

in turn gained a knowledge of the Board's affairs received promotion to another Department, and as only one replacement was made available, the audit was interrupted and was confined to a scrutiny of cash transactions. It could not be extended to any examination of stores records. The importance of the operations of the Board is indicated by the volume of receipts at the Head Office of the Board, which in the eight months from 1st May to 31st December, 1946, aggregated just on £2,000,000. Apart from their magnitude, the transactions of the Board are not easy to audit, for they involve the scrutiny of many files. So far as actual accountancy work was concerned, the Audit Inspector reported that it was of a very high standard. There are district offices of the Board at Auckland and Christchurch, and an audit of each was made a few months ago. The position at Christchurch was quite satisfactory, but at Auckland no reconciliation was possible between ledgers and physical stocks. This state of affairs arose from circumstances beyond the control of the Board, and the best that can now be done is to list existing stocks and to use the lists as a check against future sales.

The development of a transaction between the Board and a County Council came under the notice of the Audit Office in its capacity as auditor of local authorities' accounts. The Council bought buildings from the Board with the intention of converting them to homes for workers, but it changed its mind and disposed of them by auction. The price paid to the Board was £1,600 10s. and the amount realized at the auction sale was £3,971 15s. gross.

The Board suffered two unfortunate experiences in the period under review. In one case it was arranged through the Marine Department that the s.s. "Matai" should tow five trawlers to Australia at an estimated cost of £3,830, but the tow, for various reasons, proved a tougher proposition than had been expected, and the ultimate cost of it was nearly £20,000, or about 25 per cent. of the price realized for the vessels.

In the other case the Railways Department declared to the Board (as stated by the General Manager of the Board in a report to the Minister) an approximate quantity of 45,000 tons of scrap steel held at Woburn as surplus to requirements and available for disposal. The General Manager further stated that "although the declaration from the Railways Department is for approximately 45,000 tons, it appears quite clear from various inspections which have been made of the dump that the total quantity is nearer 75,000 tons." Negotiations were thereupon entered into by the Board with an American Corporation to supply to it 45,000 tons, ex site, but it was later found that the quantity available was only about 9,000 tons, and, arising from alleged loss of profits, costs incurred, and damages said to be payable by the Corporation to purchasers from it, the Board finds itself faced with a very heavy claim based on alleged breach of contract.

STAFF POSITION

For the purposes of transfers and promotions the Public Service is regarded as a whole, and officers in any Department may apply for a position becoming vacant in any other. In the years following the first world war the Audit Office recruited some very good officers under this practice, but in the last few years the rule has operated