Accounts of Local Authorities

During the year three cases of disqualification of members of local authorities were dealt with by the Audit Office. Two of these cases arose from members being concerned or interested in contracts entered into by their respective local authorities in excess of the limits set out in section 3 of the Local Authorities (Members' Contracts) Act, 1934, and the third case was of a member holding a place of profit under the local authority of which he was a member.

There were nine cases of misappropriation of funds by local-body officials, an increase of two as compared with the previous year, and in each case the matter was placed in the hands of the police for appropriate action by them. The aggregate sum of the misappropriations was £740 7s. 9d.

The Audit Office dealt with numerous breaches of law relating to accounts, and an adjustment thereof or a recovery of moneys was required in all cases except where special circumstances were such that Audit requirement was waived conditionally on legislation being obtained to validate the irregularities.

The following is a list of the cases where this waiver was granted :—

Cheviot County Council ..	Free use of residence granted to a doctor.
Grey Hospital Board ..	"Unauthorized" expenditure exceeded by £130 12s. 11d.
Napier Harbour Board ..	Personal receipts not obtained from certain employees for wages paid through an agency.
Normanby Town Board ..	Water charges not levied in accordance with the provisions of the Municipal Corporations Act, 1933.
Ohai Railway Board ..	"Unauthorized" expenditure exceeded by £62 0s. 10d.
Raglan County Council ..	Contribution towards the cost of acquisition of a joint reserve.
Waipa County Council ..	Contribution towards the cost of acquisition of a joint reserve.
Wellington Hospital Board ..	Proceeds of sale of endowment property applied towards the purchase of a hospital site, contrary to section 73, Hospital and Charitable Institutions Act, 1926.

Except in the cases of the Cheviot County Council, the Napier Harbour Board, and the Normanby Town Board, the necessary legislation has already been provided.

Reference was made in my previous report to the fact that certain local authorities had engaged, without authority of law, in activities of a farming nature. They have continued to do so, but relative legislative authority has not yet been given.

The duties of Inspectors engaged on the work of auditing the accounts of local authorities are now more onerous than in normal times. In the past, Audit Inspectors, when framing an audit programme, were able to place some reliance on internal check in force in the office concerned, and on the standard of the accounts as presented for audit, but owing to losses to the Armed Forces the staffs in many local-authority offices are reduced in both number and efficiency, so that Inspectors are unable now to take the first-mentioned factors into account to the extent they formerly did. I am pleased, however, to report that, notwithstanding extra responsibilities, the inspectional staff, though itself depleted, has kept the audit of local-authority accounts reasonably up to date. This good result has been achieved by working extra hours and by careful attention to deletion of detail.

Patriotic Funds

The accounts of six Provincial Patriotic Councils for the year ended 30th September, 1942, have been audited, and audit reports thereon have been submitted to the Minister of Internal Affairs, as required by regulation. Of the remaining five accounts, the audit of three is almost completed and the other two are receiving attention. The audit of the accounts of the National Patriotic Fund for the year ended 30th September, 1942, has not yet been carried out. Several factors, such as the employment of various organizations for collecting and expending funds, militate against the early closing of the books after the end of the Fund's year, but the Audit Office has represented to the National Board the desirability of expediting the preparation of the final accounts and balance-sheet.

In addition to the accounts in the Head Office of the National Patriotic Fund Board, the records of the disbursement of moneys of the fund in England, the Middle East, and the Pacific area are subject to audit by officers of the Audit Department stationed overseas.

Canteen Board

Up till the beginning of the year under review all sales were made by the Board through retail canteens in camps, but since then several stores have been opened from which bulk sales are now made to units that cannot easily be reached through the ordinary canteens. The turnover has reached a total of £1,700,000, nearly trebling that of the previous year.