

we found that there had been no audit (and the transactions in the accounts are very heavy) for two years, and in others the periods between visits from Audit officers are much too long. Copies of cash-books, vouchers, and bank certificates sent to Wellington cannot, in our opinion, take the place of a personal inspection of the local offices. Offices which should receive more frequent attention in this matter are those of the Magistrates' Courts and the Receivers of Land Revenue. We also advise that when an officer resigns, his accounts and books should always be audited before being handed over to his successor.

Another point that has come under our notice is that the audit or checking of revenue received does not appear to be carried far enough. The duty of the Inspectors seems to stop at certifying that certain amounts are shown as outstanding at the balance date, without taking steps to certify the uncollected arrears. In the great majority of cases of fraud, an attempt is made to cover up the default by representing collected amounts as outstanding. We know this to be the case with the accounts of business houses and local bodies, and have no doubt that it is the same with Government Departments. We recommend that some steps should be taken to verify the uncollected arrears of revenue, by instructions to Inspectors to take such steps as they deem necessary in this direction. In cases where rents or similar revenues are brought forward as outstanding for more than one year, the Inspector should be authorized to send out demands himself to the debtors. It might be asking too much of the Department that this should be done in connection with the accounts of local bodies, which are now audited by the Inspectors as required by law, but instances are within our own knowledge where money would have been saved in the past had this been done. Nor is an audit complete unless some such steps are taken when circumstances seem to require them.

The audit of the accounts of the Government Printing Office is not complete, consisting only of the checking of a weekly account of the sales of stationery and seeing that the moneys received are banked. The salaries are pre-audited, and the ordinary wages post-audited. Notwithstanding the very heavy stock kept in this office, we found an excellent system of stock-books in use, and the accuracy with which these records are kept throughout the year is shown by the results of the stocktaking, which is done annually. There should be no difficulty, therefore, in making the audit of the books and accounts complete.

Stamps: The Audit Office conducts a complete check of the printing, custody, and issue of adhesive stamps, including the receipt and issue of the paper used in connection therewith, and the destruction of spoiled stamps.

The work of the Audit Office is considerably increased by the duty cast upon it of auditing the Detailed Statement of Expenditure required by section 84 of the Public Revenues Act, 1910, to which we have already referred. We found that no less than seven officers were set apart for this work, which means the checking of every item of expenditure which goes to make up a voucher under the many heads entered by the Treasury, for the purpose of ascertaining the whole payments made to each claimant in the year. Examiners have been taken off their ordinary duties for this purpose, and certain important work is thereby being thrown into arrears. This doubtless to some extent accounts for the evidences of overpressure of work referred to above.

Stores: The Public Revenues Act, 1910, section 2, provides for the making of regulations in connection with the purchase, custody, and issue of public stores and the rendering of accounts and audit of such accounts. No such regulations, however, have been framed, and consequently there is no audit of stores. The stores of the Public Works Department are inspected throughout the Dominion by the Head Storekeeper, Wellington, and the stores of the Defence Department are inspected and stock taken by the Defence Storekeeper. In none of the Departments, however, has there been an independent audit of stores for very many years. This is a matter that urgently requires attention, as, under the present system, or no system, there is room for serious leakages without detection.