

Audit of Accounts of Local Authorities.

I am pleased to be able to report that by continuous application of the full resources of the inspecting staff the position with regard to the auditing of local authorities' accounts is very satisfactory, and that in the majority of districts the work is well up to schedule.

During the year ten cases of disqualification of members of local authorities came under the notice of the Audit Office. Of this number, six were occasioned by members being concerned or interested in contracts made between them and their respective local authorities in excess of the limits set out in section 3 of the Local Authorities (Members' Contracts) Act, 1934. The remaining four cases were of members holding an office or place of profit under or in the gift of the local authorities of which they were members. In the case of one disqualification under the provisions of section 3 referred to above, the Audit Office took proceedings under section 5 of the Local Authorities (Members' Contracts) Act, 1934, against the member concerned for continuing to act as a member while disqualified under section 3, and the Court imposed a fine of £20, with costs.

Four cases of misappropriation of funds by local-body officials during the year were investigated by the Audit Office. The total sum involved was £686 16s., the major portion of this being in respect of one defalcation amounting to £637 11s.

The Audit Office has received several communications from local-body officers in which they state that new awards in force require wages of employees to be paid at short intervals. Moneys to meet the wages payments must be drawn from the bank account of the local authority concerned, and the local-body officers state that it is frequently difficult and inconvenient to obtain the signatures of members to cheques drawn between regular meetings.

Most local authorities are given authority in their respective governing statutes to establish Imprest Accounts, which do not require members' signatures to the cheques drawn thereon, but in practically every case the expenditure which may be made therefrom is limited to "casual wages and emergency expenditure," so that it would not be in order to meet regular wages bills out of imprest-moneys. The difficulties which are being experienced are appreciated by the Audit Office, and it proposes to recommend in the proper quarter that the wording of the various statutes be amended so as to include all wages in the definition of expenditure which may be made from Imprest Account.

The work of Audit Inspectors during the year disclosed two cases in which County Councils made unjustified claims on public moneys, and received payment in respect of those claims. In the first case claims were made for subsidy on works which had not been carried out at the date the claims were made, and in respect of which payments from the Public Works Department were therefore not due. This resulted in a premature disbursement of public money, and the responsible County Council official was required to pay to the Public Account £149 18s. 4d. as representing interest on amounts prematurely disbursed. In the second case the County Council in making certain claims against the Public Works Department in respect of metal supplied did not give due credit for subsidies received from the Employment Fund. This resulted in an overclaim of some £2,700, and action regarding recovery of this amount is under way.

Schedule A below sets out the breaches of law relating to local authorities which the Audit Office dealt with during the year by suitable reference in its certificates to the accounts of the local authorities, and also, where necessary, by obtaining an adjustment of the accounts or a recovery of moneys unlawfully expended. Matters which, although not breaches of law on the part of local authorities, the Audit Office felt called upon to refer to in its certificates are set out in Schedule B. In certain cases, which are set out in Schedule C, an adjustment of the accounts or a recovery of moneys was asked for, but upon assurances being given by the local authorities that application would be made for the introduction of validating legislation the Audit Office agreed to withhold action on them. The necessary legislation has already been provided in respect of all these cases, with the exceptions of Awatere County Council and Lake Okataina Scenic Board.