

SESSION II.  
1906.  
NEW ZEALAND.

ALLEGATIONS MADE BY F. M. B. FISHER, ESQ., M.H.R.  
(REPORT OF THE COMMISSIONERS APPOINTED TO INQUIRE INTO).

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

COMMISSION.

PLUNKET, Governor.

To all to whom these presents shall come: Greeting.

WHEREAS it has been alleged that the Audit system of checks and records in connection with the issue and payment of public money is inefficient and defective, and that by reason thereof it is possible that in cases where vouchers are issued for payment of moneys out of the Public Account, and the moneys are paid pursuant thereto, the departmental books and records may fail to show any trace thereof:

And whereas it has been further alleged that such a case actually occurred in the year 1904, when (as alleged) a voucher of between £70 and £80 was issued in favour of Captain R. J. Seddon for the reorganization of Defence Stores, and the money was paid to him at the Chief Post-office in Christchurch, although on investigation and search being made no record or trace of any such voucher or payment could be found by the Audit Department:

And whereas it is expedient that inquiry should be made into the questions above referred to:

Now, therefore, in exercise of the powers conferred upon me by "The Commissioners Act, 1903," and the amendments thereof, and of all other powers and authorities enabling me in that behalf, I, William Lee, Baron Plunket, the Governor of the Colony of New Zealand, acting by and with the advice and consent of the Executive Council of the said colony, do hereby appoint their Honours

Sir ROBERT STOUT, Chief Justice;

JOSHUA STRANGE WILLIAMS, Esquire, Judge of the Supreme Court of New Zealand;

JOHN EDWARD DENNISTON, Esquire, Judge of the Supreme Court of New Zealand;

WORLEY BASSETT EDWARDS, Esquire, Judge of the Supreme Court of New Zealand;

THEOPHILUS COOPER, Esquire, Judge of the Supreme Court of New Zealand; and

FREDERICK REVANS CHAPMAN, Esquire, Judge of the Supreme Court of New Zealand,

to be a Commission, or such of them, not being less than three, as undertake the burden of this Commission, to inquire into and report upon the questions,—

- (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?

And for the better enabling the Commission to carry these presents into effect, I hereby direct as follows:—

- (a.) That the Commission is empowered to make and conduct the inquiry under these presents at such times and places and in such manner as it thinks expedient, and if deemed advisable by you, such inquiry is to be open to the public.
- (b.) That the Commission shall have power to cite parties interested in the inquiry, to summon witnesses, administer oaths, hear evidence, and to order the production of departmental books and vouchers relating to the subject-matter of the inquiry.
- (c.) That the Commission may permit any person whom it considers is sufficiently concerned in or affected by the inquiry to appear as party thereto, and every such party may appear in person or shall be entitled to be represented by counsel.
- (d.) That the Commission may make such recommendation as it thinks fit respecting the costs of the parties and witnesses in the inquiry.
- (e.) That these presents shall continue in full force and effect, although the inquiry may not be regularly continued from time to time or from place to place by adjournment.
- (f.) That these presents shall be deemed to be issued under "The Commissioners Act, 1903," the provisions of which and the amending Act, 1905, shall accordingly apply.

And using all diligence the Commission is requested to transmit to me, under the hands of its members, its report on the several questions inquired into by it under these presents not later than the thirtieth day of October, one thousand nine hundred and five, or such extended date as may be hereafter named by me in that behalf.

Given under the hand of His Excellency the Right Honourable William Lee, Baron Plunket, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Royal Victorian Order, Governor and Commander-in-Chief in and over His Majesty's Colony of New Zealand and its Dependencies; and issued under the Seal of the said Colony, at the Government House, at Wellington, this sixteenth day of October, in the year of Our Lord one thousand nine hundred and five.

Approved in Council,  
J. F. ANDREWS,  
Acting Clerk of the Executive Council.

R. J. SEDDON.

## REPORT.

MY LORD,—

Judge's Chambers, Wellington, 10th November, 1905.

I have the honour to forward to you the report of the Commissioners acting under the Commission dated the 16th October, 1905, issued to the Judges of the Supreme Court of New Zealand.

I have, &c.,

J. E. DENNISTON, J.,

Chairman of the Commission.

His Excellency the Governor, Auckland.

Judge's Chambers, Wellington, 10th November, 1905.

To His Excellency the Governor of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY:—

It having been alleged that in the year 1904 a voucher for the payment of public moneys amounting to between £70 and £80 was issued in favour of Captain R. J. S. Seddon for the reorganization of Defence Stores, and that the money was paid to him at the Chief Post-office, Christchurch, and that the Audit system and records in connection with the issue of public money is inefficient and defective, and that vouchers may be issued and public moneys may be paid thereon out of the Public Account, and that the departmental books and records may fail to show any trace thereof, Your Excellency, by and with the advice of the Executive Council, was pleased to issue a Commission to their Honours the Judges of the Supreme Court of New Zealand, or to such of them, not being less than three, as should undertake the burden of the said Commission, to inquire into and report upon the questions stated in the said Commission, to which we shall presently refer in detail.

We have therefore the honour to inform Your Excellency that, under the terms of the said Commission, we have undertaken the burden thereof, and we now beg to report as follows:—

We were authorised and empowered under the said Commission to inquire into and report upon the following questions:—

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

is correct, and that the service has been duly performed and has been properly authorised, approves the voucher by signing his name and affixing the approval stamp. The amount approved, the date of approval, and the vote and item against which the amount is charged, and any remarks a record of which may be necessary are then entered in the Register of Claims.

Every voucher passing through every Department is thus dealt with in each Department, a separate Register of Claims being kept in each Department.

We may mention that this Register of Claims is prescribed by the Treasury Regulations, and the form is given in the Fifteenth Schedule to the Regulations.

An Expenditure-book, containing substantially the same particulars as are entered in the Register of Claims, is also kept.

These two books, the Register of Claims and the Expenditure-book, operate as a check each upon the other, and they are kept by separate officers.

After the voucher has been signed by the approving officer, and its particulars entered as stated, it is passed on to the Audit Office. It is then examined by an examining clerk, and he checks the computations, the certificates, the particulars of the vote and item to which the amount is to be charged, and ascertains that the requisites prescribed by subsections (1), (2), and (3) of section 44 of "The Public Revenues Act, 1891," have been complied with. Upon being satisfied on these points, he initials the voucher, and it is then sent to the Assistant-Controller and Auditor. He scrutinises the voucher, and satisfies himself that it is in order, and then initials it. It is then taken back to the main office of the Audit Department, and is stamped by the proper officer with the Audit stamp. It is then sent to the Treasury.

It is then handed to the examining clerk, who examines the address of the claimant, and the branch of the bank upon which the cheque for payment is to be drawn, and whether or not the payment is to be made to an authorised agent. It is then handed to the senior clerk, who examines it to ascertain whether it has duly passed the Audit and has been authorised for payment. It is then numbered with the Treasury number, and its particulars are entered by the proper officer in a Register of Abstracts. These particulars are the date of entry, the number of the voucher, the name of the claimant, the particulars of service, the date of service, and the amount. The entry folio of this book is placed upon the voucher. Abstract Books are kept for each vote. The voucher is then handed to the requisition-writer. He prepares a requisition in the form prescribed in the Fourth Schedule to "The Public Revenues Act, 1891." This requisition is addressed to the Controller and Auditor-General. Attached to this requisition is a list or specification of the individual items making up the total sum required. Each item is supported by its relative voucher, and each voucher is called over by an officer of the Department with another officer, and checked by such item. The requisition is then forwarded, with the specification of the items and the voucher for each individual item, to the Audit Office. At the Audit Office the requisition is examined, and the additions checked; each voucher is checked with the corresponding item in the specification, and when it is ascertained that the amount asked for in the requisition accurately corresponds with the total of the items contained in the specification, and that these items are each represented by a voucher previously passed by the Audit Office, the requisition is sent back with the vouchers to the Treasury. Upon arrival at the Treasury the vouchers are then handed to the cheque-writers, who sort the vouchers according to the various branches of the bank upon which the cheques are to be drawn, and then the cheques are written out by the cheque clerks. The cheques are all payable to number, and the particular number of each cheque is inserted in the form of acquittance at the foot of the particular voucher in respect of which the cheque is payment, and each cheque is thus definitely identified with each voucher. Each cheque is then pinned to its particular voucher. A book is kept in the Treasury called the "Bank Ledger." The vouchers, each with its corresponding cheque, are then handed to the officer or officers whose duty it is to keep the Bank Ledger. The dates of the cheques correspond with the date of entry in the Treasury books, and the date of each cheque, the amount of each cheque, and the name of the countersigning officer and his official description is entered in the Bank Ledger. A schedule of these cheques is then made out, and is an exact copy of the entries in the Bank Ledger. This is called the "Bank Advice." The vouchers and cheques are again called over with the Bank Advice. The total amount of these cheques is the total amount of the Bank Advice, and that amount is the amount of the requisition. A Bank Order is then prepared, and this shows the total amount of cheques drawn on each particular branch, and consequently the total amount of the cheques entered in the schedule called the "Bank Advice." An abstract of the requisition is then made in the Issue Requisition-book of the Treasury Department, and the requisition is then sent to the Paymaster-General for signature, with the Bank Order. The requisition, after being examined by the Paymaster-General, is signed by him, and it, with a schedule showing each cheque the payment of which is to be authorised by the Bank Order, and the Bank Order, are then forwarded to the Colonial Treasurer, who signs the requisition and the Bank Order. The Auditor-General has also to sign both the requisition and the Bank Order, and for that purpose these are, after being signed by the Paymaster-General and the Minister, forwarded to the Audit Department with the accompanying schedule. The requisition and the Bank Order are, after examination by the proper Audit officer, signed by the Auditor-General. He retains the requisition with the schedule attached, and forwards the Bank Order to the Treasury. The Bank Order is the warrant to the Bank of New Zealand to pay out of the Public Account a total sum representing the total amounts payable at each particular branch. The Bank Advice is the detailed statement of every cheque which is payable at each such branch, and the total amount of the Bank Advice is the exact total of the Bank Order. The Bank Order and the Bank Advice are forwarded to the Head Office of the Bank of New Zealand. The Head Office forwards to each branch a schedule showing the amount and number of each cheque payable at such branch. The cheques attached to each voucher are signed by the proper officer of the

Treasury, and called over with the respective vouchers; and the number of each voucher, the number of each cheque, and the address of each claimant or of his authorised agent is entered in the Address Register. Each cheque is detached from its voucher, placed in an envelope properly addressed, and posted to the claimant. Each cheque contains the name of the officer by whom it is to be countersigned, and the voucher relating to such cheque is forwarded to the countersigning officer. Upon the presentation of the cheque by the claimant, or his authorised agent, to the countersigning officer, such officer obtains the signature of the claimant, or of his authorised agent, to the acquittance at the foot of the voucher, and then countersigns the cheque, and the cheque is then payable upon presentation at the bank. The voucher is then returned by the countersigning officer to the Treasury, and bound up with others in consecutive order, and it remains from that time in the Treasury Department. In Christchurch it is the practice of the countersigning officer, who is the Chief Postmaster, to keep a record of all vouchers forwarded to him and returned by him to the Treasury. Each advice to each branch of the bank is exactly exhausted as soon as all the cheques referred to in such advice are presented and paid. If, as occasionally happens, cheques are not presented for some time, the bank has an exact record of the outstanding cheques, and if at a lapse of twelve months an outstanding cheque has not been presented it is the practice of the Department to withdraw the authority to pay.

It is therefore apparent that, under the system above described, no cheque can be countersigned or paid unless it is supported by a voucher; that no authority can be given to the bank to pay it unless the number of the cheque, its date, its amount, and the number and amount of the voucher are included in the Bank Advice and in the Treasury Bank Ledger, and also in the schedule of payments attached to the requisition and retained in the Audit Department; that no voucher can be passed by the Audit Department unless it is certified by the certifying officer, and approved by the approving officer; and that independent records of each voucher, showing the date of its receipt, the particulars of service, the name and address of the claimant, the amount of the claim, the amount approved for payment, the date of approval, and the vote and item of the vote against which the amount is charged, are kept, both in the Department against which the charge is made and in the Treasury. And it is important to notice that each cheque is absolutely identified with its relative voucher by the fact that the number of the cheque, as well as its amount, is entered in the acquittance at the foot of the voucher before the voucher or the cheque is forwarded from the Treasury. We are satisfied that this system is strictly carried out, both in the Treasury and in the other Departments, and that no voucher can pass through these Departments without a record being found in the Department for which the service was performed and in the Treasury books, and that no cheque can be paid by the bank which cannot, without difficulty, be identified with its particular voucher.

The second and third questions referred to us under the Commission are:—

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; and did Captain Seddon ever claim or receive any such payment, or sign any such voucher?

The alleged voucher is stated by those who claim to have seen it to have been seen at the Christchurch Post-office at some period prior to the 9th December, 1904, and subsequent to the month of November, 1903, and to have been for a sum of between £70 and £80, for the reorganization of Defence Stores at—according to Messrs. Willis and Larcombe—Wellington, and to have been in form, appearance, and requisites a genuine voucher, resulting in an actual payment.

We shall refer presently to the evidence of these witnesses.

It has been proved that there is no entry of any such claim or voucher in the books of the Departments. These books have been examined in a careful and systematic manner by competent persons, who have been examined and cross-examined before us, and their evidence has established the fact that no such entry exists.

The Register of Claims kept in the Defence Department, and the Expenditure-book, also kept in that Department, and the Register of Abstracts kept in the Treasury have been available for Mr. Willis's inspection, and we are satisfied that a full opportunity has been given to him to ascertain for himself whether or not such a claim or voucher has been recorded.

All payments made to Captain Seddon out of the Public Account during the period in question have also been examined, and the vouchers supporting such payments produced, and inspected by Mr. Willis and Mr. Fisher, and have been put in evidence in this inquiry; and none of these payments or vouchers are for any service or amount such as Mr. Willis, Mr. Larcombe, and Mr. West allege they saw stated in the voucher referred to by them, nor for any payment made in Christchurch, nor resulting in any cheque countersigned by any Christchurch official.

The alleged voucher must, if it existed, have been forwarded by the Treasury to Mr. McBeth, the Chief Postmaster at Christchurch, in order that he might, on obtaining a duly signed acquittance, countersign the cheque; and the cheque, if it existed, must have been upon the Christchurch Branch of the Bank of New Zealand. This is admitted by Mr. Willis and Mr. Fisher.

The vouchers for the period stated have been examined, and there are none during that period in favour of Captain Seddon for the reorganization of Defence Stores, or for any payment at Christchurch. It has been admitted that the alleged voucher was for a sum of between £70 and £80, and for the period between the 1st December, 1903, and the 9th December, 1904; and, in order that a full margin for error might be allowed, every cheque issued on the Christchurch Branch of the bank during that period for sums of from £40 to £100 has been compared, each with its relative voucher, and full opportunity has been given to Mr. Willis to inspect and compare each such cheque and voucher. The departmental examination covered, indeed, a much wider range—namely, from April, 1903, to June, 1905—and the result of these examinations has been proved to be that there is no entry of any such claim or payment, that no cheque was issued for any such

claim or payment, that no voucher existed for any such claim or payment, and that the payments to Captain Seddon supported by the vouchers already referred to are the only payments made to him during the period in question. Captain Seddon gave evidence before us, and was cross-examined by both Mr. Fisher and Mr. Willis. He stated emphatically that he had never performed any such service as that alleged, that he had never claimed for any such service, that he had never signed any acquittance to any voucher in Christchurch, nor received any cheque countersigned by any Christchurch official. Mr. Fisher without hesitation admitted that he was satisfied with Captain Seddon's evidence, and that he now fully believed that Captain Seddon had never received any payment for, nor made any claim for, the reorganization of Defence Stores, and also that, if he (Mr. Fisher) had had prior to the 28th July, 1905, the information he had obtained during the course of this inquiry, he would not have made the charge made by him in the House. Mr. Willis also admitted, but not so freely, that no such claim or payment had been made to or by Captain Seddon.

During the early part of the inquiry it was suggested that the voucher alleged to have been seen at the Christchurch Post-office might have been for a payment made out of Imperial moneys, and that, therefore, the searches made could not, however careful, have been exhaustive.

Payments made on behalf of the Imperial War Office during the years 1903-4 were not audited by the Audit Office of this colony, an arrangement having been come to between the New Zealand Government and the Imperial authorities by which this audit was dispensed with. Full particulars of this arrangement, and of the reasons for it, appear in the printed paper, 1902, B.-2, "Imperial War Office Expenditure (Report of Controller and Auditor-General as regards Audit of). Laid on the Table by Mr. Speaker." Payments on behalf of the Imperial War Office were, however, although a New Zealand audit was dispensed with, made by cheques upon the Public Account, and all claims and vouchers were duly recorded. Up to the 1st December, 1903, the claims upon this fund went through the Defence Department, and a record of each claim with its accompanying particulars was entered in the Register of Claims and in the Expenditure-book of that Department. Since the 1st December, 1903, there has been a separate office for such claims, known as the Imperial Pay Branch, in charge of Mr. B. F. Mabin, and every claim received from that date is recorded, with its accompanying particulars, in a register kept by Mr. Mabin. Every claim, both before and since that date, certified and approved is also recorded with particularity in the Register of Abstracts kept by the Treasury Department. Mr. Willis has been allowed the opportunity of inspecting the entries in these books. These registers have been examined, and it has been proved that the only payments made out of Imperial funds to Captain Seddon between the 1st December, 1903, and the date of this inquiry are the sums of £4 5s. on the 27th February, 1905, for an amount due for field allowance in South Africa, and £22 0s. 1d. on the 24th June, 1905, for arrears of Imperial pay while in South Africa. If any other payments had been made they must have been recorded, and the record could not have escaped discovery. The suggestion, which was not strongly insisted on, is moreover irreconcilable with the purely local nature of the service alleged to have been the subject-matter of the alleged voucher.

It was also suggested that the payment alleged to have been made might have been out of an imprest account, and so have escaped discovery.

This is an impossible contention. An imprest account is created where a sum of money is placed by the Treasury to the bank credit of an imprestee by Bank Advice. No cheque is used for the purpose of opening such an account. The amount so placed to his credit at the bank is debited against him in the Treasury books. The imprestee operates on the bank account by his own personal cheque, as on a private account, and this cheque requires no countersignature. His expenditure is accounted for by voucher prepared, certified, approved, and audited in the ordinary way, but he does not receive a cheque for the amount, he having already drawn it from his imprest account, and the amount of such voucher is credited to him in the Treasury books, and any balance remaining of the amount imprested to him is accounted for by him, either by repayment into the Public Account, or by subsequent expenditure, supported by proper vouchers. Every voucher supporting a payment out of imprest money is recorded in the Register of Claims and Expenditure-book of the particular Department, and in the books of the Treasury. Such a voucher is never forwarded to a countersigning officer, inasmuch as no cheque on the Public Account is drawn for the payment. But the voucher alleged in this case was, if it existed, clearly not one supporting an imprest account, the allegation being that it was a voucher forwarded to a countersigning officer for the purpose of obtaining an acquittance by the claimant, and countersigning the cheque. It has also been proved that Captain Seddon never had an imprest account.

We therefore find that it has been established that no voucher was in the years 1903-4 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 at Wellington, or for any other service, and that Captain Seddon has never claimed or received any such payment, or signed any such voucher.

Having come to this conclusion upon evidence which has demonstrated the impossibility of the existence of a genuine voucher, such as has been alleged to have been seen by Messrs. Willis, Larcombe, and West, it is not actually necessary to deal with the evidence by which the existence of such a voucher has been endeavoured to be substantiated, but we think it advisable to refer to such evidence. This evidence has been given by Messrs. Willis, Larcombe, West, and London.

Mr. London states that some time in the year 1904, at what particular period he cannot say, but he thinks it was in January, and while he was employed in the Chief Postmaster's room at Christchurch, he saw a voucher, and that the receipt purported to be signed "R. J. S. Seddon." He remembers nothing else. He cannot state the amount of the voucher, nor for what service it was made out, nor any of the details connected with it. He says that in the signature the "R," "J," "S," and "Seddon" were all clear and distinct, and were not run together at all, and that the signature, although possessing some similarity to Captain Seddon's signature when he signs

“R. J. S. Seddon,” was in a boyish hand, and was not like any of the signatures appearing to any of the genuine acquittances produced before us signed by Captain Seddon. He admits that it was not until after Mr. Fisher made his speech in the House of Representatives at the end of July, 1905, that he recalled this incident to his memory, and that prior to, and at the time, and since the time when he alleged he saw the voucher, he handled a great number of other receipted vouchers, but cannot recollect the name or signature to any one of them.

Mr. Larcombe, also an official in the Chief Post-office, Christchurch, states that in the year 1904 it was his duty at times to clear the Chief Postmaster's basket of all correspondence and receipted vouchers dealt with, and that on one occasion in clearing the basket he came across a receipted voucher which, to the best of his belief, was headed “Captain R. J. S. Seddon,” and was for the reorganization of Defence Stores. He says that he took this voucher to Mr. Willis, and that Willis examined it and commented upon it in his presence, and drew his attention to the fact that the service claimed was stated to have been performed in Wellington, and that he (Larcombe) then took the voucher to the Chief Postmaster's room, and put it where receipted vouchers were placed. He states that he then mentioned the matter to Mr. West, and that Mr. West went and saw the voucher, and that he also on the same day mentioned the matter to his wife.

Mr. Willis's evidence is that some time during the year 1904 Larcombe brought the voucher to him, and he (Willis) saw that it was made out in favour of Captain R. J. S. Seddon, and duly receipted “R. J. S. Seddon,” and that the particulars in the body of the voucher stated that it was for the reorganization of Defence Stores in Wellington, and for an amount something over £70; that he took it to a window and examined it closely, and discussed it for some five or six minutes with Larcombe, and that then Larcombe took it back to the Chief Postmaster's room. Afterwards, he says, West went into that room and saw the voucher, and then came back and discussed it with him (Willis) and Larcombe.

Mr. West states that Larcombe asked him to go and look at the voucher, and that he did so, and examined it, and that it was a voucher in favour of Captain R. J. S. Seddon, for an amount exceeding £70, for the reorganization of Defence Stores.

Willis and Larcombe each state in affidavits made by them on the 4th August, 1905 (printed in the report of the proceedings before the Auditor-General) that the amount was charged against the Defence Vote, but that they cannot remember what part of such vote.

Willis, Larcombe, and West all state that the reason for their alleged scrutiny of the voucher was that they considered it an improper payment, because they thought that Captain Seddon was incompetent to perform the work charged for; yet, although Willis was an active Volunteer officer, and all were daily in the habit of handling vouchers, no one of them is prepared to state who was the certifying officer, or who the approving officer, to a voucher which they say attracted their attention as one for an improper payment. It is hard to understand how their memories can be defective in respect to this important and prominent feature in a voucher. If their examination of the document was so incomplete that these essential matters were not noticed by them, very little reliance can be placed upon what they state concerning the other matters; if their memories are so defective that they have forgotten who it was who certified to the performance of the service, and who it was who authorised its payment, then the value of their recollection of the other matters stated by them suffers accordingly. It is sufficient for us to say that, had they been able to state the names of the certifying and approving officers, inquiry could have been made of these officers, and their failure or omission to give such information has closed this avenue.

No one of them is able to give any even approximate idea of the date at which they claim to have seen such a document. Although they say it *may* have been in the beginning of the year, they none of them will say whether it was in the summer, autumn, winter, or spring of 1904, each one preferring to rest upon the general statement that it was between the beginning of 1904 and the date of the hearing of the Seddon-Taylor case in December, 1904.

They all admit that it was the practice to enter the number and date of receipted vouchers in a record-book kept in the Christchurch Post-office, and apparently it would have been the duty of one or other of these witnesses to have entered this particular voucher; but an examination of this book demonstrates that no such voucher has been entered. The entries in this book have been compared with the Treasury record of vouchers sent to Christchurch in 1903-4, and agree with it, there being two minor clerical errors only—one in which 1d. is entered as 9d., and the other where £7 0s. 4d. is entered as £70 4s. If this voucher did in fact exist, no reason has been given by these witnesses why it should not have been entered in due course in this book.

In conclusion, we state that, it having been proved that no voucher corresponding in any particular with the one alleged to have been seen by these witnesses was ever brought into existence by or on behalf of Captain Seddon, the evidence of these witnesses can only be explained in one of three ways—(1) that they have knowingly stated what was untrue; (2) that they have been hoaxed by some one in some way lodging a bogus voucher in the Christchurch Post-office (this is the theory suggested by Mr. Fisher); and (3) that they have deceived themselves into the belief that some voucher, possibly a “Sneddon” voucher, seen by them was the voucher in respect of which they have given evidence.

It is not necessary under the terms of the reference for us to express, and we do not feel called upon to express, any opinion as to which of these possible explanations is the most reasonable.

Whatever may be the most reasonable explanation of the evidence of these witnesses, we find specifically that there never was any genuine voucher or document in the Christchurch Post-office which could have afforded any reasonable ground for the statements made by these witnesses.

We formally report, in answer to the questions referred to us by the Commission:—

1. That a voucher for payment of an amount by cheque on the Public Account signed by the payee could not disappear without a record of its existence or payment being left in the departmental books or records.

2. That in the years 1903-4 no 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 any other service.

3. That Captain Seddon has never claimed or received any such payment or signed any such voucher.

The Commission authorises us to make such recommendations as we think fit respecting the costs of the parties and witnesses in the inquiry.

We recommend that the costs of the Departments represented at the inquiry and of Captain Seddon be paid out of the Consolidated Fund.

We recommend that the witnesses, Messrs. Larcombe, West, and Lundon, be paid their expenses of attendance, including their steamer fare, such expenses to be allowed at the rate of 12s. a day, with an extra allowance of 3s. per night for each night on which they were necessarily absent from their respective homes.

Mr. Willis was in a peculiar position. He was made a party to the inquiry, and he has failed to establish or in any way justify the allegations made by him. Considering, however, the fact that the inquiry was of a public nature, and that he was a necessary witness, whose attendance and presence was required by the Court, and that his salary has ceased, he having been suspended from his office, we recommend that he be paid at the rate of 12s. a day from and including the 21st October, 1905, until and including the 7th November, 1905, with an extra allowance of 3s. for each night during that period that he was absent from Christchurch, together with his railway and steamer fares from Christchurch to Wellington and from Wellington to Christchurch.

We forward with this report a copy of the minutes of evidence taken at the inquiry.

We have, &c.,

J. E. DENNISTON, J.

W. B. EDWARDS, J.

THEO. COOPER, J.





**NOTE.**—Officers employed in the Public Service are required to alter the certificate as occasion may require before signing it, taking care that it is so worded as to afford assurance that the conditions upon which in each case the payment of the claim depends have been completely and satisfactorily fulfilled, thus:—

When the expenditure is incurred under a **CONTRACT**, it should be certified "that the charge is according to contract, and that the service has been satisfactorily performed."

In claims for **SUPPLIES**, add, "The supplies have been duly delivered, and are entered in my Departmental Property or Stores for Issue Return for the ending \_\_\_\_\_, 190 ."

In claims for **FOOD** or **PRESENTS** to Natives, add, "The supplies have been delivered to the Natives for whom they were obtained."

In claims for **TRAVELLING-EXPENSES**, insert, "I was travelling on the Public Service during the period for which the claim is made."

In claims for **FORAGE**, erase the whole certificate, and insert, "I certify that I actually kept a horse for the Public Service during the period for which the claim is made."

In claims for any other service, add, "The service has been duly performed."

Officers certifying abstracts will be held responsible for all errors in computation. (Section 63 of "The Treasury Regulations.") They are requested to observe that unless the foregoing instructions are strictly complied with the Audit Office will be unable to pass the account.

**SPECIAL ORDER TO PAY TO AGENT.**

**NOT TRANSFERABLE.**

\_\_\_\_\_, 190 .

I HEREBY authorise Mr. \_\_\_\_\_ (whose signature appears in the margin) to obtain the countersignature of a cheque of the Paymaster-General for the sum of \_\_\_\_\_

\_\_\_\_\_ payable to me, and to sign on my behalf a receipt for that amount.

*Signature of Claimant:* \_\_\_\_\_

Sixteenth Form.—Special Authority for Payment to an Agent.]

Signature of Authorised Agent:

Address:



*Approximate Cost of Paper.*—Preparation, not given; printing (1,400 copies), £8 6s.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1906.