

is understood, is now considering the question. If the difficulty can be overcome by specially subsidizing the fund or otherwise, there is no reason why a considerable number of returned soldiers should not be permanently employed as vacancies arise.

41. Number of discharged soldiers who have been employed in the Public Service :—

|                                                |            |
|------------------------------------------------|------------|
| Clerks ... ..                                  | 65         |
| Messengers ... ..                              | 57         |
| Night-watchmen ... ..                          | 74         |
| Letter-carriers ... ..                         | 49         |
| Linemen (Post and Telegraph Department) ... .. | 30         |
| Meat Inspectors ... ..                         | 17         |
| Field Inspectors ... ..                        | 2          |
| Rabbit Inspector... ..                         | 1          |
| Draughtsmen ... ..                             | 3          |
| Attendants (mental hospital, lift, &c.) ... .. | 37         |
| Storemen ... ..                                | 2          |
| Miscellaneous ... ..                           | 61         |
| <b>Total ... ..</b>                            | <b>398</b> |

#### DEFALCATIONS IN THE PUBLIC SERVICE.

42. There have been two serious defalcations in the past year which call for mention : one at the Stamp Office, Invercargill, in which a clerk embezzled £768, and the other in the Head Office of the Mental Hospitals Department, where a clerk forged vouchers and receipts to the amount of £2,872, of which £2,477 was in possession of the thief and recovered.

43. While the primary cause of the fraud at Invercargill passing undiscovered was lack of supervision by the proper officer, it is evident from inquiry made that the fraud could not have occurred if the Department had issued proper instructions and made regular inspections, both of which essential requirements have been referred to in insistent terms in the First and Third Reports. Neither would the fraud have occurred if there had been a more frequent audit.

44. The Mental Hospital fraud was, as stated, accomplished by forged vouchers and forged receipts, but a careful review of the case has disclosed the fact that the regulations requiring vouchers for supplies to be accompanied by the order of the proper officer were not followed by the Department. The Treasury and the Audit Office apparently raised no question. Had the Stores Regulations and the Treasury Regulations been followed the fraud would not have been so readily possible.

45. So much has already been written by the Commissioners about stores and the proper method of dealing with them that it is almost needless to remark here that failure to carry out the important regulations concerning them leaves an opening for similar frauds in the future.

#### STORES TENDER BOARD.

46. The fourth Annual Report of the Board is printed in Appendix A hereto. An amendment of the constitution of the Board has been before Government for some considerable time, but no decision has yet been reached in the direction recommended by the Commissioners. Until this is arranged the present methods of making purchases appear to be likely to continue.

#### AUDIT OF STORES.

47. Reference was made in the Fourth Report to the fact that the audit of stores had been in an unsatisfactory condition. It was pointed out that the stores transactions of the Dominion could not be placed on a satisfactory footing until a proper system of audit had been instituted. This matter is still unsettled.