

(f) SURCHARGES

Section 69 (1) of the Public Revenues Act, 1926, provides that the Controller and Auditor-General shall surcharge the person responsible wherever it appears to the Audit Office that public moneys or stores have been lost through the default, neglect, fraud, or error of any servant of the Crown.

In the past year it was found necessary to surcharge eleven officers, ten of the surcharges being in respect of loss of money and one surcharge being in respect of loss of stores.

Any person surcharged has the right, under section 71 of the Act, to appeal to the Minister of Finance, and the Minister may thereupon confirm or waive the surcharge as he thinks fit. Each of the surcharges issued during the year was made the subject of an appeal and the appended table summarizes the surcharges issued and the results of the appeals:—

Department.	Number of Surcharges.	Upon Appeal.		Total.
		Confirmed.	Waived.	
		£ s. d.	£ s. d.	£ s. d.
Agriculture	1	1 0 0	6 18 0	7 18 0
Mental Hospitals	1	5 0 0	7 0 0	12 0 0
Navy	1	30 0 0	38 15 11	68 15 11
Post and Telegraph	8	42 0 0	206 10 0	248 10 0
	11	78 0 0	259 3 11	337 3 11

(g) DETAILED AUDIT OF ACCOUNTS DISPENSED WITH

Section 72 of the Public Revenues Act, 1926, authorizes the Controller and Auditor-General, with the consent of the Minister, to dispense with a detailed audit of any accounts in circumstances which render a detailed audit unnecessary.

The Minister was not requested to make any new exercise of his power under this section during the year.

(h) GENERAL INFORMATION**Treatment of Exchange**

In terms of section 55 of the Finance Act, 1932, premium on, or cost of, exchange is dealt with in the Public Accounts as the Minister of Finance may determine.

A statement regarding the then practice of treating exchange was included on pages iii and iv of the Controller and Auditor-General's report to Parliament covering the financial year 1938-39, and it showed that certain votes and accounts did not bear the cost of exchange arising from their transactions. The practice then reviewed continued until 31st March, 1943.

At the commencement of the financial year 1943-44 the Minister approved a change, which is in accord with views advanced in several previous Audit Office reports, under which cost of exchange is treated as a part of the payment from which it arises. For example, the cost of remitting interest to London, amounting to £1,314,757 for the year under review, is not now accounted for as exchange, but is included in the item "Interest" on the expenditure side of the Ordinary Revenue Account of the Consolidated Fund.

A further determination of the Minister was that Government funds and investments held overseas as at 1st April, 1943, and all subsequent overseas transactions, were to be converted to pounds New Zealand at a fixed exchange rate of 25 per cent. and brought into the public accounts at the increased figure. Previously pounds New Zealand and pounds sterling were treated as if they were of the same value.

The total of overseas funds held at the commencement of the year, and dealt with in accordance with the terms of the preceding paragraph, was pounds stg. £2,547,732, and the exchange on this sum on its conversion to pounds New