

be denied, that such an arrangement deprives the examination and report of these Committees of much of their interest and utility. The accounts in fact are stale ; and although favorable to the indulgence of a taste for research, are not so well calculated to elicit the precise and effective information required by practical men of business. The Committee have given this question their attentive consideration ; and, although they recognise the existence of certain difficulties in the way, yet they explicitly state their own opinion to be, that the accounts presented to the Audit Committee each year could and should be brought up to at least within three months of the commencement of each Session ; at any rate, the information they have specially sought for on the subject, justifies them in stating, that there would be no practical difficulty whatever in presenting to the Audit Committee of each year the accounts of the Colony prepared up to within six months of the commencement of the Session in which such Committee might be appointed. The adoption of either proposal would, it is submitted, be a decided improvement. For the financial information ascertained by the Audit Committee would thus constitute news, and afford an approximation to the actual condition of the finances at the date of bringing up the Report. Whereas under the present system, it is quite possible that the financial position of the Colony (so far as disclosed in the accounts presented to the Committee and reported on by them) may be entirely satisfactory ; and yet at the very date of such satisfactory report, the actual condition of the Colony may be *de facto* considerably embarrassed. Another advantage incident to such an arrangement (and not an inconsiderable one) would be the means of check which would thereby be placed in the hands of the House upon the financial statements of the Treasurer. These periodical statements, as hitherto made, imply a peculiar faith, which the English mind (sceptical in money matters) does not willingly concede. If known to be made subject to an independent surveillance in *pari materia*, these financial statements would have a weight with the country they now neither possess nor are entitled to. As to whether, if the suggestion now made should be adopted, it would become necessary to introduce a slight amendment into the Audit Act of 1858, the Committee only venture upon an opinion with diffidence. But it has occurred to them that, in such a case, the 8th Section of the Act would require some attention so as to extend the meaning of the term “financial period.”

Confining themselves then within the limits of the financial period referred to them, and without any desire to enter upon debateable ground, the Committee are bound to take notice of the irregularities that were committed with regard to the control of the public money during that period. The practice they understand to have been simply this, viz : the Colonial Treasurer causes to be paid over from time to time to the Account of the Assistant Treasurer at the Bank, sums of money so as not to exceed in the whole at any one time the amount of £5,000; out of funds thus provided, the Assistant-Treasurer is authorized to make payments upon the order of either of the Ministers: provided no single payment exceeds the amount of £2,000. The Assistant Treasurer and Cashier (who checks the Bank pass-book) give bond, the former in £2,000, the latter in £1,000. Subject to this security, and to the above limitation of amount, the Assistant Treasurer disburses the “petty cash” as it may be termed. All sums above £2,000 are paid by the Colonial Treasurer himself. The vouchers for sums so disbursed by the Treasurer and Assistant Treasurer respectively, are from time to time collected together, and, subject to the previous queries of the Auditor of Public Accounts, put into warrant for the Governor's signature, *after the money has been actually paid away*. A compendious practice, saving much inconvenience and trouble, but one that effectually deprives the Governor of the Colony of that comptrolling power over the issue of public money, which is specially vested in him by the Constitution Act. It is difficult to conceive how such a practice can have arisen.

It is submitted that no recognition of such a system can be gathered from the Report of the last Audit Committee. Particular reference is indeed made, in the concluding paragraphs of that Report, to the subject of expenditure unauthorized by the Legislature, and afterwards covered by a Governor's Warrant ; but the whole tenor of those paragraphs is condemnatory of the proceedings of incurring unauthorized Expenditure at all ; and certainly cannot be regarded as implying any sanction of the practice of first making payment for services authorized by Appropriation Act and afterwards indemnifying the Treasurer for making such payments by covering them with a Governor's warrant. And in the Memorandum of the Auditor General, specially referred to in those paragraphs, it is very distinctly laid down that “the Governor alone controls the Expenditure. By the Constitution Act the Governor is the conservator of the public moneys coming into the Colonial Treasury ; and none can be issued except under His Excellency's warrant : this is the check imposed by the Imperial Legislature against the unauthorized 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.” These sound principles are directly at variance with the practice of the Treasury, and it is a matter of surprise, that the system of control of the public money thus established by the Imperial Parliament should not have been strictly adhered to until superseded by some other system sanctioned by law. The bearing of this practice upon the question of the Imperial guaranteed loan of £500,000 can scarcely have been fully considered. If the British Government thought it necessary, as it did, to tie up the hands of the Colony on certain important points, lest the security for payment of interest and sinking fund, on that loan should be in any way impaired, without their express sanction ; it seems scarcely probable that they would, if made aware of it, be prepared to recognise the practical disregard of that constitutional control which is vested in Her Majesty's Representative.

It may fairly be assumed that there is but one object on all sides (although there may exist great diversity of opinion as to the best method of attaining that object) ; and that is, to subordinate and regulate so nearly as practicable the expenditure of Government in accordance with the votes of the Legislature. The Committee, however, in the course of its investigation, has been made aware that