

APPENDIX.

MINUTES OF THE AUDITOR-GENERAL ON THE DRAFT REPORT.

NO. 1.

The meaning of the Message No. 5, is, that the Governor did not feel justified in adopting the scheme entertained by the first Ministry of increasing considerably the cost of the Land Purchase Department, with a view to unusual exertions on the part of the Government to hasten the extinguishment of aboriginal titles to land.

That it was not intended to abstain from land purchases, is clear from a prior paragraph of the Message—which appears to have escaped the notice of the Committee—but which informs the House that it would be necessary to set aside out of the estimated Revenue of the period a *considerable* sum for Land Purchases.

His Excellency further stated in the Message, that he had not included any sum for Land Purchases in the Estimates, as he wished to take the recommendation of the House as to the amount. The House however came to no resolution on the subject.

Immediately after the conclusion of the Session, the Government, I believe, informed the Superintendents of its intention to appropriate £20,000 for Land Purchases. Although this Estimate was exceeded by about 15,000*l.* the excess was advanced entirely out of the Land Deposits at Auckland lying idle at the time in the Treasury Chest, so that the expenditure on this account cannot have interfered with the past financial arrangements of the Provinces, and need not interfere with the present.

CHARLES KNIGHT,
Auditor-General.

NO. 2.

The Auditor-General in making up the accounts of the Colony for the information of the House, treated the sums which came in course of payment during each period, as payments of the period without reference to any portion of them being on account of arrears or otherwise. By adopting this course the Balance available at the termination of any period became the surplus Revenues distributable among the Provinces.

The Auditor-General is of opinion that unless a similar practice be adopted in the preparation of the Appropriation Bill of each year, the settlement of the accounts of any period will be protracted to a most inconvenient degree.

Under the present form of the Appropriation Acts the accounts of the Colony cannot be closed until all the liabilities of the period are discharged, and the outstanding accounts are got in. If the accounts were closed at the end of six or seven months, there might still be outstanding payments, which had not been foreseen, to disturb the balance, so that the accounts will be constantly open and unsettled.

The most convenient principle and the correct one to adopt is, that the votes should be for the appropriation of certain public monies *which shall come in course of payment during the year*; not as at present for defraying expenses incurred *on account of the year*.

The Auditor-General could then on the termination of the year close the accounts, after retrenching all payments in excess of the votes.

The sums voted for any service would be applied to that service only. No savings in one Department would be applied to the service of another. Balances of votes unappropriated, would be placed to the credit of the Surplus Revenue Account for distribution among the Provinces.

CHARLES KNIGHT,
Auditor-General.