

No. 4.

The Hon. the Colonial Treasurer.

THE Audit officer states that instructions have been received from the colony to honour Pilcher's draft for £3,000. The expenditure is known to the Treasury to be unauthorised, and, being so known, the Treasury should provide for it out of "Unauthorised." The amount of £3,000 having been named to the Agent-General, that amount should be provided for by bank order. It is respectfully submitted that a direction to pay known unauthorised expenditure out of General Imprest should not be given to the Agent-General.

J. K. WARBURTON, C. and A.-General.

14th June, 1902.

No. 5.

The Hon. the Colonial Treasurer.

Audit Office, 15th June, 1902.

ADVERTING to the telegram in which the Audit officer in London, stating that instructions have been received from the colony to honour Pilcher's draft for £3,000, expenses Coronation Contingent, Cape Town, asks whether General Imprest may be charged, and to the Minister's communication of yesterday on the subject, the Controllor and Auditor-General begs respectfully to forward for transmission by code telegram to the Audit officer the message of which the following is a copy: "Auditor, Deputy, London.—Pilcher's draft unauthorised expenditure; not chargeable General Imprest.—WARBURTON."

The Treasury instructed payment, knowing it at the time to be unauthorised. In such a case the payment obviously cannot be made out of General Imprest; and it is submitted that an answer to the Audit officer's message can no longer be delayed. It has been delayed so long only because it was expected that the Treasury would have forthwith provided for the draft by bank order, and so rendered the direct answer unnecessary.

J. K. WARBURTON, C. and A.-General.

No. 6.

The Colonial Treasurer.

It appears to me that the proposed telegram is based upon a misapprehension of the law, and therefore before sending it the law should be ascertained by a reference to the Solicitor-General. The question is whether payments in respect of unauthorised expenditure may be made out of General Imprest without previous requisition to "Unauthorised." The Act makes the Agent-General an imprestee in respect of all moneys transferred to the Foreign Imprest Account, and it therefore seems to me that in operating upon that account he is in precisely the same position that a New Zealand imprestee would be in operating upon his Imprest Account. In the case of a New Zealand imprestee it has always been recognised both by the Audit Office and the Treasury that on Ministerial authority he can pay moneys out of his Imprest Account for any service whether authorised or not, and the charging of the money to votes or to "Unauthorised" comes up to be dealt with by the Departments concerned when the expenditure is accounted for. The only difference in the case of the Agent-General is that by section 64 of "The Public Revenues Act, 1891," the Audit officer in London cannot countersign cheques except for payments authorised by requisition. The Act, however, provides for requisitions to General Imprest, and section 63 authorises the issue of moneys from the Foreign Imprest Account by way of General Imprest so long as the balance unaccounted-for does not exceed £60,000. Requisitions to General Imprest have been issued from time to time, and it is not suggested that by charging General Imprest with the £3,000 the balance unaccounted-for will exceed £60,000. If the Solicitor-General supports this view I recommend the matter be determined by His Excellency the Governor.

JAS. B. HEYWOOD.

17th June, 1902.

No. 7.

REFERRED to the Controllor and Auditor-General for any further comments he may desire to make before I refer it to Solicitor-General.

J. G. WARD.

17th June, 1902.

No. 8.

The Hon. Sir J. G. Ward.

Audit Office, 17th June, 1902.

*Treasury Direction to Agent-General to pay £3,000 Known Unauthorised Expenditure out of Moneys not issued under Appropriation for such Expenditure.*

THE Controllor and Auditor-General would respectfully express his regret that the Government should have seen occasion to take the extreme step of arresting his message necessary to answer his officer's application for instructions. It is, in a measure, virtually a suspension of the Audit.

As regards the requirements of the law, these are so obvious, and have been so plainly pointed out in former papers, that Audit Office misapprehension of them is out of the question. And the Audit Office decision is the determination of the law.

There is no ground known to the Controllor and Auditor-General for the assertion that "in the case of a New Zealand imprestee it has always been recognised by the Audit Office . . . that on Ministerial authority he can pay moneys out of his Imprest Account for any service, whether authorised or not"; for, from the three minutes of which copies are attached, and from one of the Audit Office exceptions to the Public Accounts for the year ended 31st March, 1901, the Controllor and Auditor-General has, in the most effectual way open to him, made it clear to the Colonial Treasurer that the Audit Office regards it as contrary to law for an imprestee to use for unauthorised payments advances issued under votes for authorised services