

17. If an imprest for £3,000 had been sent to the officer commanding the Auckland Volunteer District, would the Audit Department have attempted to follow the disposition of that £3,000 until the detailed expenditure under the imprest was sent by the officer in question to the Treasury?—Not if the Treasury had refrained from directing him to make a payment out of that money chargeable to the Unauthorised Expenditure Account.

18. But it is a fact that if the Treasury had authorised a payment of £3,000 to the officer commanding the Auckland Provincial District, and if that had been paid out of Imprest, the Audit Department would have waited until the details were sent by the officer to the Treasury and forwarded on to the Audit Department in the ordinary way?—Not if it had been previously aware that the Treasury had directed him to use for an unauthorised purpose money which had been advanced for an authorised purpose.

19. Does the Audit Department ask the Treasury, whenever it makes an issue of money to an officer in any part of the colony, to indicate the nature of the expenditure before the issue is made?—The Treasury indicates it in the application for requisition. Section 50 of the Act says, "Moneys required to be issued by way of imprest for the public service shall be charged in the voucher and requisition against the vote for the service for which such imprest is required."

20. If there is no imprest, until the details come to hand you cannot ascertain whether it is chargeable to a vote—that is, within the colony—or whether it should go to Unauthorised Expenditure?—No; the Department charges the money which an officer requires to the vote for the services for which the money is required, and we trust to the officer to keep to the law.

21. Now, I want to ask you a question about this date of the payment of the draft in London: I understand that the date of the acceptance of the draft in London was, I think, the 23rd June?—I think it was.

22. I understood you to say that there could have been no risk to the colony in consequence of the course taken by the Audit Department in New Zealand in cabling to the Audit Officer in London?—None whatever. The Audit Officer in London telegraphed to the Audit Office for instructions. He telegraphed to know whether a payment chargeable to the Unauthorised Expenditure Account was payable out of General Imprest.

23. Did you know at the date of the receipt of that cable the due date for the payment of the draft in London?—I knew nothing whatever about it.

24. I presume that in making the statement that there could have been no risk to the colony, you made it after the receipt of the correspondence disclosing the date of the arrival of the draft in London and the whole position there?—No; I made it on the basis of the law, that the Audit Officer is not authorised to exercise any discretion whatever.

25. I understood you to give the dates in your evidence; that the draft arrived in London on a certain date, that it was sighted on a certain date, and matured for payment six days afterwards?—I do not know about that. It was paid, according to the stamp on it, on the 30th June.

26. Quite so. That information, of course, you have obtained subsequent to the whole transaction being completed?—Yes.

27. Would you be surprised to learn that the draft which the trouble has arisen over left Cape Town a week after the advices reached London?—I would not be surprised to learn it; and that makes it appear to me a case in which it was all the more easy for the Government to provide by bank order in the usual course.

28. How could the Government ascertain the position of that draft at the moment? How were we to know? It is the easiest thing in the world to look at the correspondence after the whole transaction is complete, and to say that certain things could have been done, but we were twelve thousand miles away from London?—Money is provided very frequently by the Treasury to meet these claims against the Government in London—very frequently provided by cable bank order.

29. That is, where the amount is known?—Well, where the amount is known or not known, where it is a payment by an imprestee, the Government can cable enough to meet it.

30. That is the point—by the imprestee—because if we were to cable a specific amount we would require to know what the whole expenditure was. We did not know that the whole expenditure was to be £3,000. That is all known now, after the documents and the information have come to hand?—But I sent the telegram to the Treasury on the 13th June—the date on which I received it—with this remark: "In any case, the expenditure is unauthorised, and it is therefore suggested that the Treasury should provide forthwith for the payment by bank order."

31. Is it not a fact that all that was some considerable time after the Treasury had sent their advices Home?—The only advice that I know the Treasury to have sent Home was the advice which this telegram from Mr. Palliser gave, and which the draft itself conveyed.

32. That was on the 13th June. Well, that clearly implies exactly what I have said—that the advices of the Treasury were sent Home a considerable time before the arrival of the draft, otherwise that query from the Audit Department—?—Just so. That is one of the points of the objection that I raised—that the Treasury directed this payment to be made out of General Imprest, knowing it to be unauthorised.

33. The difference between the Treasury and yourself on the point is that the Treasury hold that the course followed here was exactly similar to that which is followed regarding imprest, to which no exception has been taken at any time in the carrying-on of the financial affairs of the colony?—In these papers I have quoted a case. It is referred to on page 4, "Advances to Colonel Penton and Major Owen." This was a case in which the vouchers were first sent to the Audit Office before they were paid. Some exception being taken by the Audit Office, the advances were made to Colonel Penton and Major Owen out of the Treasury imprest. In No. 11, on page 4, I say: "The vouchers which now have been sent in for credit of the imprestee, and according to which the payments are charged to the Unauthorised Expenditure Account, are passed subject to