

93. INSPECTION OF ACCOUNTS.

In the past, owing to the amount of work centralized at Headquarters, it has been impossible for the Director of Accounts to inspect and report on the financial administration of District Headquarters. The importance of this duty cannot be overestimated, and under the proposed reorganization of the Staff at Headquarters arrangements will be made for an Inspecting Officer from Headquarters to pay periodical visits to the various District Headquarters, with a view to having their books and accounts carefully examined and suggesting any improvements in the interior economy of the office. Such visits, I am confident, will be the means of creating a better understanding with regard to the requirements of the Public Revenues Act, Treasury Regulations, and our own Financial Instructions and Allowance Regulations.

I understand that in other large Departments of State Audit Examiners are permanently located. I recommend that a similar arrangement may be made with regard to the Defence Department.

94. MAINTENANCE GRANTS TO UNITS.

In connection with the amounts payable to the various units throughout the Dominion on account of their maintenance, some difficulty has been experienced in obtaining the balance-sheets properly compiled on the required form to enable the Audit Inspectors to deal intelligently with this work. Owing to pressure of work, Adjutants and other officers whose duty it is to keep regimental accounts have hitherto not kept them in as methodical a manner as they should. The necessary action is being taken with a view to having this question placed on a more satisfactory footing in the future.

95. DECENTRALIZATION OF FINANCIAL RESPONSIBILITY

An immense amount of work is caused at Army Headquarters by the centralization in connection with the financial administration of the Department, owing to the conditions which obtain regarding the law governing expenditure in the Dominion. At present District Headquarters are only authorized to make payments which are of an urgent nature through their imprest accounts, and to pay vouchers under £5 through post-offices. All other claims have to be sent to Wellington to be dealt with. I recommend that Officers Commanding Districts may be empowered to make all payments which are in accordance with Financial Regulations within their districts, thereby obviating the necessity of sending the claims to Headquarters. If this could be arranged I feel sure it would make for better efficiency, and the payment of the claims would be expedited. The fact that Financial Regulations or Ministerial authority must be quoted in support of all payments, and that all these payments are subject to audit, should be a sufficient guarantee for the regularity of all expenditure.

96. THE COST OF THE SCHEME.

Having regard to the fact that the initial expenditure of the defence scheme is being provided for out of the Consolidated Fund, it augurs well for the future that our expenditure last year only amounted to £488,570, and in this connection the following extract from the report of the Inspector-General of the Oversea Forces will, I think, bear repetition: "Paragraph 26. Economic Aspect of the Scheme: A striking feature of the military system in New Zealand lies in its economic working. . . . Not a single professional officer or non-commissioned officer appears to be employed whose services, with due regard to efficiency, could possibly be dispensed with."

ALEX. J. GODLEY, Major-General.
Commanding New Zealand Forces.