

Each individual Department has been required by the Treasury to prepare stores rules for the guidance of its officers. These departmental rules are submitted to audit before they are finally printed, and thereafter the Audit Inspectors have the duty of seeing that the rules are being properly observed. The only important Department which has not yet completed the revision of its stores rules is the Railways Department. The reorganization of the stores system in such a large Department must necessarily take time, and I am pleased to say that a very complete and efficient set of rules is in course of preparation and will be submitted for Audit review shortly.

Stores may be classed into two main categories—(a) consumable, (b) non-consumable.

The audit of consumable stores is especially difficult, as there is necessarily little, if any, trace left of them after use to guide the auditor. It is here that misappropriation can so easily take place, unless the system of check is very strict and very carefully observed. In one instance it was found that in order to account for valuable stores which had been misappropriated fictitious vouchers purporting to account for their use had been passed through the office.

With regard to non-consumable stores, the same difficulties do not arise as in the case of consumable stores, but here again it has been ascertained in the course of Audit inspections that non-consumable stores have mysteriously disappeared at times and have subsequently been written off by the responsible officers of the Department without due inquiry. It may be said in general terms that the difficulties of the Audit Department in its endeavours to check abuses in the handling of stores are chiefly centred in the period after their issue for use. I am pleased to say that Audit officers now receive from all the Departments the fullest support and co-operation in their endeavour to save loss and expense to the Dominion through careless control over Government stores.

In the course of the Audit inspection of departmental accounts it was ascertained by the Inspector that the account sales received for certain Government produce submitted to a well-known firm of auctioneers for sale did not appear to represent the current market values of the produce sold. It seems that the goods, instead of being offered to the public at auction, were "bought in" by the firm, and then disposed of by the firm. This led to an investigation by the police, in conjunction with the Audit officer, with consequent Supreme Court action. After very lengthy and expensive litigation the jury failed to agree on the major charge, and a new hearing was ordered. The Audit Office does not, however, consider that the expense of continuing the action in the Supreme Court would be justified, and will proceed by civil action to recover the amount of profit and commission which it considers should have been paid to the Government.

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	22	Various	Cash and stores.
District Office, Auckland .. ..	..	6/3/31	Cash and stores.
District Office, Dunedin .. ..	..	1/11/30	Cash and stores.
Te Kauwhata Horticultural Station .. ..	..	14/4/30	Cash and stores.
Ruakura Farm of Instruction .. ..	..	25/11/30	Cash and stores.
Palmerston North Seed-testing Station .. ..	..	14/10/30	Stores.
Galloway Experimental Farm .. ..	..	9/4/30	Cash and stores.
<i>Defence Department—</i>			
Regimental Funds Grant Accounts	105	Various	Cash.
Receivers and Sub-receivers	18	Various	Cash.
Units	55	Various	Stores.
Ordnance Depot, Ngaruawahia .. ..	..	22/9/30	Stores.
Ordnance Depot, Trentham .. ..	..	9/9/30	Cash and stores.
Ordnance Depot, Burnham .. ..	..	6/10/30	Stores.
<i>Education Department—</i>			
Child Welfare Offices	5	Various	Cash and stores.
Boys' Training-farm, Levin .. ..	..	15/12/30	Cash and stores.
Receiving-home, Christchurch .. ..	..	10/2/31	Cash and stores.
Boys' Probation Home, Christchurch .. ..	..	17/3/31	Cash and stores.
Girls' Home, Burwood .. ..	..	22/7/30	Cash and stores.
<i>External Affairs Department—</i>			
M.V. "Maui Pomare" .. ..	..	7/4/30	Stores.
<i>Health Department—</i>			
St. Helens Hospitals	6	Various	Cash and stores.
King George V Hospital, Rotorua .. ..	..	20/6/30	Cash and stores.
Sanatorium, Otaki .. ..	..	13/9/30	Cash and stores.
Queen Mary Hospital, Hanmer .. ..	..	7/2/31	Cash and stores.
District Office, Christchurch .. ..	..	26/1/31	Cash and stores.
District Office, Dunedin .. ..	..	11/10/30	Cash and stores.
<i>Industries and Commerce, Tourist, and Publicity Department—</i>			
District Office, Te Aroha .. ..	..	20/5/30	Cash and tickets.
District Office, Rotorua .. ..	..	16/10/30	Cash and stores.
District Office, Wanganui .. ..	..	26/5/30	Cash and tickets.
District Office, Nelson .. ..	..	28/2/31	Cash and tickets.
District Office, Dunedin .. ..	..	7/6/30	Cash and tickets.
Publicity Officer, Wellington .. ..	..	7/6/30	Stores.
Sanatorium and Baths, Rotorua .. ..	..	10/10/30	Cash and stores.
Hostel, Waitomo Caves .. ..	..	1/12/30	Cash and stores.
Lake House, Waikaremoana .. ..	..	12/8/30	Cash and stores.
<i>Internal Affairs Department—</i>			
Custodians of Government Buildings	4	Various	Stores.
Explosive Magazines	4	Various	Stores.
Conservator of Fish and Game, Rotorua .. ..	..	22/5/30	Cash and stores.
Store, Wellington .. ..	..	11/6/30	Stores.