

It was found that the varied nature of the many activities of this very important Department necessitated a particularly comprehensive system of book-keeping to enable a satisfactory statement of accounts to be prepared. A conference consisting of representatives of the Education Department, Audit, and Treasury was accordingly held in the year 1923, with the result that details were agreed upon, and very carefully prepared accounts of all the branches of the Department are now submitted annually.

Beneficial results, particularly in regard to the system of control of stores, have been obtained by the adoption of sound methods of stores accounting, some evidence of which may be gained from the following comparative statement showing the gradual reduction in the value of stores held in stock from year to year since the Audit Office first took the matter up:—

| | | Central Stores (as per Trading Account). | Value of Yearly Issues. | General Stocks as per Balance-sheet. |
|------------------|-------|--|----------------------------|--|
| | | £ | £ | £ |
| 31st March, 1922 | | 36,233 | .. | .. |
| „ 1923 | | 27,990 | 10,954 | 44,837 |
| „ 1924 | | 16,576 | 10,538 | 34,130 |
| „ 1925 | | 12,024 | 7,637 | 27,658 |
| „ 1926 | | 4,727 | 8,164 | 16,203 |
| „ 1927 | | 3,301 | 6,564 | 12,323 |
| „ 1928 | | 2,574 | 6,214 | 11,416 |
| „ 1929 | | 2,393 | 7,020 | 11,471 |

The accounts may be said to give a fair and comprehensive view of the result of the Department's undertakings, and should be very useful for comparative and informative purposes.

AUDIT OF GOVERNMENT PROPERTY AND STORES.

The audit of Government store accounts differs materially from the audit of receipts and payments accounts in which latter the cost of the stores appears under date of purchase as a final charge, and the date of use, as well as the methods of use, are not recorded. Stores accounts are not an integral part of the cash accounts, and though the cash accounts may be quite in order, it would not necessarily follow that the stores and material used had been utilized in the manner intended by Parliament. I would again emphasize the fact that some stores can be more easily misappropriated than money, and the resulting loss to the public is the same whether the money granted to purchase the stores is misappropriated or whether the stores themselves after purchase are misappropriated. Care and vigilance is also necessary in checking all transactions connected with the disposal of Government produce or goods manufactured by the State.

A very large amount of inspection work has been carried out during the year, and I append a list of the Government Departments whose stores have been audited. I am pleased to say that nearly all Government Departments have now submitted Stores Regulations for Audit review. The only important Department which has not yet done so is the Railway Department. It is encouraging to find that the value of cost-accounting in connection with stores is rapidly becoming more generally appreciated not only in the Government service, but in many of the Local Bodies also. A thoroughly satisfactory system has been established in many of the local institutions which come under the review of the Audit Inspectors.

LIST OF DEPARTMENTS THE PROPERTY AND STORES OF WHICH HAVE BEEN AUDITED DURING THE YEAR.

| Department and Office. | Number. | Date. | Remarks. |
|--|---------|-------------------|---|
| <i>Agriculture Department—</i> | | | |
| Offices of Inspectors of Stock | 26 | Various | Cash and stores. |
| Ruakura Farm of Instruction | .. | 30/9/29, 31/10/29 | Cash, stores, and annual accounts. |
| To Kauwhata Horticultural Station | .. | 6/3/30 | Cash and stores. |
| Wallaceville Laboratory | .. | 29/1/30 | Cash and stores. |
| Weraroa Central Development Farm | .. | 22/8/29 | Cash, stores, and realization accounts. |
| District Office, Auckland | .. | 31/12/29 | Cash and stores. |
| District Office, Christchurch | .. | 17/3/30 | Cash and stores. |
| District Clerk and Accountant, Dunedin | .. | 12/10/29 | Cash and stores. |
| <i>Defence Department—</i> | | | |
| Regimental Funds Grant Accounts | 135 | Various | Cash. |
| Units | 36 | Various | Cash and stores. |
| Receivers | 3 | Various | Cash. |
| Sub-receivers | 18 | Various | Cash. |
| Hobsonville Air Base | .. | 15/2/30 | Stores. |
| Wigram Aerodrome | .. | 20/7/29 | Cash and stores. |
| Surplus Stores Office, Wellington | .. | 13/1/30 | Cash and stores. |
| Main Ordnance Depot, Trentham | .. | 20/3/30 | Cash. |
| A.S.C. Supply Accounts | .. | 13/1/30 | Camps. |
| Rifle meetings | 14 | Various | Cash. |