

Vouchers passed under section 70 of the Public Revenues Act, for year ended 31st March, 1918:—

<i>Defence Department (War Expenses).</i>				£	s.	d.
Union Steamship Company—Fares, Wellington—Lyttelton	..	..	..	10	11	6
Wilkie, R. A.—Dental extractions, Albany	..	..	..	0	10	0
Henderson—Dental extractions	..	..	..	0	3	0
Bender, E. J.—Dental examination of recruits	..	..	..	21	5	0
Ellis, O. V.—Dental examination of recruits	..	..	..	10	16	9
				<u>£43</u>	<u>6</u>	<u>3</u>

SURCHARGES.

There has been a number of instances in which the Audit Office has discovered overpayments to soldiers. Where it has been possible recoveries have been made, but in other cases it is understood that the Defence Department, in order to avoid hardships, will seek the authority of Parliament to write off the debits as irrecoverable.

Several overpayments arising from laxity on the part of certain officers were detected, but no surcharges were issued, as it was found difficult to fix the responsibility on any particular individual.

WAR EXPENDITURE.

Embarkation rolls to date show a total of 95,616, while camp records disclose approximately a strength of 11,000, making a total of 106,000 men. Of this number about 17,500 accounts of deceased and discharged soldiers have been finally settled, and at present Audit is examining approximately 800 of these accounts per month.

There is pre-audit of claims for fitting-up, hire, and reconditioning of transports, purchase of clothing and supplies, travelling-expenses, canteen supplies, forage, &c., and of imprests checking acquittances, daily orders, allotment orders, &c. In addition to this the expenditure of Military Service Boards, National Efficiency Board, and Financial Assistance Board is examined.

The expenditure for the period April, 1917, to March, 1918, was £16,803,799, and the total expenditure from August, 1914, to 31st August, 1918, £46,056,498: of which £3,527,558 was chargeable to equipment; £18,222,618 to pay and allowances; £12,435,000 to maintenance of troops in the field (War Office); £5,174,848 to hire, fitting, and reconditioning of transports; £1,696,871 to rations; and to financial assistance, £106,156.

IMPERIAL GOVERNMENT SUPPLIES DEPARTMENT.

The Audit Office has continued the examination of the accounts of the Department of Imperial Government Supplies, the operations of which have now extended to the purchase of a large proportion of practically the whole of the farming produce of the Dominion. The total disbursements to the 31st March, 1918, amount to £59,881,444, the expenditure since last report being £32,062,328. The accounts are in a highly satisfactory state.

ESTABLISHMENT OF AUDIT SECTION IN LONDON TO DEAL WITH PAY AND EXPENDITURE OF NEW ZEALAND EXPEDITIONARY FORCE OVERSEAS.

The Government having decided to introduce into the London pay office the Australian system of accounting for pay issued to troops in the field, I have arranged for the establishment of an Audit section to deal with pay and expenditure of the New Zealand Expeditionary Force abroad, including the purchase of equipment, stores, and supplies in the United Kingdom for Defence purposes, and transport expenditure.

The advantages of such a system are—

- (1.) Any difficulty over the loss of acquittance rolls through submarines is obviated:
- (2.) (a.) Elimination of duplicate ledger accounts at each end recording field pay, and consequent duplication of postings by the Defence Department:
- (b.) Elimination of duplicate checking of imprest expenditure by the Defence Department:
- (3.) The close check and audit of the postings in London facilitating the disposal on the spot of Audit queries, thereby saving considerable time in settling soldiers' final accounts in New Zealand.

The Auditor-General hopes to have this new system in full operation early next year.

MONEY ISSUED ON INDEMNITY.

In order to prevent the inconvenience or discouragement to local producers which might result from the delay which occurred in London in furnishing definite information as to the final terms of the purchase of butter and cheese in the Dominion for the Imperial Government, the New Zealand Government undertook to make advances to the extent of £600,000 to the dairy factories to enable them to meet their obligations to milk-suppliers.

There was no statutory authority for the issue of such moneys out of the Public Account, but in view of the war conditions and importance of the transaction the advance was passed by the Audit Office on the undertaking of the Government to introduce validating legislation indemnifying the Audit Office in respect of such issue. (The amount was advanced in November, 1917, and repaid by the Imperial Government in December, 1917.)