

(f) Food Controller

My last report stated that the accounts of the Food Controller were not in a satisfactory condition, and as a result of Audit inquiries which have since been carried out some large recoveries have been made to Public Account.

A case has come under Audit notice in which the Controller is endeavouring to obtain a refund of approximately £20,000 in respect of an unsatisfactory supply, but prospects of recovery are not good.

Sales by the Controller during the year exceeded £7,000,000 in value, and it is pleasing to be able to report that the accounting for the large volume of business represented by this figure shows considerable improvement over last year's work.

(g) Ministry of Supply

Although sufficient staff was not available to permit of the huge volume of transactions of the Indent and Accounts Sections of the Ministry being audited in any considerable detail, the position disclosed by my officers engaged on the audit was not as satisfactory as could have been desired.

They reported several instances where supplies received by the Ministry were in excess of requirements or were not quite suitable for the purposes originally intended. In one instance an overseas seller advised that he would be very interested to know what the Ministry proposed to do with the material ordered, of a value running into six figures, as it was "no mean quantity to dispose of." As it has turned out, the material in this case and in other cases has been difficult of disposal.

Towards the end of the year I drew the attention of the Ministry and the Treasury to the desirability of reviewing the conditions under which the agents of the Ministry operate and to certain other matters, including the lack of an adequate system of internal check of the Ministry's records, inaccurate stores records, losses arising from faulty packing, storing, or handling certain supplies, delay in issuing accounts to debtors and in dealing with marine-insurance premiums and claims, and delay in proving that lend-lease supplies had been accounted for. The Ministry admitted that its accounts and records left something to be desired, but submitted that, despite lack of staff and accommodation, much headway had been made in accounting and organization during the year. The Audit Office agrees that improvement has been and continues to be made.

(h) Disposal of Army Motor-vehicles

The disposal of motor-vehicles bought for Army purposes, and no longer required therefor, has continued throughout the year. Sales have been made through trade channels, no offer from a purchaser being accepted unless made through a dealer. The following information in regard to second-hand vehicles up to 31st May, 1944, has been obtained from the Ministry of Supply, which has acted as the disposal authority :—

Vehicles.				Number sold.	Realized.	Commission.
					£	£
Cars	..	..	..	300	81,167	} 102,156
Trucks	..	..	..	4,522	1,304,085	

It was of the greatest importance, when a very large number of vehicles were to be disposed of, that a basis of valuation should be laid down, and that officials acting as disposal officers should have clear authority so to act. These desirable conditions were, however, not always complied with, as is indicated by the following extracts from a report, in the compilation of which an Audit officer co-operated, covering an investigation of sales made at a large disposal centre :—

Before the vehicles could be valued, the standardized basis of their valuation should have been agreed upon. A motor-vehicle may be valued in any one of the following ways :—

- (a) At cost, less depreciation, having regard to the nature of usage and mileage travelled.
- (b) At current market price where there is a ruling market price.
- (c) At a valuation based on the original retail price when new, less annual depreciation, and having regard to nature of usage and mileage.