

1902.

NEW ZEALAND.

“THE PUBLIC REVENUES ACT, 1891”:

CORRESPONDENCE AS TO DIFFERENCE OF OPINION BETWEEN AUDIT OFFICE AND TREASURY
AS TO PAYMENT OF DRAFT IN RESPECT OF A CORONATION CONTINGENT.

Laid on the Table pursuant to Section 9 of “The Public Revenues Act, 1891.”

The CONTROLLER AND AUDITOR-GENERAL to the Hon. the SPEAKER of the House of
Representatives.

Audit Office, 4th July 1902.

THE Controller and Auditor-General has the honour respectfully to submit to the House of Representatives, in accordance with the provisions of section 9 of “The Public Revenues Acts Amendment Act, 1900,” a copy of correspondence in a case under that section, where, a difference of opinion having arisen between the Audit Office and the Treasury on the question whether moneys issued by way of general imprest under section 63 of “The Public Revenues Act, 1891,” were lawfully applicable, on the direction of the Treasury, to the payment of a draft for known unauthorised expenditure to the amount of £3,000 in respect of a Coronation Contingent, the Governor determined the question by deciding that such payment could lawfully be charged to General Imprest.

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

The Hon. the Speaker of the House of Representatives.

No. 1.

(Telegram.)

The Auditor-General, Wellington.

Received at Wellington from London on afternoon of 13th June, 1902.

INSTRUCTIONS received from the colony honour Pilcher's draft £3,000 expenses Coronation Contingent, Cape Town. Instruct whether may charge General Imprest. PALLISER.

No. 2.

The Hon. the Colonial Treasurer.

Audit Officer in London reports Draft for £3,000 by Mr. Pilcher for Expenses of Coronation Contingent.

WITH reference to the attached telegram from London, the amount of the draft for £3,000 for expenses of the Coronation Contingent has no doubt been received and expended by Mr. Pilcher, and if the Agent-General pays the draft the Audit Office presumes that he will do so by way of an imprest, to be accounted for by Mr. Pilcher.

In any case, the expenditure is unauthorised, and it is therefore suggested that the Treasury should provide forthwith for the payment by bank order.

J. K. WARBURTON, C. and A.G.
13th June, 1902.

No. 3.

The Audit Office.

T. 02-157.

THE Treasury is not aware whether Major Pilcher has absolutely drawn upon the Agent-General, nor of the amount of the draft if he has so drawn. Under these circumstances the Treasury is not in a position to issue a bank order as suggested.

The Treasury intimated to the Agent-General that if a draft for £3,000 (meaning not exceeding £3,000) drawn by Major Pilcher was presented it should be honoured, and the amount charged to General Imprest, in which account there is an ample balance to provide for the amount of the draft in terms of section 63 of “The Public Revenues Act, 1891.”

J. CARROLL.
14th June, 1902.

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

The present question is simply whether the Audit officer can lawfully countersign a cheque on the Foreign Imprest Account for a payment which the Agent-General has been directed by the Treasury to make out of that account, for expenditure which the Treasury knows that Parliament has not authorised, unless such payment is made out of moneys issued under the appropriation for unauthorised expenditure.

Between the Foreign Imprest Account in London and an ordinary imprest account in the colony the great point of difference is that in the case of the New Zealand Imprest Account the control ceases with the issue of the money, and the expenditure is audited after payment, while the issues from the Foreign Imprest Account are controlled by the Audit officer in London, who audits the expenditure before payment. He consequently cannot lawfully countersign a cheque on the Foreign Imprest Account for expenditure in respect of a service for which Parliament has not provided, unless such expenditure is authorised, as the Public Revenues Act requires, by a requisition in which the expenditure must be charged to the Unauthorised Expenditure Account. The copy of such requisition and the corresponding bank order are necessary to enable the Audit officer to control the payment and countersign the cheque.

Without the consent of the Audit officer in London the payment cannot be made. He, knowing that the payment would be expenditure without parliamentary authority, refers to the Audit Office for instructions. But the Audit Office cannot instruct him to countersign the cheque before the amount is placed in requisition, as already explained.

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

No. 9 (attached to No. 8).

The Controller and Auditor-General.

The Treasury, 9th March, 1901.

IN reply to your memorandum of the 6th instant, I am directed by the Right Hon. the Colonial Treasurer to state that it is now understood by your memorandum that the Audit Office challenges the right of the Treasury to direct the Cashier to pay out of his imprest moneys claims which may become chargeable against the Unauthorised Account. The Controller and Auditor-General must be well aware that the Treasury Cashier is supplied with funds from Vote 14 (the Miscellaneous vote of the Colonial Secretary's Department) for the express purpose of paying emergent claims of the most varied character. It occasionally happens that at the time he is requested to pay, the direction to charge upon the voucher is not decided on; a conflict of opinion may occur, but in the meantime the Government decide that payment is to be made and the question of the charge determined afterwards. This course the Colonial Treasurer chose to adopt with regard to the vouchers now under discussion.

The Colonial Treasurer is unable to see the necessity for the correspondence which has taken place, and especially to the allusion to the advance of £7,000 to the Post Office. Such an allusion it is considered must have been made for some ulterior object, as the Audit Office must be quite aware that the £7,000 was imprested to the Post Office for the purpose of paying for horses for the contingents equipped at the expense of the Imperial Government, and that the Imperial funds placed at the disposal of the Treasury have never been finally charged to defray claims other than those properly chargeable to such funds.

The Colonial Treasurer is satisfied that it is quite within the powers of the Administration to make payments out of "Unauthorised" so long as the appropriation of £150,000 is not exceeded. If the Audit Office does not see its way to object to payments being made by the Cashier out of votes other than Vote 14, it follows that the payments out of the vote for £150,000 should also be unobjectionable.

In conclusion, the Colonial Treasurer is of the opinion that the circumstances in no way warrant the action of the Audit Office in delaying credit to the Treasury Cashier, and the only result arising therefrom is to embarrass the Administration in the proper and reasonable performance of its duties to the public.

Life is too short to be troubled with trivial matters which on every occasion seem to give an outlet to the ruling passion of the Audit Office for *cacoethes scribendi*.

JAS. B. HEYWOOD, Secretary.

No. 10 (attached to No. 8).

The Hon. the Colonial Treasurer.

Audit Office, 11th March, 1901.

Advances to Colonel Collins and Major Hawkins.

THE respect due to the position of the Hon. the Minister is such that the style and language which he has adopted in the Treasury memorandum of Saturday, the 9th instant, are extremely to be regretted.

If, with public money, transactions take place which the Administration exceeds its powers in directing, the Audit Office does not perform its duty in certifying the Public Accounts of the period without mentioning such transactions; and it would not become the Audit Office to consider as a trivial matter either the application of public money in a manner not authorised by law, or the duty of reporting such application.

It is, moreover, most respectfully submitted that if the Hon. the Colonial Treasurer, when the Audit Office first asked on what authority of law money, of which the issue to the Treasury by way of imprest is charged to votes for authorised expenditure, is applied to payments chargeable to the Unauthorised Expenditure Account, had replied briefly to the point, there would have been no occasion to so recapitulate the facts and explain the question as to correct his apparent misapprehension and more fully inform him.

From the reply which is now received, and in which the Administration is understood to contend that its powers have not been exceeded, the Audit Office is satisfied that the two payments in question, being payments chargeable to the Unauthorised Expenditure Account, were made by

the Treasury Cashier out of imprest moneys which it was contrary to law to apply to such payments; and these points having been ascertained, the vouchers are passed by which the payments are charged to the Unauthorised Expenditure Account.

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

No. 11 (attached to No. 8).

The Hon. the Colonial Treasurer.

Audit Office, 25th March, 1901.

Advances to Colonel Penton and Major Owen.

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 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.

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

No. 12.

For the Solicitor-General's opinion.—J. G. WARD.—18th June, 1902.

The Solicitor-General.

Your opinion is asked on the question disclosed on the papers herewith. The facts are as follows:—

Major Pilcher was instructed to make payments in South Africa for services not provided for by vote, and he obtained authority from the Treasury to draw upon the Agent-General in London for the amount required, estimated at £3,000. The Treasury advised the Agent-General to honour the draft, and to charge it to General Imprest in the Foreign Imprest Account.

The Audit officer in London cabled to the Controller and Auditor-General, stating the instructions received by the Agent-General, and asking if the charge should be to General Imprest.

The Audit Office holds that, inasmuch as the Treasury knew that there was no appropriation, the amount could not be charged to General Imprest, but should be specially sent Home pursuant to requisition, and bank order charged to "Unauthorised."

The Treasury, on the other hand, contends that, as the unexpended balance of General Imprest would not exceed £60,000 after charging the draft, a special requisition and bank order is not necessary, and that the payment can be lawfully made by being charged to General Imprest out of the Foreign Imprest Account.

The question is whether the view of the Treasury or of the Audit Office, as to the law, is correct.

It is not considered necessary to ask your opinion as to whether the Treasury was justified in delaying the transmission of the Controller and Auditor-General's proposed telegram, until the legal position is definitely ascertained. The Treasury is satisfied that its action was amply justified in the interests of the public credit, as the proposed telegram was in effect an instruction to the Audit officer not to countersign the necessary cheque required to be drawn by the Agent-General, and might have resulted in the dishonour of the draft.

19th June, 1902.

J. G. WARD.

No. 13.

Re Draft for £3,000, Known Unauthorised Expenditure.

1. ON the facts as stated, I am of opinion that the Treasury is right.

2. The Foreign Imprest Account is regulated by sections 60, 62, 63, and 64 of "The Public Revenues Act, 1891." Moneys are transferred to it from the New Zealand Public Account by requisition from the Treasury to the Audit Office (section 60). The sums transferred are to be "charged as far as possible against votes, but moneys may be issued by way of general imprest, of which the balance unaccounted-for shall not at any time exceed £60,000" (section 63). The term "votes" here means existing appropriations, whether permanent or otherwise.

3. Pursuant to this section the practice of the Treasury in making a requisition is to specify the votes as far as possible, and the amount required in respect of each, and to charge the amounts accordingly. "Unauthorised" is treated as a vote within the meaning of the section (to wit, a standing vote or appropriation of £15,000 a year), and accordingly, where the requisition is expressed to include a sum for unauthorised services, the requisition charges the sum to "Unauthorised." Similarly "General Imprest" is treated as a vote (to wit, a permanent vote or appropriation made by the section itself, and limited to £60,000 at any one time). It is intended to meet the exigencies of the public service in London; and accordingly, where the Treasury desires to place the Foreign Imprest Account in funds for general purposes, it makes requisition charging the amount against General Imprest. In my opinion this practice is according to law. The sums thus charged against votes (including, of course, "Unauthorised" and "General Imprest" as votes) reduce the available balances of the votes as from the date on which the Audit Office passes the requisition and issues the bank order, although the money is not then actually expended, but is merely transferred to the Foreign Imprest Account to be subsequently disbursed, under Ministerial authority, by the Agent-General, and accounted for by him, as imprestee.

4. The Foreign Imprest Account is operated on by cheque signed by the Agent-General and countersigned by the Audit officer in London, and the Audit officer is forbidden to "countersign any cheque except for payments authorised by requisition as aforesaid" (section 64). It is at this point that the Audit Office seems to me to go wrong. In its minute of 17th instant it says of this officer that he cannot lawfully countersign a cheque for unauthorised expenditure except pursuant to the authority of a requisition *in which the expenditure is charged to "Unauthorised."* The words underlined are not warranted by section 64, or, as far as I am aware, by any other provision of the Act. In expressly forbidding the Audit officer to countersign any cheque unless the expenditure is authorised by requisition, the section, by clear implication, requires him to countersign all cheques which are so authorised; and, in my opinion, any expenditure is authorised by requisition if the amount of the cheque, when charged to General Imprest by the Agent-General, will not make the balance unaccounted, for exceed £60,000, and the expenditure is one that might lawfully have been the subject of requisition, charging it to a vote other than General Imprest. The Audit Office apparently recognises that this is so in other cases, but objects in the case of "Unauthorised." I have shown, however, that "Unauthorised" is a vote which may be charged by requisition as freely as any other vote, and hence this objection falls to the ground.

5. If the Treasury makes a requisition for money for a service which to its knowledge is unauthorised, the Act requires that the requisition shall charge the amount to "Unauthorised." But nowhere does the Act, directly or indirectly, say that where such knowledge exists such requisition must be made; or that, for service known by the Treasury to be unauthorised, payment cannot lawfully be made out of moneys then in the Foreign Imprest Account, pursuant to previous requisitions charging General Imprest; or that (to state the specific question put by the Audit Office) the Audit officer cannot lawfully countersign a cheque for services known by the Treasury to be unauthorised unless the payment is made out of moneys issued under the appropriation for unauthorised expenditure. In my opinion the Audit officer is not concerned with the nature of the service, or with the knowledge of the Treasury, but can lawfully countersign a cheque for any service, whether authorised or not, and whatever the knowledge of the Treasury, if the payment is made out of moneys charged by requisition to General Imprest. The Audit Office appears to think that if this can be done the limit of £15,000 for "Unauthorised" may be exceeded. But if so, then the same thing may happen even although nothing but authorised expenditure were paid out of General Imprest. When the Agent-General's Foreign Imprest Account comes to be audited, and the payments charged to General Imprest have to be transferred and charged to their respective votes, it may occur that the transfers cannot be made owing to the votes being exhausted; and if the appropriation for "Unauthorised" is exhausted too, the transfers cannot be made at all. Thus, if the objection were valid, it would apply with equal force to the view of the law held by the Audit Office. But in point of fact the limit will in no case be exceeded, for whatever cannot be transferred will remain in General Imprest as balance unaccounted-for, and this is authorised and appropriated under section 63.

6. The Audit Office states that in the case of the Foreign Imprest Account the expenditure is audited before payment. The Act nowhere so provides; on the contrary, it specifically directs that the Agent-General, as imprestee, shall send his accounts and vouchers to the Treasury and Audit Office in Wellington, where they are audited and passed in the same way as in the case of a New Zealand imprestee (sections 66 and 67). The only distinction between the two cases is that in New Zealand the Audit Department does not countersign the imprestee's cheques, whereas in London it does, and with good reason, having regard to the large sums involved, and the distance from the colony.

7. The present difficulty is wholly created by this attempt of the Audit Office to pre-audit the London expenditure, a course which is not only unwarranted by the Act, but must inevitably break down in practice. How can the Audit officer in London possibly know whether any proposed payment is authorised or not? Section 47, which deals with the subject, makes no distinction between expenditure which is unauthorised as being in excess of appropriation and expenditure which is unauthorised as being without appropriation at all. The section runs: "Whenever it appears necessary for the public service that money should be expended in excess of or without appropriation of Parliament," &c. Now, in the former case the Audit officer has no knowledge of the expenditure in New Zealand, and therefore cannot possibly say whether any given appropriation has been exceeded or not. And in the latter, even assuming him to be qualified to decide from the Public Accounts whether an appropriation has been made, he may be called on to countersign before he receives them from New Zealand. Again, how can the legality of his action in London be affected by the knowledge of the Treasury in Wellington? In short, any attempt to check the expenditure in this way must result in what has occurred in the present case—a reference by cablegram to the Audit Office for instructions, involving not only expense, but, what is of more importance, embarrassment of the public service and hazard to the public credit. For these reasons I am of opinion that the draft for £3,000 may lawfully be charged to General Imprest, and that it is the duty of the Audit officer in London to countersign the cheque accordingly; and I venture to hold this view notwithstanding the emphatic declaration by the Audit Office that its decision is the determination of the law.

Crown Law Office, 21st June, 1902.

FRED. FITCHETT,
Solicitor-General.

No. 14.

Wellington, 21st June, 1902.

His Excellency the Governor is respectfully advised to sign the accompanying warrant, determining under section 9 of "The Public Revenues Acts Amendment Act, 1900," a difference of opinion that has arisen between the Audit Office and the Treasury in connection with a payment to be made by the Agent-General in London out of the Foreign Imprest Account.

J. G. WARD.

Signed.—RANFURLY, 23/6/1902.

RANFURLY, Governor.

WHEREAS by section nine of "The Public Revenues Acts Amendment Act, 1900," it is provided that in case any difference of opinion arises between the Audit Office and the Treasury as to the vote, appropriation, fund, account, or other authority to which any expenditure ought to be charged, and that the question, if in the opinion of the Audit Office it involves matter of law, shall be determined by the Governor, having before him the opinion of the Solicitor-General thereon: And whereas such difference of opinion as aforesaid has arisen with respect to a draft for three thousand pounds for services which to the knowledge of the Treasury are unauthorised, and for which no requisition has been made charging the amount to "Unauthorised," the Treasury holding that the necessary payment can lawfully be made out of the Foreign Imprest Account and charged to General Imprest, inasmuch as the balance unaccounted-for will not thereby exceed sixty thousand pounds, and the Audit Office holding that this cannot lawfully be done, and that consequently the Audit officer cannot lawfully countersign a cheque for the purpose of the payment unless the amount is charged to "Unauthorised" pursuant to the authority of a requisition to that effect: And whereas it sufficiently appears that in the opinion of the Audit Office the question involves matters of law:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in exercise of the powers conferred upon him by the section aforesaid, and having before him the opinion of the Solicitor-General on the question in issue, doth hereby determine the same by deciding that in countersigning cheques on the Foreign Imprest Account the Audit officer is not concerned with the nature of the service or with the knowledge of the Treasury, and may lawfully countersign cheques in payment for any service, whether authorised or not, and whatever the knowledge of the Treasury, if the payment when charged to General Imprest does not make the balance unaccounted-for exceed sixty thousand pounds, and that consequently the draft for three thousand pounds may lawfully be paid for by cheque drawn on the Foreign Imprest Account, and charged to General Imprest, and that it is the duty of the Audit officer to countersign the cheque accordingly.

Given under the hand of His Excellency the Governor, at the Government House, at Wellington, this twenty-first day of June, one thousand nine hundred and two.

J. G. WARD.

No. 15.

The Audit Office.

GOVERNOR'S Warrant herewith for your information and guidance. If you will send me a telegram instructing the Audit officer in London to countersign I will have it coded and forwarded forthwith in lieu of the one you proposed to send, and which is attached to these papers.

JAS. B. HEYWOOD.

23rd June, 1902.

No. 16.

Telegram sent as follows:—

23rd June, 1902.

AUDITOR, care Agent-General for New Zealand, London.—Governor, under section 9 of "The Public Revenues Acts Amendment Act, 1900," determined Pilcher's draft £3,000 Coronation expenses shall be charged to General Imprest, and such determination must be obeyed and cheque countersigned.

WARBURTON.

No. 17.

The Hon. the Colonial Treasurer.

Audit Office, 25th June, 1902.

Pilcher's Draft for £3,000, Coronation Contingent Expenses.

THE Governor having determined, under section 9 of "The Public Revenues Acts Amendment Act, 1900," that the draft for £3,000 shall be charged to General Imprest, a telegram was yesterday despatched to the Audit officer informing him so; and the Controller and Auditor-General will, in ordinary course, lay before Parliament, in accordance with the provisions of the Public Revenues Act, a copy of the correspondence on the subject.

As, however, the Solicitor-General advises it to be according to law that the Treasury should treat the statutory provision for unauthorised expenditure as a vote under the Public Revenues Act, and appears to be of opinion that the payments authorised by requisition to be made by cheque on the Foreign Imprest Account, out of moneys issued by way of general imprest, include payments, not authorised by any other requisition, of moneys to be expended in excess of or without the appropriation of Parliament, and as such advice and opinion are considered by the Audit Office to indicate that the requirements of the Act relating to unauthorised expenditure, and to the issue of moneys by way of general imprest, call for more explanation, the Controller and Auditor-General begs leave respectfully to offer it.

Section 63 of the Act provides that "all sums transferred to the Foreign Imprest Account shall be charged so far as possible against the votes, but moneys may be issued by way of general imprest of which the balance unaccounted-for shall not at any time exceed £60,000." According to the definition in section 3 of the terms of the Act, "'Vote' means any sum of money appropriated to the public service by the Annual Appropriation Act, or any other Act sanctioning the expenditure of public money." Section 78 provides for the case of "moneys expended as unauthorised expenditure under the provisions of this Act, if not sanctioned by Parliament in the session in which the account of the same is required to be rendered."

From these provisions it is clear that the word "vote" as defined by the Act must exclude the statutory provision for the unauthorised expenditure. And, indeed, section 48, in providing that orders shall be issued for such expenditure, describes it expressly as "the payment of vouchers in excess of or without appropriation of Parliament." There is accordingly nothing in the Act to warrant the provision of section 63—"moneys may be issued by way of general

imprest"—being interpreted as a provision for any but expenditure chargeable to votes, and nothing consequently to warrant the provision for unauthorised expenditure being construed or treated as a vote. The moneys, though they are not charged to votes, are regarded as issued for expenditure on services which Parliament has sanctioned by votes.

The votes by which Parliament sanctions its expenditure may lawfully be exceeded, while the moneys expended under the provision for unauthorised expenditure must not exceed the limit of £150,000 in any one year. There may be expended, on service-payments defined by the votes, moneys in excess of the appropriation, moneys for which the provision for unauthorised expenditure is made.

The unauthorised expenditure cannot exceed the statutory limit if the statutory requirements are observed. It was known to the Minister, for the service of whose Department payment of the draft in question was to be made, that the expenditure was necessary to the public service; and section 47 of the Act requires that, whenever it appears to him thus to be necessary, he "shall make a statement in writing setting forth the reasons rendering such expenditure necessary, and shall submit the same to the Treasury, and the Treasury, if it approves the same, shall send it, together with the requisition, to the Audit Office"; and the next section, 48, provides that "The Audit Office shall, upon such requisitions and statements, from time to time issue orders for the payment of vouchers in excess of or without the appropriation of Parliament," &c. Thus do the two sections 47 and 48 prescribe the conditions necessary to the issue of the orders without which no payment can lawfully be made of vouchers for unauthorised expenditure, and make it the duty of the Audit Office to issue such orders only when those conditions have been observed; and when it is considered that the Administration has to obtain for its expenditure under the provision for unauthorised expenditure the subsequent sanction of Parliament, the Minister's statement in writing setting forth the reasons rendering such expenditure necessary, and the Treasury approval of such statement, cannot but be regarded as reasonable statutory precautions to be taken by the Administration as soon as the expenditure appears necessary, and before it is authorised to be paid. The requirements of the sections are reasonable and complete; and it is obvious that compliance with them is all that is necessary to keep within the statutory limit the moneys expended in excess of or without the appropriation of Parliament.

When the conditions of the provision for unauthorised expenditure are explained, and the difference between such provision and a vote is clearly understood, the requirements of the Act need little interpretation. Except the charges of the public debt, the claims upon the Government in London are paid out of the Foreign Imprest Account; and section 64 of the Act provides that "No money shall be drawn from the Foreign Imprest Account except by cheque of the Agent-General countersigned by an officer of the Audit Department, who . . . shall not countersign any such cheque except for payments authorised by a requisition as aforesaid." The Audit officer, accordingly, before he countersigns a cheque, must, of course, pass or audit the relative voucher—that is, he must in every case satisfy himself that the proposed payment is authorised by a requisition; and he could not have been held blameless by the Audit Office if, without being satisfied that the payment authorised by a requisition for the issue of moneys by way of general imprest included the payment of vouchers for unauthorised expenditure, he had passed the voucher and countersigned the Agent-General's cheque for the draft merely on the Treasury direction to the Agent-General to make the payment as a charge to General Imprest.

From the foregoing explanation the statutory requirements will be seen to be such that, before the Governor's determination that the draft was to be charged to General Imprest, the Audit Office would not have been justified in replying to its officer's inquiry that the expenditure could lawfully have been so charged, and the cheque could not lawfully have been countersigned. The position of the draft would consequently not have been altered if the Treasury had allowed the Audit Office reply to its officer to be forwarded. The draft would have been unpaid in any case, pending the Governor's determination, or the issue of a requisition that would authorise the payment.

The Controller and Auditor-General ventures, however, to ask for the Minister's assurance that such telegrams to places beyond the colony as may henceforth be forwarded by the Audit Office for transmission through the Treasury will not be arrested, for they are generally so forwarded merely in order that expense may be saved by the use of the Treasury code.

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