

The Audit Office would observe that it is not justifiable by the Public Revenues Act for the Post Office as imprestee, or any imprestee, to make payments chargeable to the Unauthorised Expenditure Account out of any moneys not issued by way of imprest as a charge to that account, and that if the Audit Office raises no objection to occasional payments which imprestees make of unauthorised expenditure out of moneys not charged to the Unauthorised Expenditure Account, it is on the understanding that the payments are not made with the knowledge and consent of the Treasury, or as authorised by law. It is necessary to every payment of unauthorised expenditure that the Minister should first comply with the requirements of sections 47 and 48 of the Public Revenues Act.

J. K. WARBURTON, Controller and Auditor-General.

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No. 4.

The Audit Office.

THE assumption that the vouchers for £12,033 were passed "in ample time to be entered in the Public Accounts of last quarter" is quite correct, but, unfortunately, the state of the Unauthorised Expenditure Account was such as to preclude their being entered, and this fact is shown by the balance quoted in the memorandum now under reply.

With respect to the remarks of the Audit Office touching imprestees and the Unauthorised Account, the Treasury would point out that it often happens that expenditure charged in the issue requisition to one vote ultimately turns out to be properly chargeable to another, and in such case it may become necessary to resort to "Unauthorised." In the present instance the difficulty has arisen owing to the fact that out of the moneys issued to it by requisition charging votes in the Consolidated Fund the sum of £12,000 or £13,000 was paid by the Post Office for services which turned out to be properly chargeable to the Public Works Fund, and at the time when the charge came to be entered the Public Works Fund vote could not bear it.

The fact is that when the existing statutory provisions relating to imprest moneys were passed, imprest payments were not large, whereas in course of time they have grown to large dimensions, and have become very complex; and, in these circumstances, the Treasury is of opinion that some modification of the law is absolutely necessary, as otherwise difficulties of this sort will be continually arising.

JAS. B. HEYWOOD.

31st July, '02.

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No. 5.

The Hon. the Colonial Treasurer.

Audit Office, 2nd August, 1902.

*Treasury Minute of 31st July, 1902, and the Credit Requisitions of 25th July received by Audit Office on the 28th July, for £13,226 8s. 9d., £6,448 19s. 2d., £7,034 16s. 11d., and £2,680 3s.*

The credit requisitions charging to imprest supply, for the subsequent sanction of Parliament, vouchers for payments of unauthorised expenditure made before the 30th June but not charged to the Unauthorised Expenditure Account have now been passed.

From the explanation of the Treasury, however, it appears that the expenditure entered in the Public Accounts for June quarter excludes certain expenditure because it was unauthorised expenditure which the state of the Unauthorised Expenditure Account precluded from entry.

Now, the provision for unauthorised expenditure is not a vote. It is not a sum of money appropriated to the public service by the Appropriation Act or any other Act sanctioning the expenditure of public money. The payments of unauthorised expenditure are subject to statutory conditions not imposed on the payments of expenditure under a vote—that is, to the conditions prescribed by sections 47 and 48 of the Public Revenues Act. The hand of Ministers is necessary to the payments.

Where those conditions are not observed, the payments are not lawfully made. Where they are observed, the money necessary to the payments is, before the payments are made, charged to the Unauthorised Expenditure Account, in accordance with the statements under the hand of Ministers, and the Treasury and the Audit Office can prevent the payment of vouchers for unauthorised expenditure from exceeding the statutory limit of £150,000.

As, accordingly, the Public Revenues Act does not provide for or contemplate the contingency which has arisen, the Controller and Auditor-General would respectfully submit that Parliament should be informed of the matter.

J. K. WARBURTON, Controller and Auditor-General.

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No. 6.

I concur.—J. G. W. 15/8/1902.

For the Controller and Auditor-General.—JAS. B. HEYWOOD. 15th August, 1902.

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