

Treasury, and called over with the respective vouchers; and the number of each voucher, the number of each cheque, and the address of each claimant or of his authorised agent is entered in the Address Register. Each cheque is detached from its voucher, placed in an envelope properly addressed, and posted to the claimant. Each cheque contains the name of the officer by whom it is to be countersigned, and the voucher relating to such cheque is forwarded to the countersigning officer. Upon the presentation of the cheque by the claimant, or his authorised agent, to the countersigning officer, such officer obtains the signature of the claimant, or of his authorised agent, to the acquittance at the foot of the voucher, and then countersigns the cheque, and the cheque is then payable upon presentation at the bank. The voucher is then returned by the countersigning officer to the Treasury, and bound up with others in consecutive order, and it remains from that time in the Treasury Department. In Christchurch it is the practice of the countersigning officer, who is the Chief Postmaster, to keep a record of all vouchers forwarded to him and returned by him to the Treasury. Each advice to each branch of the bank is exactly exhausted as soon as all the cheques referred to in such advice are presented and paid. If, as occasionally happens, cheques are not presented for some time, the bank has an exact record of the outstanding cheques, and if at a lapse of twelve months an outstanding cheque has not been presented it is the practice of the Department to withdraw the authority to pay.

It is therefore apparent that, under the system above described, no cheque can be countersigned or paid unless it is supported by a voucher; that no authority can be given to the bank to pay it unless the number of the cheque, its date, its amount, and the number and amount of the voucher are included in the Bank Advice and in the Treasury Bank Ledger, and also in the schedule of payments attached to the requisition and retained in the Audit Department; that no voucher can be passed by the Audit Department unless it is certified by the certifying officer, and approved by the approving officer; and that independent records of each voucher, showing the date of its receipt, the particulars of service, the name and address of the claimant, the amount of the claim, the amount approved for payment, the date of approval, and the vote and item of the vote against which the amount is charged, are kept, both in the Department against which the charge is made and in the Treasury. And it is important to notice that each cheque is absolutely identified with its relative voucher by the fact that the number of the cheque, as well as its amount, is entered in the acquittance at the foot of the voucher before the voucher or the cheque is forwarded from the Treasury. We are satisfied that this system is strictly carried out, both in the Treasury and in the other Departments, and that no voucher can pass through these Departments without a record being found in the Department for which the service was performed and in the Treasury books, and that no cheque can be paid by the bank which cannot, without difficulty, be identified with its particular voucher.

The second and third questions referred to us under the Commission are:—

Whether in the years 1903–4 a voucher was issued in favour of Captain Seddon, for payment to him at Christchurch, out of the Public Account, of a sum of between £70 and £80 (or any other sum) for the reorganization of Defence Stores, or for any other service; and did Captain Seddon ever claim or receive any such payment, or sign any such voucher?

The alleged voucher is stated by those who claim to have seen it to have been seen at the Christchurch Post-office at some period prior to the 9th December, 1904, and subsequent to the month of November, 1903, and to have been for a sum of between £70 and £80, for the reorganization of Defence Stores at—according to Messrs. Willis and Larcombe—Wellington, and to have been in form, appearance, and requisites a genuine voucher, resulting in an actual payment.

We shall refer presently to the evidence of these witnesses.

It has been proved that there is no entry of any such claim or voucher in the books of the Departments. These books have been examined in a careful and systematic manner by competent persons, who have been examined and cross-examined before us, and their evidence has established the fact that no such entry exists.

The Register of Claims kept in the Defence Department, and the Expenditure-book, also kept in that Department, and the Register of Abstracts kept in the Treasury have been available for Mr. Willis's inspection, and we are satisfied that a full opportunity has been given to him to ascertain for himself whether or not such a claim or voucher has been recorded.

All payments made to Captain Seddon out of the Public Account during the period in question have also been examined, and the vouchers supporting such payments produced, and inspected by Mr. Willis and Mr. Fisher, and have been put in evidence in this inquiry; and none of these payments or vouchers are for any service or amount such as Mr. Willis, Mr. Larcombe, and Mr. West allege they saw stated in the voucher referred to by them, nor for any payment made in Christchurch, nor resulting in any cheque countersigned by any Christchurch official.

The alleged voucher must, if it existed, have been forwarded by the Treasury to Mr. McBeth, the Chief Postmaster at Christchurch, in order that he might, on obtaining a duly signed acquittance, countersign the cheque; and the cheque, if it existed, must have been upon the Christchurch Branch of the Bank of New Zealand. This is admitted by Mr. Willis and Mr. Fisher.

The vouchers for the period stated have been examined, and there are none during that period in favour of Captain Seddon for the reorganization of Defence Stores, or for any payment at Christchurch. It has been admitted that the alleged voucher was for a sum of between £70 and £80, and for the period between the 1st December, 1903, and the 9th December, 1904; and, in order that a full margin for error might be allowed, every cheque issued on the Christchurch Branch of the bank during that period for sums of from £40 to £100 has been compared, each with its relative voucher, and full opportunity has been given to Mr. Willis to inspect and compare each such cheque and voucher. The departmental examination covered, indeed, a much wider range—namely, from April, 1903, to June, 1905—and the result of these examinations has been proved to be that there is no entry of any such claim or payment, that no cheque was issued for any such