

Ordinary Revenue Account proved insufficient to meet the demands made upon it, and the Treasury asked that, pending the introduction of the necessary legislation, credit be allowed in the Ordinary Revenue Account to the amount of the cash balances from time to time held in the two accounts from which the transfers were to be made. In view of an undertaking given by the Government to introduce legislation to give effect to the Budget proposals, I consented to the Treasury request.

The legislation authorizing the transfers was duly introduced and enacted in the Finance Act, 1931 (No. 4), sections 4 and 8 respectively.

#### Sections 64 and 87, Public Revenues Act, 1926.

Section 87, in referring to the Abstract of the Revenue and Expenditure of the Public Account to be gazetted and laid before Parliament pursuant to section 85, requires that such Abstract shall comprise all payments made by the Paymaster-General or by imprestees during the period to which it relates. During the year the Treasury Cashier paid out of his Imprest Account various sums amounting to £314,154 15s. 5d. to the Union Bank and the Bank of New South Wales, to establish a credit at the Bank of New Zealand, Sydney, for the payment of maturing debentures and of other services in Australia. These payments by the Treasury Cashier to the banks were not included in the Abstract, as required by section 87 quoted above, and the vouchers supporting such payments have not been submitted for audit in accordance with section 64 of the Public Revenues Act. The Imprest Account, instead of being cleared by means of the vouchers supporting the payments made therefrom, was cleared to the extent of £308,897 19s. by means of vouchers for payments made in Australia from the credit established with the Bank of New Zealand at Sydney. An amount of £5,256 16s. 5d., representing the cost of unused credit amounting to £5,973 1s. 3d. held by the bank in Sydney at 31st March, 1932, was shown in the Abstract as a balance held in the Treasury Cashier's Imprest Account in Wellington at that date, though in fact the amount had been paid out of the Imprest Account to the bank a considerable time before the end of the year, and the imprestee had received a voucher therefor. It will be seen that, as the Treasury Cashier was not credited with the amount he paid to the bank until receipt of vouchers from Australia covering the expenditure there some considerable time afterwards, he was left in the position of being responsible for some months for a large amount of money which he had paid to the bank to establish the credit in Australia. The system followed is contrary to law, and in the opinion of the Audit Office is also unsound from an accountancy point of view. The attention of the Treasury was drawn to the matter in October, 1931, and the introduction of a more correct system was suggested, but no action was taken. The Audit Office has reason to believe that there are other similar cases in which payments have been made from the Imprest Account but not brought into the Abstract, and for which the vouchers have not been submitted for audit in accordance with section 64 of the Public Revenues Act.

#### Section 100, Public Revenues Act, 1926.

This section requires that where public moneys are to be issued for investment the Audit Office must first satisfy itself that the moneys are available and applicable, and that the proposed investment is authorized by law, and shall then direct such moneys to be issued. It is only subject to these conditions that moneys may be issued for investment.

During the month of August, 1931, it came under the notice of the Audit Office that a sum of £1,000 had been issued as an investment of the Discharged Soldiers Settlement Loans Depreciation Fund Account on the previous 31st July without compliance with the provisions of section 100 of the Public Revenues Act, 1926. On investigation the investment proved to be otherwise in order, and the authority of the Audit Office covering the issue of the moneys was therefore given subsequently to the making of the investment.

### STATEMENT OF IRREGULARITIES IN CONNECTION WITH PUBLIC MONEYS AND STORES.

#### SECTION 89 (2) (c), PUBLIC REVENUES ACT, 1926.

Nature of Irregularity.	Amount involved.	Action taken, and Result.
<b>Education Department.</b>		
IRREGULARITIES BY DEPARTMENTAL OFFICERS.		
	£ s. d.	
Theft of departmental moneys .. .. .	3 16 0	Matter investigated. Offender's identity not established.
<b>Government Life Insurance Office.</b>		
IRREGULARITIES BY PERSONS NOT DEPARTMENTAL OFFICERS.		
Theft of departmental moneys .. .. .	63 9 8	Offender pleaded guilty and was placed on probation for two years. Restitution made.
<b>Department of Health.</b>		
IRREGULARITIES BY PERSONS NOT DEPARTMENTAL OFFICERS.		
Theft of stores by burglar .. .. .	.. .. .	Matter being investigated by police.
<b>Internal Affairs Department.</b>		
IRREGULARITIES BY DEPARTMENTAL OFFICERS.		
Misappropriation of wages of charwomen .. .	16 5 5	Offender deceased. Moneys restored from his estate.
<b>Lands and Survey Department.</b>		
IRREGULARITIES BY DEPARTMENTAL OFFICERS.		
Theft of departmental moneys .. .. .	47 10 6	Offender convicted and placed on probation for two years. Restitution made.