

PUBLIC ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 1924.

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL.

I HAVE the honour to present to Parliament the statement of accounts for the financial year ended 31st March, 1924, together with my report thereon, and also my comments on the work of the Audit Department generally, as required by the Public Revenues Act, 1910. The statements relating to the public debt and those showing the sinking funds and the details of disbursements for interest and sinking fund from the Ordinary Revenue Account are attached as B.-1 [Part III].

THE PUBLIC ACCOUNTS.

It is again necessary to refer to the fact that recoupments of interest and sinking-fund charges have been made to the Consolidated Fund from separate accounts when the revenues of such accounts were insufficient to meet the charges. Consequently these payments, which should be made solely out of revenue, have been made partly out of loan-moneys in the separate accounts. As pointed out in my last report, an amendment of the law is required to enable the Audit Office to enforce proper action in respect of such recoupments.

Attention is drawn to the fact that interest due by the Discharged Soldiers Settlement Account to the Ordinary Revenue Account of the Consolidated Fund, in terms of section 8 of the Discharged Soldiers Settlement Loans Act, 1920, and section 31 of the Appropriation Act, 1920, on £13,500,000 transferred from surplus revenue, has not been paid for the year 1923-24. On the basis of the rate fixed in previous years—namely, 4 per cent.—the amount of £540,000 was due and payable at the 31st March last. As the statutory form of accounts is drawn up on a cash basis, those accounts do not clearly disclose this liability of the Discharged Soldiers Settlement Account to the Ordinary Revenue Account, but the liability will be shown in the departmental balance-sheet when published.

It has been customary in the Quarterly and Yearly Abstract of the Public Accounts to show net figures of receipts and expenditure. The result of this practice is that many important items, both of receipts and expenditure, are not disclosed in these accounts, while the figures given are not a true indication of the amounts actually received and expended.

The following examples from the Public Accounts for the year (B.-1, Part I) may be quoted:—

Ordinary Revenue Account—

The actual expenditure from this account under the heading “Permanent Charges, Interest” was £9,631,864. During the same period £1,754,268 was received by way of recoupment from various sources. Only the difference, £7,877,596, is shown in the account.

The actual expenditure under votes amounted to £15,610,813. Receipts credited to votes amounted to £2,102,766. Only the net amount, £13,508,047, is disclosed in the account.

Discharged Soldiers Settlement Account: The actual expenditure under section 9 of the Act was £31,010, and sums amounting to £30,417 were received against this class of expenditure. The only amount disclosed in the account is the difference, £593.

Land for Settlements Account: Incidental expenditure on estates for the year was £40,704, and amounts received in respect of these estates (in addition to rents and sales) amounted to £27,761. These receipts are not shown in the account, and the expenditure is shown as £12,943 instead of £40,704. In the case of Land for Settlements (Discharged Soldiers Settlement) £36,553 was actually expended and £21,332 received in respect of estates, but only the net amount, £15,221, is shown as expenditure.

There is room for doubt as to whether the accounts in their present form are in strict compliance with the provisions of section 80 of the Public Revenues Act, 1910, and, as I am of opinion that in many cases gross figures could be shown with advantage, and that the accounts would then more clearly and correctly disclose the receipts and expenditure under the various heads, I propose during the current year to suggest to the Treasury that an alteration be made in the method of setting out the accounts. It is of interest to note that in the case of the British accounts attention has been drawn by competent authorities to the advantages of showing gross figures in preference to net.