authorities, and it has become more and more apparent to the Audit Office that the entire statutory provisions and regulations relating to such allowances and expenses require revising. Not only do the provisions vary widely from class to class of local authority and require placing upon a uniform basis, but also anomalies exist through the fact that many of the regulations, having been drawn up many years ago before the more recent developments in transport methods, are not entirely suitable for present-day conditions.

During the year fourteen members of local authorities were notified by the Audit Office that they had automatically forfeited their seats on account of their having been concerned or interested in contracts of the local authorities of which they were members. In these cases the disqualifications arose under the provisions of the Local Authorities (Members' Contracts) Act, 1934. In one other case a member of a local authority was disqualified on account of his holding a place of profit under or in the gift of the local authority. In each case the Audit Office took appropriate action in regard to the matter. In two cases legislation was subsequently introduced that validated the irregularities and enabled the gentlemen concerned to continue as members of their respective local authorities. In one case the validating legislation was introduced because of an anomaly in the Local Authorities (Members' Contracts) Act having worked the disqualification, and the other case was validated because of the peculiar circumstances having operated to constitute an exceptional hardship on the member concerned.

When the Local Authorities (Members' Contracts) Act, 1934, was passed it was anticipated by the Audit Office that the passing of the Act would remove many of the anomalies that previously existed in regard to the disqualification of members of local authorities. However, although the consolidation in this Act of the provisions relating to disqualification of members contracting with their local authorities was an undoubted improvement on the earlier state of affairs, difficulties have been experienced by local-body members, who do not generally have expert knowledge of the law, in interpreting some of these provisions. Many of the large number of disqualifications during the past year can be attributed to this cause, and it is felt desirable that action should be taken to have the provisions regarding the disqualification of local-body members set out more fully and clearly. It is understood that the matter is receiving consideration.

The Audit Office dealt during the year with seven cases involving the misappropriation of moneys by local-body officials or cash shortages in local-body offices. In each of six of the cases the matter was placed in the hands of the police for the appropriate action by them. In the seventh case no action could be taken in view of the death of the officer responsible before the discovery of the shortage. The total aggregate sum of all the misappropriations and shortages during the year was £1,508 19s. 4d., and the largest misappropriation by any one official involved a sum of £598 2s. 10d. In another case the amount involved was £390 6s. 9d.

The Audit Office was called upon to deal with numerous breaches of the law relating to the accounts of local authorities, and those which actually resulted during the year in the qualification of the certificates of the Audit Office to those accounts are detailed below (Schedule A).

Attention was drawn in Audit certificates during the year to the following matters which relate to the accounts of local authorities, but which are not breaches of law (Schedule B).

In each case where the Audit Office was required to take action an adjustment of accounts or a recovery of moneys, as the case might be, was obtained, except where a satisfactory explanation was made or where in view of the special circumstances of the case an adjustment or recovery was waived conditionally on legislation being introduced to validate the irregularities. A list of the special cases where the waiver conditional upon the obtaining of legislation was granted is set out below (Schedule C).

Schedule A.

Accounts not prepared in form required by statute	2
Contracts of insurance taken out with mutual insurance companies	2
Consolidated rates not dealt with in accordance with law	2
Depreciation in trading accounts, absence or inadequacy of charge for	5
Depreciation Fund Commissioners: Moneys handed over without lawful authority	1