

the objection, already raised by the Audit Office, that it was contrary to law for the imprestee to use, in making such payments, money which had not been issued to him by way of imprest for the purpose of being expended under section 47 of the Public Revenues Act, without the appropriation of Parliament; and as the Treasury is understood to contend that it was not contrary to law for the imprestee to do so, the Audit Office proposes, in the circumstances, to take exception to the payments in question having been made by the imprestee out of money of which the issue to him by way of imprest had been charged to votes for authorised services."

34. Then, you hold that in the administration of the Treasury in connection with financial matters in London it is necessary, quite irrespective of the expediency or otherwise of it, for the Home Audit Officer to consult the Audit Department out here before he acts?—Certainly, if it is necessary to satisfy him in case of doubt whether a payment is authorised or not authorised.

35. As a matter of general administration?—I think it is as a matter of law.

36. That the Audit Department in Wellington controls the actions of the Audit Officer in London in the ordinary carrying-on of his duties, then?—No; the Public Revenues Act does. He must be satisfied; if he is not satisfied he asks me. I think it is his duty to. He can only be satisfied by reference to me.

37. Has that always been the case?—I should think it always has. He does not often telegraph to me. Occasionally he does, but it is very seldom.

38. Have you issued instructions to the Audit Officer in London different from those that were issued by your predecessor?—I merely required him, where I saw that he was not keeping in accordance with the Act, to observe it. I should not say "required him"; I pointed out to him what the Act requires, and what, I may say, the Solicitor-General himself has said the Act requires.

39. There are, of course, regular law officers of the colony in London?—I think so.

40. Whom the Audit Officer there has the right to consult whenever he thinks proper?—I do not know that he has the right to consult, or the authority to consult them. There is a direct authority to the Audit Office in New Zealand to consult the Solicitor-General, but there is no other authority.

41. As a matter of fact, he does consult the lawyers in England?—I do not know.

42. I understand that he does?—He holds two offices, as you know—the office of Accountant to the Agent-General, and that of Auditor of his accounts.

43. As Accountant to the Agent-General he, of course, would be under the Agent-General's directions; but I understood that, as Audit Officer there, he had the right to confer with the adviser to the colony in London on any matter he thought proper?—I did not know that.

44. I understood you to say, Mr. Warburton, at an earlier stage, in connection with examination upon either this matter or some other, that when the Governor under the law settled a dispute you accepted that as final?—For the particular charge in dispute.

45. I think that, in explanation of subsequent correspondence, your view was that you put that on record because you had not seen the whole of the correspondence previous to the decision of the Governor?—I do not recollect any case in which the Government informed me that it was their intention to apply to the Governor for an order. What I claim is that the objections which the Audit Office raise under the section of the Act which provides for reference to the Governor should be objections raised with a knowledge of what the proceeding of the Government is—that such Audit Office objections to the order as are placed before the Governor, with the opposition to its opinion, should not be the objections made without a knowledge of the proceeding, and without a knowledge sometimes of the advice of the Solicitor-General.

46. After the process provided by law has been gone through, do you consider it proper for the Audit Department to criticize the actions of the Governor?—I have not criticized the actions of the Governor. I have explained the objections of the Audit Office after the Governor has given his order, when that order has been obtained without any intimation to me.

47. If you will refer to page 12 of your evidence given on the 19th August you will see that in answer to this question by me—"With a recognition of the serious responsibility that devolves upon the colony, I want to ask you this question: Is the Auditor in London, under instructions from you, compelled to cable out here as to what course he is to take regarding the unauthorised expenditure by the Government of the colony before that payment is made?"—you said:—"Before I said anything to him he was of the idea that my instructions referred to payments which were authorised or unauthorised, but I have written to correct him since then. This is the letter I wrote: 'Audit Office, Wellington, New Zealand, 23rd July, 1902.—The Audit Officer in London.—SIR,—In my letter, No. 27, of the 15th May, from which you in your letter, No. 134, of the 21st June clearly understand "that it is intended that all payments, irrespective of amounts, and not authorised by requisition," may be paid out of General Imprest, I should have explained, instead of leaving it to be understood, that such payments shall be none but those of expenditure which Parliament has sanctioned by its votes. Unauthorised expenditure is not so sanctioned and is not payable out of the moneys issued by way of general imprest, and the payments by the Agent-General of such expenditure are illegal unless they are expressly authorised by a requisition charging them to the Unauthorised Expenditure Account.'" . . . Then you go on to say, "General imprest is, according to the Audit Office judgment, a provision of money not charged to the votes, for payments chargeable to the votes." Is not that a statement that the action of the Governor in connection with the payment made by the Agent-General was an illegal one?—Oh, no; that is an explanation of the law.

48. You do not say there that the "payments by the Agent-General" refer to the one that had been authorised by the Governor?—I say that the Treasury acted illegally in directing the payment to be so charged—that is to say, that the Treasury acted illegally when they gave that direction previously to the telegram of Mr. Palliser, given in No. 1 of the papers.