(p) Army Stores

Ordnance.—The Army Department was criticized in my last report for its failure to institute a system of continuous and progressive stocktaking, but since the date of that report permanent stocktaking parties have been appointed at both the main and sub-depots, and the stock position is gradually being brought under control.

At the main depot a stocktaking party has spent much time delving into past transactions in an endeavour to straighten out discrepancies, and has been successful in reducing them considerably. In C group, which includes important clothing lines, the final discrepancies produced by the stocktaking party were, however, too large to be accepted by the Group Officer as being the actual position. Packing in this group is continuous, and this makes accurate stocktaking a matter of extreme difficulty.

When my Inspector visited the depot in June of this year the stocktaking party had covered slightly more than half of the lines carried, and it was apparent that the endeavours to straighten out discrepancies were delaying stocktaking to such an extent that at the rate of progress being made it was unlikely to be completed by 31st March, 1945. The Audit Office considers that the first essential is to bring stores under proper control, and this should be achieved by taking stock as speedily as possible to effect a definite new starting-off point. Thereafter frequent test checks must be made with a view to keeping stocks and ledger in agreement, and the investigation of past discrepancies can be made as time permits. Representations to this effect have been made to the Army authorities and have been accepted by them.

At the sub-depots, of which there are three, stocktaking has been completed at one with satisfactory results, and is incomplete at the remaining two. At one of these many errors in ledger postings and discrepancies in stock of lines which had been tested were reported by my Inspector.

All depots are stated to be holding large quantities of surplus and obsolete stores which are occupying valuable storage space. At one sub-depot it was reported that, although certain items were listed as surplus to requirements, further supplies from merchants were still coming to hand.

Twelve months ago the Army Department advised that it was receiving large quantities of what it termed "automatic maintenance stores," which are stores supplied not on requisition but on fixed maintenance schedules prepared by the War Office for active-service conditions. The Department asked that, as several thousands of items were involved, and the stores were peculiar to the equipments concerned and not usable in the commercial world, it should not be required to bring the stores on ledger charge, and this was agreed to by the Audit Office.

Area Clothing, Camp and Unit Stores.—My own Inspectors have had time available for only a few stores inspections, and Army Inspectors' time has been occupied largely in the examination of the accounts of disbanded units. Consequently, the accounts of many of the stores still operating have not been examined during the year.

Regarding the accounts of disbanded units, it was usually found necessary for balance purposes to bring on charge surpluses, and to apply for authority to write off deficiencies, in comparatively large quantities, indicating that generally accounts were not in good order. Reference to the Appendix to this report will show that deficiencies in stocks, as distinct from stores known to have been lost, stolen, broken, &c., amounted to some £50,000, and as there were *contra* items of many thousands of pounds worth of surpluses, some idea of the unsatisfactory state of the accounts may be gathered. Deficiencies written off charge have, in most cases, been priced at part-worn value—*i.e.*, 75 per cent. of vocabulary rates.

A recommendation was made last year by the Public Accounts Committee that the record of surpluses found at stocktaking should be shown in the same manner as shortages are shown in the Appendix to this report, but it has not been possible to do this as priced schedules of surpluses have not been received in the Audit Office.