

number of positions for which applications were invited in the *Official Circular* was 149; the number of applications received was 2,022. Of the 149 positions filled by the appointment of officers already on the Permanent Staff, in only 39 instances was the senior applicant appointed.

FINANCIAL ACCOUNTS AND COSTING SYSTEMS.

While it is recognized that Government expenditure at any time is controlled by Government policy, it is, however, further recognized that administrative cost is an important, if not the most important, factor in the matter. The war period and the immediate post-war period were times of expanding activity. Increased demands were made on Government for higher standards of service and extension of services, which necessarily involved increased appropriations. The inevitable reaction set in in a demand for economy and a reduction in public expenditure, and, although the position has been reviewed from time to time with the object of eliminating anything in the nature of unnecessary expenditure, this cry is still insistent. Experience has shown that readjustments can be only gradually made. A curtailment of necessary services, or retrenchment, involving either underpayment of officers or understaffing of Departments in an effort to make a Budget balance, is an economy dearly bought, as it means loss of many of the advantages of past spending, while with certain services continuity is of prime importance.

The alternative to a short-cut, and most probably questionable economy in the long-run, is to devise a system of controlling administrative expenditure that will ensure the elimination of waste and extravagance. It is in this connection that recourse has been made by Government in one important instance to modern methods of accountancy by the installation of departmental book-keeping on commercial lines. In this regard the remarks from a recent presidential address at the annual meeting of the New Zealand Society of Accountants, in which reference is made to the adoption of the orthodox commercial balance-sheet for Government Departments, are interesting :—

“ This points to the thoroughness with which the Government is carrying out its decision to follow commercial lines in the construction of the accounts of all State Departments, and bears evidence of the work of trained Accountants in the Public Service.”

In addition to the usual financial accounts, steps have been taken during the past few years to ensure that proper costing methods are followed in those Departments where large sums have been invested in the purchase of materials and payment of wages, to enable comparative data to be compiled and thus ensure that such undertakings are conducted with due regard to efficiency and economy. It is recognized in modern accountancy circles that a sound costing system plays an important part in works organization and expense-control. The sawmill and brickworks industries undertaken by the Prisons Department are two prominent examples which could be quoted as showing where the institution of a costing system has revealed where industries which had been regarded as most successful have actually been carried on at a loss. This knowledge has led to a reorganization of the undertakings, with a resultant saving of public moneys.

The introduction of commercial book-keeping in all Departments, and the establishment of proper costing systems, has, in addition to other advantages, undoubtedly tended to eliminate avenues of waste which would otherwise have remained undetected.

INSPECTION OF OFFICES.

In the first report of the Commissioner it was stated, “ Probably the greatest need to-day of the Service is the inauguration of a proper system of inspection of all offices.” It had become evident to the then Commissioners that there had been no inspection, in its proper sense, of departmental offices.

During the war period it was difficult to obtain a sufficiently trained staff to carry out this important work, and little headway was made. At the present time arrangements in the larger and more important Departments for continuous inspection are regarded as satisfactory. The efficient and economical administra-