

Numerous breaches of law relating to accounts were dealt with, and an adjustment thereof or a recovery of moneys was required in all cases except one, where special circumstances were such that Audit requirement was waived conditionally on legislation being obtained. This legislation, which validated an *ex gratia* payment to a contractor for sales tax omitted from his tender, was provided by section 32 of the Local Legislation Act, 1945.

Five cases of disqualification for membership indicate that members of local authorities do not make themselves well enough aware of the provisions of the Local Authorities (Members' Contracts) Act, 1934. It is sometimes overlooked that a member may be interested in a contract as a shareholder in a contracting company of twenty members or less, or if he supplies goods in the knowledge that his customer will apply them to a contract with the local authority. The Audit Office is empowered to extend the contractual limit to £50 in special cases on prior application, and it has almost invariably acceded to requests to do so. This has partly met the difficulty experienced in small centres where a member may be the only tradesman in his line. It is, however, occasionally represented that the restrictive provisions operate harshly and should not be strictly applied, but as the report of the 1945 Local Government Committee records no objections to them it may perhaps be assumed that they are generally accepted as assisting the cause of disinterested administration.

## WAR EXPENSES ACCOUNT

### “ Lend-lease ” Assistance

Further assistance from the United States of America to the extent of £21,030,404 has been recorded in the public accounts, making a total of £104,569,399 since the inception of the scheme. As mentioned in previous reports, an exact reconciliation between accounts of the United States of America and New Zealand Governments has not been attempted, owing partly to the fact that the values of certain lend-lease services are not yet included in the public accounts and that certain other costs have been shown there at an estimated figure only, the actual costs being unobtainable.

A transaction occurred some months ago involving lend-lease supplies of phosphate imported for the British Phosphate Commission. The position as understood by the Audit Office is that Australia and New Zealand agreed to pool available supplies of phosphate, and that Australia should take two-thirds and New Zealand one-third. The pool included phosphate other than lend-lease, being supplies procured by purchase from North Africa and elsewhere. It was not economical to deliver lend-lease and purchased supplies to Australia and New Zealand in the proportion of 2 to 1 in respect of each class of supply, with the result that New Zealand happened to obtain much more than a one-third share of supplies under the lend-lease heading. This was sold in New Zealand by the Commission, and the question arose as to how the proceeds were to be allotted. Although according to the cash each Government received it would be required to accept a lend-lease debit, Australia evidently took the view that cash though set off by a lend-lease debt