

It may be interesting to know that stores purchased by the Government last financial year totalled £4,400,000, a very large volume of buying compared with the small amount of actual stores losses reported.

There is another matter that should be referred to before concluding. The names of individuals are mentioned at the end of the paper. In the first place, out of some thirty-six thousand permanent employees of the State, only twelve prosecutions were made in the year on account of theft, defalcations, &c. In most of these few cases the names are of youths or young men who have already been well punished by the publicity or imprisonment imposed by the Police Court proceedings. Is it not hard that their slip should be now recorded in a document that can be produced, say, in twenty years, when these young men may have made good? How much more so is it undesirable to name the unfortunate old people and widows who have failed to give accurate information in their claims for pensions and who have been consequently prosecuted? It is to be hoped that some modification of this system will be adopted on the lines of the British Comptroller and Auditor-General's report, where such matters are referred to without quotation of names. The British Comptroller, in his report of 1922-23, deals on broad lines with the votes and expenditure of each Department, and leaves to footnotes matters which in the New Zealand Controller's report are given such importance as conveys an impression of widespread neglect and inattention to duty.

I have gone into these cases at some length, solely for the purpose of dissipating the somewhat distorted view that appears to have been taken of Departments' operations. It is, I think, reasonable to expect that most people will, with these facts before them, agree in applying to the public servants of New Zealand the words used by the Comptroller and Auditor-General of Great Britain in his report on the British Civil Service above referred to, as follows: "It must also be remembered that the reports necessarily deal only with the small percentage of cases which require comment or investigation, and afford no indication of the high standard attained in the administration of public expenditure taken as a whole."

Having dealt with the question of stores and material referred to in this report, there are several other matters relating to administration by the Treasury and the Public Revenues Act which the Government has asked should be reported upon. The following memoranda have been duly forwarded:—

#### CONTROL OF EXPENDITURE IN LONDON.

(Page 4 of Report.)

Treasury minute:—

Payment for stores and material for railways, public works, telegraph extension, &c., purchased in Great Britain is made by the High Commissioner out of a special account called "Foreign Imprest Account." Advances of cash to this account are all made by bank order authorized by the Audit Office, and the Audit representative in London examines the vouchers before payment and countersigns the cheques. When the paid vouchers reach New Zealand they are charged by the various Departments against the appropriate votes. It will thus be seen that a period of from two to three months elapses before the payments can be brought to charge in the Treasury books, and it is necessary to provide cash for purchases three months in advance of the book-keeping entries. In order to allocate cash advances as far as possible to the relative votes to which the expenditure will ultimately be charged, it is the practice for sums in excess of £500 placed to the credit of Foreign Imprest Account to be provisionally charged against such votes, but smaller sums and advances for miscellaneous payments are charged against General Services Account kept by the New Zealand Treasury. When the vouchers reach New Zealand the provisional accounts and General Services Account are cleared and the appropriate votes finally debited. The Audit control is effective in preventing the debits to any vote exceeding the limit appropriated by Parliament. Those amounts represented by vouchers in transit and not cleared at the end of the year are treated as balances in hand.

Under the system of parliamentary appropriations, a vote is limited to the amount actually brought to charge therein during the twelve months, and no votes are therefore available to provide cash in advance for large amounts disbursed on the other side of the world. To get over the difficulty as regards railway purchases, an additional amount of £85,000 was provided on the railway estimates last year for advances to the High Commissioner. This does not, however, provide sufficient flexibility for other Departments, and if the necessity arises the Treasury, under the discretionary powers provided to meet such circumstances in section 29 of the Finance Act, 1920, has recourse to General Services Account, which enables advances to be made up to £500,000.

It is also evident, in the case of large orders that might be executed much earlier than anticipated owing to slackness of trade at Home, that the pressure on the votes will be heavier than the average incidence of estimated expenditure allows for. It is manifestly undesirable to delay payments for goods delivered under contract, which would invariably happen if the Audit recommendation was carried out. The law as it stands at present allows General Services Account to be used in such an emergency.

Advances from General Services Account and payments from votes are both governed by the authority of Parliament, and it is difficult to see how the control of Parliament can be more complete.

#### SECTION 317, LAND ACT, 1924.

(Page 4 of Report.)

In referring to the amendment of section 317 of the Land Act, 1924, the Controller and Auditor-General states: "Attention is drawn to the fact that the result of this amendment is to make it practically impossible for the Audit Office to exercise any control over these transactions."

The departmental explanation is:—

Authority was obtained when the Land Act was consolidated last session to close the Mining Districts Land Occupation Account in the books of the Treasury, and to enable the moneys to be distributed to local bodies and to the Public Account by the Local Receivers of Land Revenue in the