

PATRIOTIC FUNDS.

The number of these has been greatly reduced by consolidation and other processes, and new arrangements have been made for the due audit of the residue.

PUBLIC TRUST AUDITS.

The decentralization of Public Trust operations and the resulting creation of district offices have called for special provisions for audit, which have been duly made.

LOCAL AUTHORITIES' AUDITS.

The period since the last report has been rather eventful as regards the number of actions or surcharges in relation to local bodies or members or officers thereof, the following being a list of such actions and their nature:—

- Boroughs, nine—representing two defalcations, one proceedings and conviction and fine for acting as Councillor subsequent to disqualification, five recoveries of excess “unauthorized” expenditure, and one unlawful increase Mayor’s honorarium.
- Counties, thirteen—representing two defalcations and eleven recoveries of excess “unauthorized” or illegal payment to Chairman.
- Education Board—one action for defalcation.
- Electric-power Board—one surcharge.
- Fire Boards—two cases surcharge.
- Harbour Boards—three surcharges and one case of loan-adjustment.
- Hospital Board—one recovery excess travelling-expenses.
- River Board—one recovery unlawful expenditure.
- Town Board—one enforced refund.

All that need be said as to the details of this list is that the surcharge items were for amounts from £649 downwards, and the defalcations from £700 down to £43.

There were, of course, a large number of issues of a more or less technical nature dealt with in addition to the above, which do not, however, call for detailed comment.

One of the most noticeable features of the local-body section operations is the frequency with which reference is now made to the Audit Office for advice on matters of expenditure, particularly with regard to the use of loan-moneys; and, while care is taken to make it clear that this office is not to be regarded as a legal adviser, such advice as recorded legal opinions and practical experience enable it to give is supplied, with beneficial results.

There is one note of what can only be termed warning which must be struck here, and that is against the rapidly growing practice of validating violations of statute law per medium of the “Washing-up Bill” mainly, but as a matter of fact per medium of divers enactments. This practice constitutes one of the most baffling and disheartening impediments with which the Audit Office has to contend in its endeavour to secure observance of statutory obligations.

It is submitted in all deference that sound and in the main wise principles of law cannot be modified or overridden year after year to meet local demands without undermining that respect for them which is essential to the maintenance of a proper standard of conduct of local-body administration or of any type of statutory administration. Where undue hardship or unanticipated injury results from the application of a general law relief is warranted, but not for the deliberately wilful contraventions thereof which certain astute local bodies now indulge in, relying upon escaping from consequences thereof by the process above referred to—which appears to be all the more easily operated if the matter at issue is of considerable magnitude. This not only violates the material and moral purpose of the governing statute, but is inequitable in its application, as offenders of minor degree, recognizing that their matter is not of sufficient importance to justify requests for legislation in relief, meet the consequences of their misdeeds, as was intended should be done in all cases. Unquestionably two years’ rigid enforcement of the law would have highly beneficial disciplinary effects, and reduce deputations and demands for condoning legislation to a minimum. To pursue the present course multiplies the evil annually.

REDISTRIBUTION OF AUDIT DUTIES.

With the rapid development of the Dominion that has taken place during recent years, and which has meant the expansion of many movements as well as the inauguration of a considerable number of others, there has inevitably been a marked increase both in regard to the new features and the volume of the duties requiring to be performed by the Audit Office. Land-settlement for discharged soldiers, repatriation activities, the development of water-power as affecting local bodies as well as Government Departments, the raising of loans both by the Government and by the local authorities, the pursuance of a forestry policy, and the opening of numbers of other avenues of progress into which almost every Department has extended its service, have meant the setting-up of much legislative machinery, and consequently involved additional labour by the officers of this Department in dealing with and investigating the accounts and matters arising therefrom. So extensive has been the growth of the work of the Department that consideration will require to be given to the rearrangement of a portion of the staff in the higher grades in order to meet the present conditions.

I am of opinion, then, that the service of Audit will be much more effectively carried out by the creation of three distinct divisions—namely, (1) Revenue and Expenditure, (2) Control and Public Debt, (3) Local Authorities and Inspections. By this means the several responsibilities will be more clearly placed and dealt with, and at no appreciable increase of cost. I am therefore submitting this proposal to the Public Service Commissioner for his consideration.