

Proposition No. 5.—Being a matter not connected with the accounts now under review by the Audit Office, it would have been better, if the Audit Office had a grievance against this particular department, to have addressed the Commissioner of Stamps on the subject. *Answer.*—The Audit Office had throughout addressed the Commissioner respecting the requirement of the regulations that the stamps should be counted on the Saturday by an Audit officer, and also on the subject of the Deputy Commissioner's failure to perform his duty of making to the Audit Office the prescribed return; and it may be added that the circumstances of the failure to have the stamps in hand on the last day of the quarter verified as the law prescribes rendered the remark as to that failure a necessary qualification of the certificate to the Public Accounts.

Proposition No. 6.—It may, however, be mentioned that the Deputy Commissioner in Wellington had his stamps duly counted last month, by the officer appointed for that purpose, in a similar manner to that adopted in respect to the audit of stamps in other parts of the colony. *Answer.*—The stamps in the hands of the Deputy Commissioner for Wellington at the end of June were not counted, as required by the regulations made under the Stamp Act, for the purpose "of the audit of stamps," and were thus not counted in a similar manner to that adopted in respect to the audit of stamps in other parts of the colony. According to those regulations, it is the duty of every Deputy Commissioner in the colony to make to the Audit Office a return of the stamps in his hands on the last Saturday in each month, supported by a certificate by himself and "an officer of or on the part of the Audit Office" that the stamps have been counted and found correct. No appointment could, of course, be made of an officer on the part of the Audit Office if the Audit Office objects, and the Audit Office's acquiescence in the appointment by the Stamp Department of such officers elsewhere than in Wellington qualifies the officers so appointed to furnish the Auditor's certificate required by the regulations, and enables all the Deputy Commissioners but the Deputy Commissioner for Wellington to carry out as they do their duty of making the prescribed return. In Wellington, however, the circumstances are such that reasonable objection arises to any but an officer of the Audit Office being associated with the Deputy Commissioner to certify to his return of stamps; and the return has accordingly been certified, month by month, for many years not by an officer on the part of, but by an officer of, the Audit Office. The objection arises from the fact of the two offices in Wellington of Secretary for Stamps and Deputy Commissioner of Stamps being filled by the same person; for any appointment by the Stamp Department of an officer on the part of the Audit Office to count the stamps of the Deputy Commissioner, and any revocation of such an appointment, would, in ordinary course, take place on the recommendation of the Secretary, with the consequence that, in the circumstances, the Auditor of the stamps of the Deputy Commissioner might owe his appointment to, and hold it subject to the approval of, the Deputy Commissioner himself. This would seem to be wrong in principle.

Thus, the Controller and Auditor-General, as the facts do not appear to him to support any of the Colonial Treasurer's comments on the remarks of the Audit Office, respectfully submits the foregoing enumeration of the facts.

J. K. WARBURTON,
Controller and Auditor-General.

The Treasury, Wellington, 16th August, 1900.

MEMORANDUM to the CONTROLLER AND AUDITOR-GENERAL, Audit Office.

I AM directed by the Right Hon. the Colonial Treasurer to acknowledge the receipt of your memorandum of the 4th instant on the audit of stamps in the hands of the Deputy Commissioner of Stamps, Wellington.

JAS. B. HEYWOOD, Secretary.

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