

and 303, £5. The same is also the case with 302, for £5; 300, £21 15s.; 288, £15; and 280, £5. These have all been paid out of the borough fund; they are all filled in and signed by Mr. Wylde as Treasurer. The cheque-book produced came from my bank. It contained 300 cheques, from 100,627 to 100,926. The back numbers of all the cheques I have enumerated show that they were all taken from that book. I find the first block in the book now shown is 100,771, instead of 100,627, showing nearly 150 short.

THOMAS RICHARD CONNELL.

And this deponent, *William Alexander Spence*, being duly sworn on his oath, saith as follows: I was appointed special auditor of the Kumara Borough accounts. I audited them in conjunction with Mr. Palliser. Mr. Wylde was the person who put the borough documents before us. He had accounts as Town Clerk, Rate-collector, and Treasurer. During the audit I asked Mr. Wylde for the blocks of receipts given to persons who had paid rates. This was to check the rate-rolls with. I could not find the individual payments in the cash-book; the payments were simply entered as "rates." There was nothing to show who had paid. The blocks of the rate receipts were not produced. Mr. Wylde said he had not got them, and that he never kept them regularly. On referring to the rate-roll for year ending March, 1882, I find the National Bank of New Zealand rated at £96 10s., which, at 1s. in the £1, makes £4 16s. 6d. rates. Mr. Wylde told me this sum was outstanding. It was not included in the total of £229 7s. 6d. which he showed as received for rates. In the bank-book the payments out appear by number only. Mr. Wylde produced no blocks of cheques to show by reference to numbers what the payments were for. He said he had not got them, and did not know where they were. I asked him where he got the cheques from. He said, sometimes he got a cheque from any one outside. I asked him about contractors' deposits. He said, as a rule he kept them in the safe and returned them. In auditing I met with Murtha's contract. There was no record in the books of the £5 deposit in that case. The total payments made to Murtha was £78 15s., the contract being for £63, and the deposit £5. Mr. Wylde said the excess of payment was for extras. I asked him for authority for the extras, and he said Mr. O'Hagan had taken them away from the office. Mr. Wylde did not produce any deposit account; he said he kept the deposits in the safe. On Taylor's contract for £49 the deposit was £2. The amount paid to Taylor was £56 15s. No credit is given for the deposit. Keenan's contract was for £32 10s.; deposit, £2; amount paid Keenan, £39 10s. No credit given for the deposit. Whelan's contract was £49; deposit, £5; amount paid him, £54. No credit is given for the deposit. Brady's contract was £6 3s. 9d.; deposit, £1; amount paid him, £7 3s. 9d. No account of the deposit shown in the books. Gibson's contract was £30; deposit, £5; amount paid him in respect of contract, £35. No credit given for the deposit. Mr. Wylde did not account in any way for the excess of payments to the contractors, except by saying that they were extras on the contract. I found that the borough had resolved to construct a drain on the section-holders contributing. I found that some contributions had been received on this account. There was one receipt from the Bank of New South Wales. I did not ask Mr. Wylde for any explanation about these payments because he had previously refused to give any explanation of the occurrences of past years, saying that he had been advised not to do so. I could find no entry in his books of £1 paid by the Bank of New South Wales in March, 1879, and £1 paid by James Drummond in March, 1879, on account of the drain on south side of Seddon Street. I could find no entry of £1 paid by O'Hagan, £1 by Mawson, and 10s. by Berger, in October, 1881, for the drain on the north side of Seddon Street. There is an entry for rates, £7, on 19th October, 1881. I asked Mr. Wylde in presence of Mr. Palliser if any moneys but rates were included in rates, and he said "No." The above items are not included in the total of £229 7s. 6d. received for rates.

*Cross-examined:* I was first appointed sole auditor. I went through the rates with Mr. Wylde. I found the amount shown to be received for rates to agree with the amounts shown in the rate-rolls as received for the year ended 31st March, 1882. The question I asked Mr. Wylde, if any other payments were included in "rates," referred more particularly to 1878. I did not refer to any particular item, but previously to this he had refused to give me any information. I had no written instructions from the Government as to my duties. I produce my letter of appointment, dated 4th September, 1882. I do not remember Mr. Wylde saying everything in the office was at our disposal. I suppose the books were so, but he had the key of the safe. I believe Mr. Wylde said that if the deposits were paid into the bank the bank would stick to them for the overdraft. I did not see one block of any receipt for rates. Mr. Wylde told me he had not got any. He said that he considered that when the accounts were passed by the auditors that was sufficient, but I do not know that he was speaking particularly of the rate receipts. I think he meant that I had no right to go into accounts of past years. I do not think the sum of £4 16s. 6d. paid by the National Bank was paid in at any time before the audit. The voucher for £5 to Keenan on 27th August was given to me by Mr. Wylde with the others to show the payment in the cash-book. I do not remember any voucher for wages for the cemetery. I never saw a list of the six contracts referred to brought before the Finance Committee to be passed for payment. In the minutes of the Finance Committee they are mixed up together in lump sums. I recollect asking Mr. Wylde to hand over the deposits in hand for the current contracts. Mr. Wylde produced the money. I never saw a cash-box with "Deposits" labelled on it. We did not ask him to produce the cash on the five contracts already mentioned. I told Mr. Wylde when he refused to give information that I should mention it in the report. He said, "Very well; when the report comes, then I will give the explanation." The final vouchers in the five contracts put in are signed by the chairman of the Finance Committee, but the dates were not filled in, and I could not get any minute of the proceedings of the Finance Committee and the schedules of the amounts passed for payment. I informed the Mayor that I could not get these schedules. I saw the Finance Committee's minute-book, but I could find no minutes with reference to these contracts. A good number of meetings were not recorded at all. I suppose so, because there are long periods without any record. There is nothing between the 23rd December, 1878, and the 16th October, 1879—the next to that is the 9th May, 1881.