

Reference was made in last year's report to a claim by New Plymouth City Council against the Crown in respect of alleged negligence by the Audit Office. Since the date of that report the Audit Office view of the matter was given to Parliament by the Minister in Charge of the Audit Department when its estimates were under consideration. On a claim of £16,895 a judgment for £8,164 was given against the Crown, but on application by the Solicitor-General for a review of the basis on which the amount was assessed it was reduced to £5,645.

Audits of local authority and Government accounts throughout the Dominion are fairly well advanced, but there are very considerable arrears in a few districts. These are sufficient to cause the Audit Office much concern, not only because local authorities may thereby suffer avoidable loss, but also because it may give ground for a criticism of the Office to the effect that if it cannot fully carry out its statutory functions it should be required to delegate or abandon some of them.

Sinking Funds of Local Authorities

Owing to the progressive reduction of interest rates over the last eighteen years, local authorities are finding that the sinking-fund contributions being made in terms of the Orders in Council consenting to the raising of loans are not providing funds sufficient to repay the full amounts of the loans at maturity dates.

The Audit Office is not empowered to require local authorities to increase sinking-fund contributions beyond the amounts prescribed by the Orders in Council consenting to the raising of the relative loans, but as opportunity offers it points out the effect of the reduced interest rates and suggests that consideration should be given to making increased contributions.

Allowances to Members of Boards and Committees

In May, 1949, a general increase in hotel tariffs was authorized, with the result that members of some fifty Boards and Committees, &c., whose rates of subsistence allowances were fixed by regulations were placed at a financial disadvantage pending the alteration of the several governing regulations to admit of higher scales.

This proved to be an affair of some magnitude, especially as other amendments were necessary in many cases. Regulations do not operate retrospectively unless, which is unusual, there is provision to that effect in the relative statutes, and in order that members should not be penalized financially Audit agreed to accept a Cabinet direction as an interim authority for the payment of higher rates.

The regulations of many of the Boards and Committees have now been altered, but as the amendments do not operate retrospectively Treasury has agreed that validating legislation will be introduced to cover payments of increased subsistence allowances made prior to the effective dates of the amending regulations.

Visit of Australian Officials

The Audit Office was very pleased to have a visit during the year from Mr. A. C. Joyce, C.B.E., Auditor-General for the Commonwealth of Australia, and Mr. J. D. Chettle, Assistant Secretary and Chief Inspector, Audit Office, Canberra. These officials spent several days in Wellington informing themselves as to New Zealand