

## SURCHARGES.

Irregularities in connection with their official duties necessitated the issue of surcharges under section 65 of the Public Revenues Act as follows :—

*Department of Internal Affairs.*

A Government photographer was surcharged with the amount of £95 11s. 3d., representing cash advances made to him and payments made on his behalf by the Administrator of Samoa whilst employed in securing photographs for the Government of New Zealand. The amount was recovered by deduction of part from the photographer's salary and the remainder from an amount due to him as refund of travelling-expenses.

*Health Department.*

The Medical Officer of Health, Napier, was surcharged with the amount of £19 19s. 2d. in respect to a loss arising from neglect to take into consideration the position regarding the rate of salary payable to a school nurse at Napier when he certified the salary abstract. On appeal, information was supplied showing that an officer or officers in the Head Office, Health Department, were not entirely free from blame, and the surcharge was waived by the Minister of Finance under section 67 of the Public Revenues Act. A sum of £3 has been refunded by the school nurse, and when the actual loss has been definitely ascertained the amount will require to be written off by authority of Parliament.

## AUDIT OF GOVERNMENT STORES.

Progress has been made in the direction of securing Audit control over the custody and disposal of Government property. The magnitude of the work involved can be realized when it is remembered that every class of property, including live as well as dead stock, and every detail of Government purchase or manufacture, must be accounted for just as carefully as if it were cash. This branch of Audit responsibility has in past years been very much neglected, with the result that a slackness of administration and an entire absence of proper check in many Departments has left the door open to misappropriation and loss of Government property, and the bad system in force provided no means by which such irregularities could be detected or prevented. Under the direction of the present Government, however, a new system has been introduced, but it is not an easy matter to introduce a new system in many Departments at a moment's notice, especially when the difficulty of obtaining the services of Audit officers with a proper knowledge of stores-control and cost accounting is taken into consideration. During the past year, however, some experienced officers have been added to the Audit staff for this work, which has somewhat eased the position. Successful supervision over Government property will depend on the strict observance by officers in charge of stores of internal departmental instructions which must be based on the requirements of the Public Revenues Act. Unfortunately, there has not been a too-ready response on the part of some Departments to Audit requests for the preparation of these instructions and for the adoption of the principles of stores accountancy.

Scrutiny by Audit during the year has revealed the existence of loose methods leading to losses to the State. For instance, in one Department it has been ascertained that two motor-cars and eleven motor-cycles are missing, and no explanation of the shortage has been supplied.

Audit inquiry has also revealed the fact that it has been a recognized practice in some Departments for officers to be permitted to deal with or through their Departments in the purchase of motor-cars, farm-produce, and other goods, and to use Government workshops for private work to their personal advantage.

If concessions of this description are authorized by the Government, or form a condition in the contract of employment, the circumstances should be entered in the Classification Lists, otherwise Parliament will remain in ignorance of the true amount of emolument pertaining to a particular office. Representations were made to the Government in reference to this matter, and a Treasury Regulation was immediately passed by Order in Council, which reads as follows :—

“ Officers of the Public Service are not, either directly or indirectly, to derive advantage from dealing in Government stores. Free issues or sales of public stores to officers will not be permitted unless provided for by the Public Service Classification List, or expressly approved in writing by the permanent head under departmental regulations approved by the Treasury and Audit.”

## FUNCTIONS OF AUDIT.

Questions are occasionally raised as to whether the Audit Office, when making comments regarding expenditure, uneconomical methods, and extravagances, &c., in Departments, is not trespassing on the administrative functions of the departmental officers, and it may be as well for the matter to be clearly stated from an Audit point of view in order that there may be no misunderstandings. The Controller and Auditor-General is the servant of Parliament, and, to quote from an eminent English authority on Parliamentary Grants, “ he is there to represent the House in scrutinizing the expenditure of money voted by this House. It is his duty to call the attention of this House not only to waste of public money, but to every matter arising out of his examination of finance to which he thinks the attention of Parliament should be directed. If he reports on a matter of administration from the point of view of its effects on the public purse it will be for the purpose of bringing before Parliament something which would otherwise pass unnoticed. . . . Store audit proceeds on the same general lines, and is guided by the same principles as the cash audit, with this important difference, that in the case of the stores there is, generally speaking, more necessity for the Controller and Auditor-General to extend his inquiries into matters of administration more often than in the case of the cash accounts.”