Last year's report on the depot remarked that in numerous cases ledger accounts had been brought into agreement with stocks by means of conversion or adjusting vouchers which were not strictly in order. The vouchers had been accepted as necessary to straighten out the accounts and give the depot a fresh start for proper accounting. The Inspector reports that adjustment of the accounts by similar means was continued for a lengthy period after his last inspection, and therefore the position is not as satisfactory as a stocktaking would make it appear.

Stocks include extremely large quantities of second-hand clothing, and disposal of some 70,000 garments is held up pending decision by the UNRRA authorities as to its requirements. Further supplies cannot be declared to the War Assets Realization Board until cleaned and renovated, and delay in this direction is occurring through the depleted staff now left to handle the goods. Recently 50,000 blankets were sold through the Ministry of Supply, and further sales will be made as others are received back from the laundries. The laundries, however, are a retarding factor in disposal as they have a capacity of only 1,000 per week, with 40,000 awaiting treatment.

The compilation of a complete schedule of surpluses to requirements is in progress, but is a lengthy process, and there appears to be no reason why piecemeal declarations could not be made. For instance, the following items are already known to be surplus and could be declared to the War Assets Realization Board immediately:—

Saucers, tea, plain	36,626
Plates, tea, plain	31,561
Plates, dinner, plain	42,398
Plates, coupé, plain	119,342

Areas.—An investigation of the accounts of a Wellington clothing store which was run for the sole purpose of selling articles of clothing to officers showed a deficiency in either cash or goods of £400 17s. 6d. No satisfactory explanation was forthcoming, and a Court of Inquiry found those concerned in the running of the store guilty of negligence. In the circumstances, the Hon. the Minister of Defence has withheld payment of gratuities.

Irregularities in connection with the sale of barbed wire in the Whangarei district led to an investigation, which disclosed that records of this item were in a confused state. No satisfactory explanation can be obtained as to the disposal of a particular consignment of 6 tons 8 cwt. of new wire, and the arrangements generally for the sale of salvaged wire have been loose.

Camps.—Owing to shortage of staff, no camps accounts have been inspected.

Mechanical Transport Stores.—The inspection of two stores controlled by motor companies on behalf of Army, which was proceeding at the date of my last report, disclosed a satisfactory position. Attention was drawn in the same report to the importance, in view of the profit fee of £4,000 per annum being paid to each company, of transferring the stores to Army's own control as early as possible, and information is just to hand that the transfer of one of the stores is in progress.