

The Board's staff has been hard pressed to maintain all essential work, with the result that certain of the accounting work of the office has fallen into arrear and it has not yet been found possible to complete a balance-sheet for the year ended 31st March, 1942. However, in general no sacrifice has been made by the Board's staff of work such as the checking and vouching of payments to creditors, control over credit sales to units, accounting for inwards cash, and control over stocks.

Satisfactory control was rather less in evidence in the case of certain of the Board's canteens in the Pacific area. This was caused partly through delay in the receipt of returns in Wellington and partly through the non-receipt of some of the evidence necessary to enable them to be checked. Even apart from this, in the opinion of Audit there has been lack of sufficient office check upon the returns when received. The stock figures revealed a fair percentage of loss of stock, but it has been submitted that pillages, shortages upon out-turn, and breakages were considerable, and that under the local conditions ruling loss was unavoidable.

Meat-exporters' Accounts

During the year the Audit Office, acting under authority of the Meat-exporters' Accounts Emergency Regulations 1940, appointed an auditor to investigate the accounts of meat-exporters and freezing companies for the purpose of determining whether the charges rendered by them in connection with live-stock intended for production of meat for export, or in connection with such meat before its acceptance by the Marketing Department, were fair and reasonable.

The investigation was duly carried out, and the auditor's report was submitted to the Minister of Marketing and the New Zealand Meat-producers' Board, as required by the regulations.

WAR EXPENSES ACCOUNT

(a) General

The public accounts, presented to Parliament as parliamentary papers B.—1 [Pt. I] and B.—1 [Pt. II], deal normally with actual cash receipts and cash payments, and transfers, treated as cash in the accounts, of amounts due from one vote or account to another within the Public Account.

Under the Act of the United States of America known as the "Lend-lease Act," and described as "An Act to promote the defense of the United States," the President is empowered "to sell, transfer title to, exchange, lease, lend, or otherwise dispose of any defense article to the Government of any country whose defense the President deems vital to the defense of the United States," and in exercise of these powers large quantities of supplies have been made available to New Zealand.

The Treasury desired to record in the public accounts the cost of the "lend-lease" assistance to New Zealand met by the Government of the United States, and transfer vouchers were therefore prepared by the Treasury whereby the subdivision of the War Expenses Account which received the supplies was debited with the value, converted at the rate of \$3.2442 to the New Zealand pound, and an item "Reciprocal Aid, Lend-lease" in the same account was credited.

The value of "lend-lease" assistance extended to New Zealand as shown in the public accounts up to 31st March, 1943, was £26,812,667 18s. 6d., which has been charged under the headings, Navy, Army, Air Force, and Civil, according to the supplies delivered to each.

Copies of invoices or other reliable data were not always available to fix the values of supplies received, which therefore are based partly on estimates and are subject to adjustment. Treasury was, however, strongly desirous of incorporating in the public accounts the closest approximation of the value of lend-lease that could be arrived at, and the Audit Office agreed to the incorporation, subject to the matter being brought to the notice of Parliament in this report.

In the foregoing connection it is necessary to refer also to the evidence that was available as to the actual receipt of certain of the supplies by the consignees. The Navy, the Army, and the Ministry of Supply furnished to the Audit Office evidence of the receipt of supplies or of their loss at sea, but the Air Department was unable to do so as it had not realized at the time of arrival of the early supplies that their value might require to be included in the public accounts, and so had not separately recorded their receipt. It submitted that the clerical work now necessary to trace the individual items in the records would not be justified, but undertook to furnish satisfactory evidence of the receipt of all future supplies.