

Departmental Regulations to be subject to Treasury requirements; and, as stated by him, good progress is being made in this direction. It must be expected that the design and adoption of regulations appropriate to all Departments must take reasonable time to become fully operative. Treasury is now responsible to see that measures to ensure stores accounting are so framed as to include provision for the necessary internal check and at the same time make due provision for the difficulties in Departments where there are employees whose efficiency in performing their specialized duties is proved but who are inexperienced in the operation of stores control on ideal lines. Moreover, due consideration must always be given as to whether, in certain cases, the practical application of the new regulations justifies the outlay.

#### GOVERNMENT STOREKEEPER HAVING INTEREST IN A FIRM SUPPLYING GOODS.

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In this case, which has given rise to considerable comment, the facts are stated by the Department as follows:—

A Storekeeper employed by the Department had control and supervision of stores, &c., required for mining purposes. He tendered his resignation on the 28th January, 1924, and asked to be relieved as from the 28th February, 1924, as he had accepted a position outside the Service. He was not (as far as is known) prior to tendering his resignation in any way interested in the firm in question. The Department was not able to release him from duty until May, 1924. Later, at the request of the Department, owing to staff disorganizations (caused by a death, illness, &c.), he was intermittently employed for a further three months. *When he tendered his resignation he asked that a stock-taking and clearance of his accounts be made.* The Permanent Head of the Department wrote to the Controller and Auditor-General on the 4th March, 1924, requesting that an audit be carried out, but the Audit Office was not able to do this until August—*i.e.*, after the officer had left.

The Stores Auditor, after a lengthy investigation, reported nineteen cases of alleged irregularities, with overpayments and losses totalling £40 7s. 7d., six different firms being concerned. The purchases from the firm which the officer joined and which were questioned by Audit are included in this amount, and were made in June and July, 1924. Immediately upon receipt of Audit report the Department instituted an inquiry by a qualified Accountant. He reported that "the Audit allegations were without foundation in a number of cases, and in other cases were too doubtful or trivial to prosecute on."

The result of the Department's investigation reduced the alleged loss of £40 7s. 7d. to £1 12s. 2s., and this amount was recovered from the firms concerned. Of this amount, the firm which the officer had joined was concerned in a refund of 17s. 2d. only. The Department's opinion is that this overpayment was due to an error of judgment in identification of the size and weight of a rope, and not to any dishonest motive.

The Department points out that the officer in question only remained on duty to assist them during the illness of his successor. As he was well qualified in stores work, they were only too glad to avail themselves of his services, and, instead of imputing dishonest and improper motives to him, it is considered that his action in returning to duty should have received commendation.

#### RECONCILIATION OF STORES LEDGERS WITH STOCKS ON HAND.

In connection with the same undertaking, the Department reports that a thorough stock-taking was made by departmental officers, and as a result it was ascertained that there were certain discrepancies (both deficiencies and excesses) between the Stock Ledgers and actual stocks on hand.

The review covered a period extending over ten years' trading, and, with the object of effecting a reconciliation, Audit approval was requested to write off certain "book deficiencies," in terms of Treasury Regulation 135 (which came into operation as from the 1st January, 1920). There is no evidence to indicate that these discrepancies arose from any peculation, but are book errors such as do arise in any similar business conducted on the best commercial lines. As a matter of fact, these discrepancies were brought under the notice of Audit by the Department; they were not discovered by Audit, and have not yet been investigated by the Audit Department.

The system outlined by the Department to be followed in the matter of stores accounting was and is a good one. It would bear comparison with that set out and adopted in the best-managed concerns carrying on similar undertakings.

#### MANUFACTURE OF WINE.

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The departmental statement shows the following to be the facts:—

This relates to the experimental vineyards at Te Kauwhata, established over twenty years ago. The total value of the seventy-nine cases was £136, issued from the 1st April, 1921, to the 30th November, 1924, and most of it was used for advertising purposes. Sixty cases, value £104 9s. 6d., were sent to Agricultural and Pastoral shows as samples; of the remainder, a quantity valued at £9 6s. 6d. was issued to departmental and ex-departmental officers. The sales for the period amounted to £13,730, and the cost of the advertisement therefore represents less than 1 per cent. on sales.

The Government did not embark on a wine-manufacturing business in a mere profit-earning capacity, but rather to demonstrate the practical side and foster a local industry which included grape horticulture. In all such cases, whether conducted by Government or by private enterprise, it is not unusual for the purpose of establishing a market to make gifts of sample lots.