

reasonably satisfactory check on the claims, but the state of many of the records prepared by butchers and amended by Rationing Officers and Secretaries of Meat Supply Committees leaves much to be desired from the point of view of the Audit Office. Up to the present it has been possible for Audit to test check the calculation of subsidy claims from Wellington and Wairarapa butchers only, and arrangements were made with the Food Controller for test examinations of records at other centres by his own Inspectors.

Ministry of Supply

As mentioned in my last report, the volume of commodities handled by the Ministry was decreasing, and the rate of decrease was accelerated after the termination of active hostilities against Japan, when the flow of lend-lease goods ceased and the Ministry discontinued ordering supplies (except two or three commodities such as tinplate) for the commercial community. Cash receipts, arising principally from sale of commodities previously ordered and from reserve stock, continue to be substantial. They exceeded £1,000,000 even for May, 1946.

The condition of the records of the Ministry was discussed in detail before the Public Accounts Committee in the year 1944, and it may fairly be said that a considerable improvement has since been in evidence. There are still, however, certain records, such as those of the Textile Section and the Reserve Stock Section, which require attention before they can be considered to be satisfactory. The largest slow-moving stocks are still jute and khaki drill, both of which items were reported to the above-mentioned Committee by the Audit Office in 1944. Audit recently drew the attention of the Ministry to the accounts of some dozen debtors on the books whose balances, totalling some £250,000, had been long outstanding pending settlement of disputes or negotiations; but, as regards sundry debtors generally, the Audit Inspector reported that "the internal check in force is excellent and has been carried out meticulously."

During the war period advances were made by the Ministry to certain companies or their properties were improved for the purpose of increasing the production of leather, but the results achieved fell far short of the estimates. Extensions of the equipment of one company cost some £40,000, but no additional hides were tanned, and as the wartime improvements proved surplus to peacetime requirements they have recently been sold to the company for £12,500. In another case a bank overdraft up to £24,000 was guaranteed for the purpose of purchasing and tanning hides (receipts to be set off against this), and the company's premises were extended at a cost of £4,150. The venture was not successful, and the Crown was obliged to pay the bank £23,000 in March, 1945. Some £80,000 was expended in connection with three other tanners, but the ultimate financial results have not yet been ascertained.