

My previous report drew attention to the unsatisfactory state of Army stores accounting, and I am unable to report now that there has been any considerable improvement in the position.

The reports received from my Inspectors are in many cases to the effect that accounts are so inaccurate that the Army authorities are not in a position to satisfy Audit that all stores purchased and not remaining on hand have been applied to military purposes.

The Audit Office recognizes the great difficulties which the Army Department has had to face in building up a stores accounting section round a very small nucleus of trained personnel, and through lack of adequate store accommodation. In an endeavour to remedy the former handicap a senior Audit Officer and three officers of other Departments with stores experience were seconded to the Army Department to instruct and advise accounting officers in stores work. Before their appointment, however, the equipping of Territorials was already well under way, and large quantities of stores had been dealt with in a way which did not ensure a satisfactory accounting. The seconded officers have visited many stores, and, in addition to giving advice and instruction, have adjusted ledger balances to stocks on hand and so given accounting officers a fresh start. These efforts to improve matters have, however, been largely nullified by constant changes in Army personnel due to discharges and transfers to other duties.

Steps have now been taken to obtain greater permanency of personnel, and accommodation is rapidly being improved. Stores auditors, however, suggest that before satisfactory results can be achieved Quartermasters must be granted more time in which to issue clothing and equipment to the men. In the past the time allowed has been too limited to permit of an accurate record of issues being made.

*Army Rations.*—Soldiers are rationed on a daily-cost basis. The monthly supply accounts examined by Audit show that, with the exception of a few small units, the cost falls within the prescribed allowance. This test and a comparison which has been made of consumption in any camp with the average of all camps in the Dominion indicate a satisfactory accounting for foodstuffs.

Reports appear in the press from time to time of persons convicted of thefts of foodstuffs from the military camps, but these thefts have occurred after the goods have been issued to the cookhouse, at which point control by accounting records ceases.

*Army Transport.*—To equip Territorial units with motor transport to carry out intensive training the Army Department hired motor-trucks, cars, and cycles, and the hire rates, laid down when annual camps did not extend beyond a fortnight, have proved very costly to the State when camps have extended over periods of three to five months.

In the case of one battalion unnecessary hire charges were incurred through vehicles being held on hire over the Christmas holiday period, and during the early days of a camp when the preliminary training of the men did not require the use of transport to any extent. Compulsory acquisition of the transport required and available is now in operation.

*Second New Zealand Expeditionary Force.*—A recent report received from the Senior Auditor with the Second New Zealand Expeditionary Force stated that under active-service conditions strict accounting for stores could not operate in divisional units, and that audit work must be confined mainly to the accounts of base depots and hospitals.

*Air.*—The extra burden of work falling on Audit during the year has been too great to permit of stores inspections being made at all stations. At those stations which were visited it was found that the stores accounting system had not functioned satisfactorily, and from applications to write off stores submitted to Audit from time to time it would appear that a similar position obtained at other stations. Active steps have been taken by the Department towards effecting a remedy.

*Navy.*—At the annual audit of the Naval store, 130 lines of stock were checked, and a large number of these were found to be at variance with the ledger cards. The ledger postings were found to be some weeks in arrears, and there is not likely to be any improvement in the position until increased staff is made available.