

1902.  
NEW ZEALAND.

## PAYMENTS OUT OF UNAUTHORISED EXPENDITURE FOR TELEGRAPH-EXTENSION

(CORRESPONDENCE BETWEEN AUDIT OFFICE AND TREASURY RELATIVE TO).

*Presented to both Houses of the General Assembly by Command of His Excellency.*

The CONTROLLER AND AUDITOR-GENERAL to the Hon. the SPEAKER OF THE HOUSE  
OF REPRESENTATIVES.

Audit Office, 22nd August, 1902.

THE Controller and Auditor-General has the honour respectfully to inform the House of Representatives that the expenditure entered in the Public Accounts for the quarter ended the 30th June, 1902, excludes some payments made through the Post Office before the close of that quarter for the service of telegraph-extension, because they were payments of unauthorised expenditure which the state of the Unauthorised Expenditure Account precluded from entry; and he begs leave to submit a copy of the correspondence on the subject.

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

The Honourable the Speaker of the House of Representatives.

### No. 1.

The Treasury.

THE expenditure in respect of which these requisitions propose to transfer the charge from the Consolidated Fund to the Public Works Fund has, of course, been paid by the Post Office out of moneys not issued as a charge to the Public Works Fund, and the requisition No. 3A comprises vouchers for payments made as far back as February last to the amount of £12,023 3s. 9d. It appears, moreover, that requisition No. 3A was originally prepared on the 26th May last.

The Treasury will oblige by furnishing an explanation of the delay in accounting for the payments, and of the use in making them of moneys which did not come out of the Public Works Fund.

J. K. WARBURTON, C. & A.-General.  
28/7/1902.

### No. 2.

Audit Office.

THE reason for the delay is not far to seek. Until imprest supply was obtained only a limited amount of the expenditure made by the Post Office could be brought to charge in our books.

The Post Office obtains large imprests from time to time, and these are charged against their votes in accordance with the estimated expenditure. It happens, however, with the Post Office, as with other branches of the service, that the actual expenditure is not precisely in accordance with the estimate, hence the necessity for transfer.

JAS. B. HEYWOOD.  
28th July, '02.

### No. 3.

The Hon. the Colonial Treasurer.

Audit Office, 29th July, 1902.

IT is submitted that the matter is more serious than it is made to appear to the Audit Office in the Treasury minute of yesterday.

The facts are that vouchers for £12,033 3s. 9d. out of the whole amount of the vouchers for £29,390 7s. 10d. comprised in the four requisitions were passed by the Audit Office in April; that the vouchers for the whole amount appear to have been passed in ample time to be entered in the Public Accounts of last quarter; that as much as £25,678 4s. 2d. out of the whole amount could only have been entered as unauthorised expenditure; but that the amount of the payments which have been charged to the Unauthorised Expenditure Account in last quarter came within the limit of £150,000 by no more than £494 10s. 2d.

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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