

MINUTES OF EVIDENCE.

TUESDAY, 19TH AUGUST, 1902.

J. K. WARBURTON, Controller and Auditor-General, in attendance and examined. (No. 1.)

1. *The Chairman.*] We will deal with B.-19B now, in reference to the payment of a draft with respect to the Coronation Contingent. Have you anything to say in reference to that, Mr. Warburton?—No, sir.

2. *Mr. W. Fraser.*] Will Mr. Warburton tell us what is the pith of the thing?—A telegram was received by the Audit Office from the Audit Officer in London that instructions had been received to honour a draft for Coronation Contingent, Cape Town—viz., “Instructions received from the colony honour Pilcher’s draft £3,000 expenses Coronation Contingent, Cape Town. Instruct whether may charge General Imprest.—PALLISER.” That is paper No. 1. That telegram was referred to the Hon. the Colonial Treasurer in the next letter—viz., “The Hon. the Colonial Treasurer.—With reference to attached telegram from London, the amount of the draft for £3,000 for expenses of the Coronation Contingent has no doubt been received and expended by Mr. Pilcher, and if the Agent-General pays the draft the Audit Office presumes that he will do so by way of an imprest to be accounted for by Mr. Pilcher. In any case the expenditure is unauthorised, and it is therefore suggested that the Treasury should provide forthwith for the payment by bank order.—J. K. WARBURTON, C. and A.-G.—13th June, 1902.” The Audit Office there suggests that the Treasury should provide for the payment. There was no vote or appropriation for the expenses of the Coronation Contingent, and the provision would have had to be a provision of £3,000 charged to the Unauthorised Expenditure Account. The Treasury contended that moneys issued under general imprest to the Foreign Imprest Account in London were applicable to any payments of the Government, whether authorised or unauthorised. That I understand to be the contention of the Treasury, and the Audit Office judgment was that a vote under the Public Revenues Act does not comprise the provision for unauthorised expenditure, and that a general imprest is applicable only to expenditure sanctioned by Parliament. The Solicitor-General gave a long opinion to the contrary, that unauthorised expenditure was virtually a vote. That opinion was the foundation of an application to the Governor for an order, under section 9 of the Public Revenues Act, and was not seen by the Audit Office until after the Governor’s order was obtained. The Audit Office then explained the meaning of the Public Revenues Act with regard to the points in letter No. 17—viz., “Audit Office, 25th June, 1902.—The Hon. the Colonial Treasurer.—The Governor having determined, under section 9 of ‘The Public Revenues Acts Amendment Act, 1900,’ that the draft for £3,000 shall be charged to General Imprest, a telegram was yesterday despatched to the Audit Officer informing him so, and the Controller and Auditor-General will in ordinary course lay before Parliament, in accordance with the provisions of the Public Revenues Act, a copy of the correspondence on the subject. As, however, the Solicitor-General advises it to be according to law that the Treasury should treat the statutory provision for unauthorised expenditure as a vote under the Public Revenues Act, and appears to be of opinion that the payments authorised by requisition to be made by cheque on the Foreign Imprest Account out of moneys issued by way of General Imprest include payments not authorised by any other requisition, of moneys to be expended in excess of or without the appropriation of Parliament, and as such advice and opinion are considered by the Audit Office to indicate that the requirements of the Act relating to unauthorised expenditure and to the issues of moneys by way of general imprest call for more explanation, the Controller and Auditor-General begs leave respectfully to offer it. Section 63 of the Act provides that ‘All sums transferred to the Foreign Imprest Account shall be charged so far as possible against the votes, but moneys may be issued by way of general imprest of which the balance unaccounted-for shall not at any time exceed £60,000.’ According to the definition in section 3 of the terms of the Act, ‘vote’ means any sum of money appropriated to the public service by the annual Appropriation Act or any other Act sanctioning the expenditure of public money. Section 78 provides for the case of ‘moneys expended as unauthorised expenditure under the provisions of this Act if not sanctioned by Parliament in the session in which the account of the same is required to be rendered.’ From these provisions it is clear that the word ‘vote,’ as defined by the Act, must exclude the statutory provision for the unauthorised expenditure. And, indeed, section 48, in providing that orders shall be issued for such expenditure, describes it expressly as ‘the payment of vouchers in excess of or without appropriation of Parliament.’ There is accordingly nothing in the Act to warrant the provisions of section 63—‘Moneys may be issued by way of general imprest’—being interpreted as a provision for any but expenditure chargeable to votes, and nothing consequently to warrant the provision for unauthorised expenditure being construed or treated as a vote. The moneys, though they are not charged to votes, are regarded as issued for expenditure on services which Parliament has sanctioned by votes. The votes by which Parliament sanctions its expenditure may lawfully be exceeded, while the moneys expended under the provision for unauthorised expenditure must not exceed the limit of £150,000 in any one year. There may be expended, on service payments defined by the votes, moneys in excess of the appropriation, moneys for which the provision for unauthorised expenditure is made. The unauthorised expenditure cannot exceed the statutory limit if the statutory requirements are observed. It was known to the Minister for