly and completely; and, this being the case, there can be no unjust charge but that which is implied by the assertion that the cash was counted; and no conclusion involved but that no man's character is safe within the precincts of the Public Trust Office from an Audit official capable of such an assertion, and from an Auditor-General who could attack, in the manner of Mr. FitzGerald, the administration of the office.

If any apology is due, it is from Mr. FitzGerald to myself, and, for his sake, I should be sincerely relieved if such an apology could blot out all memory of what has happened, and insure to the Public Trust Office the conduct, in a proper spirit, of an efficient audit.

J. K. WARBURTON,
Public Trustee.

SIR,—

Clyde Cliff, 3rd October, 1894.

I have read with care Mr. Warburton's statement as to counting the cash in the Public Trust Office at the close of last year's account.

I am unable to admit that the evidence relied on is of such a nature as to outweigh the distinct assertion of a man of known and long-tried integrity.

In the first place, evidence that a certain event did *not* take place, even if entirely free from bias or suspicion, is not of the same value as direct evidence that such event *did* take place; nor can it, under any circumstances, be of greater weight than that the witnesses do not recollect the event in question having occurred.

Again, it is a remarkable feature in the evidence that so many of the Public Trust Office officials should have displayed such unusual anxiety as to whether the Audit Inspector would count the cash as usual, or would omit to do so for the first time after many years; and it is still more remarkable that there should remain such distinct recollection of trifles, occurring nine months ago, as to an event as to which there could have been no expectation at the time that any question would ever arise.

I may add that there is abundant evidence, both in the unpublished correspondence and in the printed memoranda of the Public Trustee, to show that a strong feeling of hostility has been entertained towards the Audit Inspector, which must be taken into account in estimating the value of any evidence by the former affecting the latter.

The case is one in which I feel it to be my duty, as Auditor of the public accounts on behalf of Parliament, and following the precedents approved by Parliament on a former occasion, to report the matter to the House of Representatives, and to await such instructions as the honourable House may think fit to give.

I have, &c.,

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

The Hon. the Colonial Treasurer.

The Hon. Mr. WARD.

Public Trust Office, Wellington, 5th October, 1894.

To-day I received from you Mr. FitzGerald's letter of the 3rd instant. All his charges against the Public Trust Office now appear to be regarded by him as subordinate to this one question of veracity, or whether, as I have implied, the statement which I have demonstrated to be untrue was or was not due to hallucination. I shall, I feel, be excused from following him in his estimate of the value and character of the evidence on the point in dispute. His reflections on this subject carry their own condemnation. But it may be profitable, as an illustration in exposure of the idleness of his assumption that a distinct recollection is remarkable of what he describes to be trifles, and as an illustration also of the extremity which neglect of duty had reached in the audit of the Public Trust Office, to call to mind the proverbial truth that it is the last straw that breaks the camel's back, and to observe that, though a recollection of the circumstances of any one of the thousands of preceding straws might be remarkable, the imposition of the *last straw* would be attended by circumstances too momentous to be forgotten. The memory of them would be as distinct as the memory of the last straw itself.

It may be thought extraordinary that Mr. FitzGerald should still refuse to acknowledge to be beyond "a shadow of doubt" the fact that the cash was not counted by his official. Mr. FitzGerald, however, has, by a too-implicit reliance on that official as incapable of inveracity, himself become responsible for the truth of the charges which are the consequence of that reliance, and which have been made so rashly and so ungenerously.

And, with regard to hostility: The only hostility displayed between the Audit Office and the Public Trust Office was, until quite recently, that very natural hostility of Mr. FitzGerald himself to the Public Trust Office administration which, following the report of the Royal Commission of 1891, so condemnatory of the conduct of the Audit, was authorised by the Act removing his control. But that the perusal by the Public Trust Office officials of the reports of Mr. FitzGerald, in which he makes their conduct the object of gross and inexcusable insinuations, should have excited their indignation, all our manly impulses would lead us to expect. This indignation, however, has not operated to impede the audit, except so far as might thus operate the precautions thought necessary by Public Trust officials for the safety of their character from Audit officials who could report that the cash was counted as Mr. FitzGerald has so incautiously alleged.

J. K. WARBURTON,
Public Trustee.

Approximate Cost of Paper.—Preparation, not given; printing (1,375 copies), £2 3s.

By Authority: SAMUEL COSTALL, Government Printer, Wellington.—1894.