

No. 5.

The Under-Secretary for Defence.

PLEASE see copies of cable correspondence anent the audit of the war expenditure so far as such relates to charges on the Imperial funds deposited with us. The Right Hon. the Colonial Treasurer would like to be assured that you see no difficulty in complying with the requirements of the Imperial authorities.

JAS. B. HEYWOOD.

11th March, 1902.

No. 6.

Secretary to the Treasury.

I SEE no difficulty in complying with the requirements of the Imperial authorities, and every care will be exercised by me in the examination of the accounts. I desire to point out, however, that the enormous increase in the number of vouchers which have now to be dealt with by this Department renders it necessary that there should be an increase in the accounting branch to insure the rapid transmission of accounts in order to meet the requirements of the Treasury and to fulfil the wishes of the War Office.

ARTHUR P. DOUGLAS.

13/3/1902.

No. 7.

The Audit Office.

IT is the desire of the War Office that the expenditure connected with South Africa and which is chargeable against the Imperial moneys in deposit shall be only audited by the Defence Department, under certain conditions which the Defence Department see no difficulty in complying with. Under these circumstances, such expenditure in future will not be submitted for your examination if you can see your way to concur with the views of the War Office.

JAS. E. HEYWOOD, Secretary.

14th March, 1902.

(No. 71.)

No. 8.

The Hon. the Colonial Treasurer.

Audit Office, 19th March, 1902.

IN this matter of the proposal to dispense with the audit by the Audit Office of the accounts of the Imperial Government funds with which the colony has been provided for expenditure in respect of the contingents of New-Zealanders for South Africa, the Controller and Auditor-General's concern is only that the Minister may be under no misapprehension as to such audit.

All the expenditure but for pay—that is, the expenditure on the preliminary enlistment, on transport to port of embarkation, on equipment, on horses, on transport to Africa, &c.—has been audited and passed by the Audit Office without difficulty or delay. But if, as regards pay, difficulties and delays have arisen, and accounts of pay have accumulated, such difficulty, delay, and accumulation have not been caused by the Audit Office questions, and certainly not by any Audit Office persistence in elaborate thorough examination. Accounts received by the Government months ago have not even yet been submitted to audit, and answers were but recently received to Audit Office questions asked a year ago—answers which, if they had been received in due course, would have enabled the Audit Office to pass the accounts at once.

A perusal of the correspondence with the Audit Office can hardly leave a doubt that the Audit Office, instead of “persisting in elaborate thorough examination,” has shown every desire to adapt its examination to the very unusual circumstances of the expenditure, and to dispense as far as possible with the duplication of work done by the Defence Department. The questions, indeed, which have been raised by the Audit Office have been such questions necessary to any audit as the Defence Department could or could not answer. If the questions could be, and were not, answered by the Defence Department, the difficulty or delay was not on the part of the Audit Office. If they could not be so answered, the necessary difficulty and delay in obtaining the means of answering could be saved only by passing the accounts of pay without an examination deserving to be called an audit. The Defence Department appears to have no alternative but to obtain the means of auditing or to pass the accounts without an audit.

The Controller and Auditor-General makes the foregoing remarks not by way of objection to the proposal to dispense with the audit by the Audit Office of the expenditure in question, but in order to prevent the Minister from adopting the proposal without knowing the Audit Office objection to being represented as persisting in elaborate thorough examination, or even any examination that an audit can dispense with.

J. K. WARBURTON,

Controller and Auditor-General.

(No. 90.)

No. 9.

The Hon. the Colonial Treasurer.

*Requisition for £342 9s. charged to South Africa Contingents, Imperial Government Deposits, on Vouchers not examined by Audit Office.*

THIS requisition comprises vouchers which have not been passed by the Audit Office, for charges to the Imperial Government in respect of South Africa contingents. The Controller and Auditor-General therefore begs leave to inquire whether the Minister has considered the Audit Office memorandum of the 19th ultimo, and to ask that, if so, and the Minister's decision is to dispense with audit by the Audit Office of such vouchers, he will oblige by informing the Audit Office so.

J. K. WARBURTON, C. and A.G.

5th April, 1902.

No. 10.

The Audit Office.

YOUR memorandum was duly received, and its contents have been duly noted. There did not appear to be any necessity to reply. The Defence Department have assured the Colonial Treasurer of their anxiety to carry out the requirements of the War Office to the best of their ability.

JAS. B. HEYWOOD.

7th April, 1902.