

1. Whether a voucher for payment of an amount by cheque on the Public Account, signed by the payee, could disappear without any record of its existence or payment being left in the departmental books or records.

2. Whether in the years 1903-4 a voucher was issued in favour of Captain Seddon for payment to him at Christchurch out of the Public Account of a sum of between £70 and £80 (or any other sum), for the reorganization of Defence Stores or for any other service.

3. Did Captain Seddon ever claim or receive any such payment or sign any such voucher?

We began the inquiry into these questions at Wellington on Monday, the 23rd October, 1905, and concluded it on Monday, the 6th November, the Commission having been formally read at a public sitting of the Commissioners on Wednesday, the 18th October, 1905.

The inquiry was conducted in open Court.

Under the powers in that behalf contained in the Commission, we decided that the following Departments and persons should be permitted to appear as parties to the inquiry: The Audit, Treasury, and Defence Departments of the public service of the colony; Captain R. J. S. Seddon, who, it was alleged, had claimed and received upon the voucher referred to in question 2 the moneys for which such voucher was issued; Mr. F. M. B. Fisher, M.H.R., who had in the House of Representatives made the allegation stated in question 2; and Mr. Joseph Willis, an official at Christchurch in the service of the Postal Department, upon whose authority such charge had been made, and who had alleged at an inquiry held by the Auditor-General that such a voucher as the one referred to in question 2 could be passed and paid, and disappear, without any record of its existence or payment being left in the departmental books or records.

The parties were informed that, upon application to us, we would apply to the Colonial Secretary, under the provisions of "The Commissioners Act, 1903," for authority to summon, and would summon, all material and necessary witnesses whose attendance was required for the purposes of the inquiry, and that we would require the production of all books and documents which were shown by any of the parties to be material and relevant to the inquiry.

The Audit, Treasury, and Defence Departments of the public service were represented by counsel throughout the inquiry; so also was Captain Seddon. Mr. Fisher was represented by counsel on the 21st, 23rd, and 24th October, and from that time appeared in person. Mr. Willis appeared throughout the inquiry in person. All the parties to the inquiry were allowed, and exercised, full opportunity to examine and cross-examine witnesses upon matters in any way relevant to the questions into which we were authorised to inquire, and upon which we were empowered to report.

In answer to the first question, we report to Your Excellency that it has been fully established that no public moneys can be paid out of the Public Account of the colony without a record of their payment being found in the departmental books and records, and that no voucher for the payment of public moneys out of the Public Account of the colony can be authorised, passed, or paid without a record of its existence or payment being left in the departmental books and records.

We have come to this conclusion not only upon the evidence adduced before us by the parties, but also upon a personal examination at the departmental offices, in the presence of Mr. Fisher and Mr. Willis, of the manner in which claims upon the Public Account are examined, approved, audited, passed, and paid.

As the matter is one of great public importance, we think it advisable to set forth in detail the particulars of this system.

When a person makes a claim for payment out of the Public Account for money payable to him, such claim must, under section 44 of "The Public Revenues Act, 1891," be put into a voucher, certified and authorised by the proper officers whose duty it is to certify and authorise the same, and sent to the Audit Office. The Audit Office must be satisfied (1) that the voucher is in due form, and that the computations therein are correct; (2) that the payment is authorised by the Minister for the time being administering the Department for which the service is performed or articles supplied, or by some person duly appointed by him to authorise the same; and (3) that the expenditure is charged upon the voucher against the proper vote and fund provided by Parliament for the same. When the Audit Office is satisfied that these requisites have been complied with, it shall pass such voucher, and send it to the Treasury.

The voucher upon which such claim is made is in the form marked A annexed to this report. This voucher is made out by the claimant to the particular Department for which the service is performed, and must contain the date, and particulars of the service, and the amount claimed. It must be signed by the claimant, whose address must also be given, and a certificate upon the voucher to the truth and correctness of the account, the performance of the service, and the reasonableness of the charge must be signed by an officer of the Government authorised to certify. This certificate having been signed, the voucher is then forwarded to, or presented at the office of, the Department for which the service was performed.

Upon its receipt at the office it is stamped with the date of receipt, and receives a departmental number. Particulars of the voucher are then entered in a book called the "Register of Claims." The particulars entered are (1) the date of receipt of the voucher, (2) the departmental number of the voucher, (3) the name of the claimant, (4) particulars of the claim, (5) the date of service or supply, and (6) the amount of the claim. The voucher is then delivered by the clerk whose duty it is to keep the Register of Claims to the officer of the Department whose duty it is to examine the details of the voucher. He checks the computation and sees that it is correct, and that there is a general or special authority for the service or supplies. Having ascertained that in these respects the voucher is correct, he enters on the voucher, in the place provided for that purpose, the vote and item to which the voucher is to be charged. This having been done, the voucher is passed on to the approving officer of the Department, who is either the Under-Secretary, or an officer acting for the Under-Secretary. The approving officer, on being satisfied that the voucher