

I have come to the conclusion that the procedure which was adopted in the past of publishing the amounts only of royalties due has been satisfactory, but it is highly desirable that Parliament should give some indication as to whether it wishes the detailed information to be supplied.

Department.	Amount unpaid.					
	£	s.	d.	£	s.	d.
Forestry—						
Auckland Region	45	6	7			
Rotorua Region	124	3	11			
Wellington Region	110	3	3			
Nelson Region	249	15	2			
Westland Region	693	18	9			
				1,223	7	8
Lands and Survey—						
North Auckland District	1,191	13	4			
Auckland District	15	10	0			
Napier District	76	11	9			
Nelson District	555	19	3			
Westland District	734	2	6			
Southland District	149	6	0			
				2,723	2	10
Marine				601	19	1
Mines				6,943	5	2
Native				1,994	18	7
Public Works				28	7	6
State coal-mines				2,378	4	11
				£15,893	5	9

Audit of Public Stores.

During the period under review Inspectors examined 399 financial and store accounts in the following Government Departments: Prisons, Public Works, Health, Navy, Army, Air, Education, Marine, Mines, State Forest Service, Industries and Commerce, Tourist and Publicity, Agriculture, Mental Hospitals, Native, Railways, Post and Telegraph Stores, Lands and Survey, Internal Affairs, Printing and Stationery, and Transport. In addition, a continuous audit has been made of the various financial and store accounts of the New Zealand Division of the Royal Navy.

The position in regard to the audit of offices and accounts has been maintained during the year, but due to the increase in the volume of financial and store transactions in various Departments, it has not been possible to reduce the outstanding work to any appreciable extent. I may say that, while all cash transactions are checked in detail by my Inspectors, the audit of store transactions must of necessity be confined to a test check with the object of ascertaining, *inter alia*, whether the accounting systems are functioning satisfactorily and the various rules and regulations are being observed. In some cases Departments have adopted suggestions made by the Audit Office to strengthen the internal check and improve the systems of accounting for stores.

Several cases involving the misappropriation of public stores were dealt with by the Audit Office during the year. In each case the matter was placed in the hands of the police for investigation and appropriate action. The detection of misappropriation of public stores presents many difficulties, but in all cases where losses have occurred under circumstances indicative of theft the Departments concerned have been required to obtain reports from the police in connection with the losses. Particulars of these losses are contained in the statement of irregularities in connection with public moneys and stores which is included in my report in accordance with the provisions of section 89 (2) (c) of the Public Revenues Act, 1926.

I am pleased to be able to report that in most Departments adequate records are maintained to record the receipt and issue of stores.