

lency's warrant. This is the check imposed by the Imperial Legislature against the unauthorised issue of public moneys. No conventional arrangement between the Governor and the Ministry can relieve His Excellency of the charge which the Constitution Act imposes on the Representative of the Crown. The general principle of this control under a responsible Government is the entire separation of the guardianship of the Public Purse from the function of payment.

It will be seen in the Colonial Treasurer's statements that the expenditure in excess of the votes for the year 1857-8 is £1,165 13s. 1d., and for the year 1858-9, £9,008 12s. 6d., to which is to be added the issue of £5,000 in part payment of the claim made by the authorities in England on account of the Postal Service between Great Britain and Australia.

In reference to the irregular expenditure, the Auditor would observe that the ordinary expenditure of the Government is principally incurred under the authorisation of the Ministry. The expenditure in excess of the Grants of the General Assembly should, therefore, clearly be chargeable on the Minister from whose Department the order for incurring the expense is issued. Yet the Governor would seem to take the full responsibility of such expenditure when he issues his warrant for payment.

With a view to remove this anomaly, the Auditor recommends the accompanying regulations for adoption. Until, however, the gross revenues are paid into the hands of a Receiver-General, and there is a complete separation of the offices of Receiver and Paymaster, it does not appear practicable to adopt a complete measure. In the meantime the regulations proposed would provide against the Governor's incurring an undue liability, as His Excellency's warrant would not be issued except for legally authorised expenditure. Some such provisions are necessary, unless the Legislature is prepared to abandon the principle which in Great Britain the Commons have guarded with the greatest jealousy, the public monies shall not be issued on the Crown's warrant, except in pursuance of law.

In respect of supplies for the public service the Auditor finds that the materials, &c., for Barrack repairs are obtained in an irregular manner. By the regulations of the Lords of the Treasury for conducting the duties of the Commissariat Department, it is provided that all supplies whether for the Ordnance or other Military Departments, should be obtained, if possible, by public tender. This rule has not been followed since the cost of repairs of Barracks was made a charge on the Revenues of the Colony. Instead of these supplies being submitted to public competition, they have been furnished almost exclusively by three parties selected by the Commanding Engineer. It is unnecessary and would be invidious to call attention to all the objections which may be urged against this irregular mode of procuring supplies. Every Government which has fallen into it, has been obliged sooner or later to abandon it, as a system prejudicial to the public interests, and offensive from the patronage it gives to a single Officer of the Government. It is sufficient to notice that it is unjust to those Merchants and tradesmen who are excluded from participating in the advantages to be obtained from the Government Expenditure; and as regards the public purse, it deprives the Auditor of the usual means of determining whether supplies are obtained on the most reasonable terms.

The issues of public money to Mr. Commissioner McLean for Land Purchases from the Natives, have been treated by the Colonial Treasurer as final payments, without waiting for Mr. McLean to produce the vouchers and explanations necessary to pass his transactions into the Governor's warrant. This course has been considered the least objectionable that could be adopted. The purchases for which the Governor's warrant had not been obtained on the 30th of September, 1859, were about £36,000.

The defalcation of Mr. H. C. Blackmore has been transferred to the Loan account as a charge thereon. His name, therefore, no longer appears in the Deposit Accounts as a Debtor to the Treasury. The Auditor has not questioned the propriety of making this transfer, as it in no way relieves Mr. Blackmore of his obligations to the Crown.

There is an awkwardness in the mode in which the statements are prepared, which calls for notice. The Accounts should be those of the Colony of New Zealand as finally made up by the Colonial Treasurer: the accounts as rendered are those of the Colonial Treasurer;—a distinction and a difference of some importance as will be seen on reference to the Accounts. For instance in the General Account Current, the Revenues of the Colony instead of being brought to the credit of the Revenue Account are shewn as liabilities; and on the other hand, the appropriations are exhibited as credits. That is to say the Colonial Treasurer debits himself with all receipts, and claims credit for all expenditure. The awkwardness of this arrangement is seen when any one of the accounts are stated separately for the purpose of detail. For instance, in Statement No. 5, of 1857-8, the Treasurer found it necessary to reverse the Debtor and Creditor sides of the Account, although the items continue to stand on the same side of the Account as in the General Account Current, while in Statement No. 12, of 1858-9, the Debtor and Creditor are not reversed, but the items are. These discrepancies would be avoided by making the accounts those of the Colony; the effect of which would be that all receipts would be brought to credit (or to the charge side of the Account) and all issues to the Debtor (or discharge side of the Account).

CHARLES KNIGHT,
Auditor.

30th July, 1860.

MEMORANDUM ON THE CONTROL AND ISSUE OF PUBLIC MONIES.

After the Estimates are adopted and the Act of Appropriation passed, the Governor will issue an authority for the distribution of the total sum amongst the several Ministers.