

PUBLIC ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1923.

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL.

IN ACCORDANCE with the provisions of section 84 of the Public Revenues Act, 1910, I have the honour to submit to Parliament the statement of accounts as prepared by the Treasury for the financial year ended 31st March, 1923, and to make the following comments in regard to these accounts, and to the work of the Audit Department generally in connection with the carrying-out of its duties under the above-named Act.

The work of the Audit Department may, for the purposes of this report, be classified under the following five headings:—

- (1.) Audit of the receipts and expenditure of Government Departments.
- (2.) Audit of Government loans and public debt.
- (3.) Audit of Government stores and property.
- (4.) Audit of Departmental balance-sheets.
- (5.) Audit of the accounts of all local authorities.

(1.) AUDIT OF RECEIPTS AND EXPENDITURE OF GOVERNMENT DEPARTMENTS.

In last year's report mention was made of my intention, if possible, to alter the system of checking details of receipts and expenditure in certain Departments where there is a complete and reliable local audit within the Department itself. Progress has been made in this direction by arranging with certain Departments for the submission and acceptance of periodic certificates from the recognized responsible officers that the system of internal departmental audit has been duly carried out. A certain amount of duplication is thus avoided and the services of some of the audit officers engaged on this work have been made available for other duties.

There is, I regret to say, still a considerable amount of arrears of work in connection with the audit of some of the Departmental accounts which is due to insufficiency of staff, but arrangements are now being made to further supplement the staff with the object of bringing the work up to date.

Improvement is noticed in the manner in which expenditure vouchers of the various Departments are being prepared, though in many cases there is still failure to furnish full information concerning the circumstances in which the expenditure has been incurred, with the result that delays sometimes occur in the passing of the claims until the particulars and supporting documents are supplied. The Audit Department has endeavoured at every opportunity to promote a better understanding of the requirements of the Public Revenues Act in relation to the preparation of vouchers and accounts.

It will be seen from the list of misappropriations and losses of public moneys included in this report that there has been a considerable increase in the number of prosecutions as compared with the number listed in my report of last year.

It must be remembered, however, that, for the convenience of the public, there are public officers in every part of New Zealand who are authorized to receive and pay out public moneys, and the proportion of those committing defalcations is really not very large. It is commonly supposed that the number of prosecutions of Government officers indicates that the standard of business morality in the Service is lower than that which obtains in outside employment. I am, however, satisfied that such is not the case. The provisions of the Public Revenues Act regarding prosecutions of public officers are mandatory, and the Audit Office has no option but to prosecute in every case of defalcation. It is thus obvious that in all cases of misappropriation in the Service the particulars must come before the public, whereas in the case of private employers there is no corresponding obligation to take legal proceedings against offenders, and prosecutions do not always follow offences.

I am pleased to be able to report that the methods of internal departmental check both as regards cash and stores are gradually becoming more efficient. Audit must necessarily rely very largely upon internal check for the prevention of irregularities. It is impossible for any system of audit in itself to entirely prevent dishonesty. Any attempt to introduce such a system would necessitate an enormous staff to watch the everyday operations of the various paying and receiving officers throughout the Dominion, including local-body officers.