

Attention is called to the fact that in a number of the cases of misappropriation recorded elsewhere the delinquents resorted to forgery in order to possess themselves of public funds, and it should be recognized that even when proper care is taken in the Audit and in the approved scheme of internal departmental check, there is great difficulty in detecting this class of misdemeanour, and doubtless many cases go undetected.

It has been found that in the case of some Departments items which are in the nature of revenue rather than true recoveries of expenditure have been credited to the annual votes in reduction of the expenditure thereunder. In the interests of better accounting an amendment to section 48 of the Public Revenues Act, 1910, was made in 1922, which, it is hoped, will ensure that items of this nature will be more correctly shown in the accounts. Fuller and more accurate information will be given if such items are shown as revenue, instead of as credits in the estimates of expenditure. The change in the system will involve larger annual appropriations in the case of some Departments, as the gross expenditure instead of the net expenditure will require to be voted, but the actual amount appropriated will not be increased, as the permanent appropriation under subsection (3) of section 48 of the Public Revenues Act will be correspondingly reduced.

I find it necessary to again refer to the recoupment of interest and sinking-fund charges from separate accounts in cases where insufficient revenue has been received to meet such charges, and the recoupment therefore results in interest and sinking fund being paid out of loan-moneys. Such recoupments should not, in my opinion, be made until there is revenue available in the separate account to meet the charge, unless authority exists for the interest to be capitalized, as in the case of interest chargeable during construction. Owing to the wording of section 4 of the Finance Act, 1919, the Audit Office is not in a position to insist that this principle be adhered to. In this connection I would quote for example the Land for Settlements Account (Discharged Soldiers Settlement Account). Of £164,000 loan-moneys credited to this account for the year 1922-23, only some £60,000 was applied towards the acquirement of and expenses in connection with estates, while some £104,000 was applied to recoup interest and sinking-fund payments made out of the Consolidated Fund. To meet a recoupment of £148,000, revenue amounting to only £44,000 was received during the year.

There have been instances of failure on the part of the responsible officers to see that proper security against loss by fire has been provided in cases where State moneys have been advanced to soldiers for business or farm purposes. In one case a loss of over £200 occurred as a result of failure to insure a motor-lorry under mortgage to the Government which was burnt, but as the person who in the first instance should have arranged the necessary insurance had acted in an honorary capacity only, and as the officials on whom the blame rested had left the Department, no recovery was possible.

The authority of the Minister of Finance was obtained in terms of section 69 of the Public Revenues Act, 1910, for the passing of certain claims without the production of supporting vouchers, on the grounds (1) that the receipts were not obtained, (2) that it was not possible to obtain them, or (3) that they were lost and could not be replaced. The total of claims so passed was £4,731 6s. 5d., the details of which appear in a schedule hereto.

The Audit Office was enabled by authority contained in section 70 of the Public Revenues Act, 1910, to pass certain vouchers as shown in the schedule attached, which were defective for want of certificates or other relative documents.

Pursuant to the State Advances Amendment Act, 1922, the balance of the following separate accounts have been transferred from the Public Account during the year: The Fruit-preserving Industry Advances Account, the Cold Storage Advances Account, the Fishing Industry Promotion Account, and the Housing Account. These accounts now form part of the Advances Account, and are administered by the Superintendent instead of by the Treasury. The Superintendent has also, from the 1st April, 1923, collected all moneys payable to the Crown in respect of loans made under the Repatriation Act, 1918. These moneys, after deducting the cost of collection, are paid by him into the Public Account.

A schedule of losses or deficiencies in cash, stores, or supply, for which parliamentary authority will be required before such can be written off, is attached to this report. The total amount is £39,545 0s. 5d. The reason for writing-off is in each case stated in the schedule. The items contained in the schedule to which I would specially direct attention are as follow:

Department of Agriculture.

Balance of amount advanced to the Nelson District Fruit-packers (Limited), irre-	£	s.	d.
coverable owing to the company having been dissolved	971	11	2

Defence Department.

Overpayments by Financial Assistance Board to soldiers after discharge owing to dislocation of arrangements at Trentham and Featherston arising from the influenza epidemic	775	6	1
Value of articles in military hospitals and depots broken, lost, or destroyed	1,798	16	0
Stock deficient on completion of sale of surplus military stores, Wellington, for which responsibility cannot be attached to any individual	505	15	10
Value of stores and equipment of various units found deficient at stock-taking, in respect to which responsibility cannot be fixed	3,982	0	5
Petrol supplied to the N.Z. Aero Transport Company from the Imperial Government gift stock, in consideration of flying operations carried out whilst not in receipt of a subsidy	1,185	16	3