

REPORT OF THE SELECT COMMITTEE APPOINTED TO AUDIT THE FINANCE ACCOUNTS FOR THE YEAR 1864-1865.

Your Committee have examined the Accounts of the Colony for the twelve months ending 30th June, 1865, which were laid before them accompanied by a certificate from the Auditor of Public Accounts, in accordance with the provisions of "The Audit Act, 1858." They examined Dr. Knight as to the manner in which the correctness of these accounts had been ascertained by him, and satisfied themselves that the various items of expenditure had been supported by the production of equivalent vouchers, and that the accuracy of the accounts as an arithmetical record of moneys actually received and expended is unimpeachable.

The Committee, however, desire to call the attention of the House to the fact stated in the Auditor's Report, and supported by the evidence of the Assistant Treasurer, that the public moneys have been issued from the Treasury throughout the financial year 1864-5 without the sanction of the Governor's warrant, and on the sole authority of the individual Minister at the head of each Department. During the period over which the inquiries of your Committee extend, it appears that no less than one million and a half of money has been issued from the Treasury without the authority of the Governor's warrant having been obtained either before or after such issue.

The reasons assigned for this grave irregularity are, that the circumstances of the Colony at the time required that payments should be made without delay at so many and at so distant places that it was impracticable to procure warrants in anticipation of these payments. The Committee do not feel themselves called upon to express an opinion as to the sufficiency of this explanation, more especially as the recurrence of the evil is provided against by "The Comptroller's Act, 1865." They do, however, feel it to be their duty to urge upon the House their strong and unanimous opinion that it is essential to the safe and economical management of the finances of the Colony that that Act should be brought into operation with the smallest possible delay. But the evidence the Committee have taken convinces them that some amendments are required to secure the full efficiency of the Act. They conceive that its provisions should apply not only to the appropriation of moneys raised under the authority of law, but equally to all moneys expended in the public service.

The committee also recommend that the Auditor should be empowered to require the production of the Treasurer's requisitions countersigned by the Comptroller under the provision contained in clause x. of the Comptroller's Act, and that it should be the duty of the Auditor to see that the moneys issued have been applied in the manner set forth in the requisitions, and report accordingly. The committee further suggest that the signature of the Comptroller should be attached to all issues of Debentures or Treasury Bills, which they find under the provisions of "The New Zealand Loan Act, 1863," and of "The Debentures Act, 1864," are negotiable under the sole signature of an agent to be appointed by the Governor, no check whatever being provided to secure that the issue of such debentures shall be confined to the amount authorized by law.

The committee need scarcely point out that the absence of any such check is calculated to allow of doubt being thrown upon the value of the Colonial securities, and that the effect of any such doubt must necessarily be to inflict serious injury on the credit of the Colony, as well as to produce a more immediately injurious consequence to its finances by a depreciation in the value of its securities. They scarcely think it needful to refer to the temptation which is held out to the Executive Government to increase the indebtedness of the Colony beyond the amount sanctioned by the Legislature, or to the door left open to direct fraud on the part of the agents of the Colony abroad.

The committee heartily concur in the opinion of Mr. Woodward, that all Treasury Bills and Debentures should bear the signature of the Colonial Treasurer, and should also be countersigned by the Comptroller, in proof that they have been issued under authority of Acts of the Legislature, and that they are not in excess of the amounts authorized by such Acts to be negotiated. There are some further minor suggestions on this subject, of practical value, for which the committee refer the House to Mr. Woodward's important and well considered evidence. On reference to "The Debentures Act, 1860," it will be found that debentures issued under the authority of that measure must bear the signatures of the Governor, the Colonial Secretary, and the Colonial Treasurer; and the committee are at a loss to account for the extremely loose provisions of the later Acts.

The committee agree with Mr. Woodward, that, subject to such provisions with respect to the form of issue as those they have above referred to, power should be given to the Government, by Act of the Legislature, from year to year, to issue a limited amount of Treasury Bills to supplement the receipts of the revenue when the exigencies of the public service shall require such assistance, and that all advances from the Banks by way of overdraft should be discontinued, and declared by Statute to be illegal.

In the accounts before the committee the unauthorized expenditure of the year, amounting to £126,160 14s. 7d. is thus classed.

	£	s.	d.	£	s.	d.
<i>Services not provided for by Appropriations.</i>						
General	96,876	2	1			
Provincial	7,166	4	6	104,042	6	7
<i>Services in excess of Appropriations.</i>						
General	6,131	8	10			
Provincial	15,986	19	2	22,118	8	0
				£126,160	14	7