

SALARY-PAYMENTS.

The system of payment of salary of officers in the Public Service twice monthly has been instituted as a general measure, but to suit the convenience of all concerned it was made optional whether an officer received his pay in two instalments, or in one each month. A number elected to continue to receive pay monthly, but the work of the Audit Office, and also in departmental offices and in the Treasury, has increased very considerably owing to the necessity for preparation and examination of two sets of pay abstracts each month. Generally speaking, the arrangements are working smoothly, and the advantages of payment twice monthly appear to be appreciated by the officers who have accepted this mode of payment.

DOCUMENTS UNSTAMPED OR INSUFFICIENTLY STAMPED.

In the course of its examination of the books and accounts of the various Departments the Audit Office has ascertained that a large number of dutiable documents and vouchers either bore no duty stamps or were insufficiently stamped. These cases have been placed in the hands of the Stamp Duties Department for any action deemed necessary, and the result has been that a considerable amount of revenue has been recovered and a substantial sum received in respect of fines.

AUDIT OF SAMOAN ACCOUNTS.

For some years past, including the year under review, the audit of Samoan accounts has been very efficiently performed by a firm of Wellington accountants and auditors on behalf of the Audit Department, for the reason that no Audit officers could then be spared to undertake the duty. In the financial year now entered upon, in deference to the wish of the Minister in Charge of the Department of External Affairs, arrangements have been made to enable two officers of the Audit Office to visit Samoa for the purpose of carrying out the audit of these accounts.

SAMOAN CROWN ESTATES.

I desire to draw attention to the method of dealing with the moneys belonging to the Samoan Crown Estates, which in some respects is not satisfactory from the point of view of proper accounting and of Parliamentary control of public moneys.

The estates in question (which consisted of enemy property) were, in pursuance of the Samoan Crown Estates Order, 1920, vested in His Majesty in right of the Government of New Zealand, and in terms of that Order the proceeds therefrom were to be paid into a separate account known as the Samoan Crown Estates Account, on behalf of the Government of New Zealand. These estates therefore became the property of New Zealand, as distinct from the ordinary Samoan revenues, which are payable to the Samoan Treasury and are the property of the Samoan Administration. The Crown Estates Order provided for the payment of such of the proceeds as were not required for carrying on the Crown Estates to the New Zealand Public Account to the credit of the Consolidated Fund.

In 1920 and 1924 the Crown Estates Order was amended to enable moneys of the Crown Estates to be paid over to the Samoan Treasury on obtaining an Order in Council to that effect. Orders in Council have been obtained authorizing the payment of sums amounting to £188,314 15s. 11d. in this manner, and it is understood that it is intended to pay over to Samoa the surplus profits arising from the Crown Estates.

The unsatisfactory features of the present methods of dealing with these moneys are,—

1. Moneys of the Samoan Crown Estates, the property of the New Zealand Government, may be paid to the Samoan Treasury, and become the property of the Samoan Administration, without any authority of or appropriation by the Parliament of New Zealand.
2. No record of such payments, or of the revenues derived from the Crown Estates in Samoa, is contained in the Public Accounts of the Dominion, and those accounts do not record the full amount of the financial assistance granted from the public funds of New Zealand in aid of the mandated territory of Samoa.

The Audit Office would point out that the procedure now followed appears to be contrary to the spirit and intention of the Public Revenues Act, which requires that public moneys shall be paid into the Public Account and shall be expended only under the direct authority of Parliament.

DELEGATION OF RESPONSIBILITY.

In the course of its investigations the Audit Office has noticed that there has been in some cases a tendency on the part of responsible departmental officers to delegate to junior clerks and cadets important duties involving monetary matters requiring personal attention by experienced officers, with the result that, through failure to take certain precautionary measures, moneys have been lost to the Crown. The Audit Office has been obliged to direct attention to this practice, and has suggested to Departments that all duties closely affecting monetary transactions and requiring special knowledge should be performed by the responsible officers who are paid for such work, or by officers working under close supervision by them.

SUBSIDIES AND GRANTS TO INSTITUTIONS.

There has grown up a practice of providing by parliamentary appropriation for the payment of subsidies and grants to many institutions which bear no direct relationship to the State, but which are, nevertheless, in many cases institutions founded and working in the public interests. The Public Revenues Act places institutions which receive grants of public moneys from the Crown on the same footing as local authorities, and imposes on the Audit Office the responsibilities of auditing the accounts of such institutions. With the object of giving effect to the requirements of the Act Audit