

12. A number of inquiries has been held during the year, and deputations from and conferences with officers' associations have occupied much time.

ACCOUNT-KEEPING.

13. The importance of a proper system of account-keeping appears to be taking an unnecessarily long time to make itself realized. The Treasury has, however, been able to allot the duty of inspection of departmental accounts to a qualified officer for a portion of the year. The difficulties of the Treasury at the present time, owing to the absence of so many of its trained officers and the heavy work incident on the war loan, are recognized, but the urgent necessity of placing all account-keeping on a businesslike footing should not be lost sight of. Departments whose operations are more or less of a commercial nature should be required to place their accounts on a commercial basis, so that some idea of the profit or loss arising may be ascertained. Until this is done there is little hope of reasonable economy, or of Government being made aware of the exact position of the accounts of the Departments concerned.

14. It was pointed out in the Fourth Report that Government trading concerns were likely to be found carrying on their operations without reliable accounts unless some Department kept a very sharp lookout and assumed responsibility. This is now being done.

INSTRUCTION-BOOKS.

15. In the First Report attention was drawn to the necessity for proper instruction of officers. It was pointed out that in many Departments in the past it had not been the custom to define the duties attached to any particular office, or to make clear the relations which should exist between officers in one section or branch of a Department and another, with resulting lack of uniformity of method. It was considered that the duties of officers occupying responsible positions should be clearly defined, and that the practices to be followed in the routine work of the Department should be outlined and published for the guidance of officers. The matter was again referred to in the Third Report, but there are still many Departments which have apparently made no attempt to provide proper instruction-books. A large defalcation which recently occurred would probably have been impossible if proper instructions had been in force.

INSPECTION.

16. In the First Report special attention was directed to this in the following terms:—

Probably the greatest need to-day of the Service is the inauguration of a proper system of inspection of all offices. During the visits of the Commissioners it was found that there had been no inspection, in its proper sense, of departmental offices in some cases for years past. This largely accounts for the divergencies which exist in the practices observed. The Commissioners consider that an inspection of every office should be made each year by qualified officers, who would not only point out irregularities in methods, &c., but would at the same time take a share in the responsibility of educating officers in the various duties which they are expected to perform.

Had this recommendation been carried out and inspections made by an officer competent to carry out an internal audit, defalcations amounting to about £14,000 in recent years would have been practically impossible. Many Departments could carry out such inspection and internal audit by a temporary rearrangement of duties annually or oftener without the necessity of appointing a permanent Inspector.

NEW DEPARTMENTS CREATED.

17. The war has resulted in the creation of new Departments, such as the Munitions and Supplies Department, which is assuming considerable proportions, and the Discharged Soldiers' Information Department, which is likely to grow rapidly; while the Imperial Government Supplies Department, the officers of which are not under the Public Service Act, has at the present time thirty-seven officers, and the New Zealand Government Requisitions Committee thirty-three. In addition, the Base Records Office, the War Expenses Branch,