

PUBLIC ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 1925.

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL.

I HAVE the honour, in accordance with the provisions of section 84 of the Public Revenues Act, 1910 to submit to Parliament the statement of accounts as prepared by the Treasury, and audited by this Office, for the financial year ended 31st March, 1925, and to make the following remarks in regard to these accounts, and also in regard to the work performed by the Audit Department in connection with the carrying-out of its duties under the above-named Act.

AUDIT OF THE PUBLIC ACCOUNTS.

The change in the method of setting out the Abstract of the Revenue and Expenditure of the Public Account foreshadowed in my last report was effected by the Treasury during the year, and the quarterly and yearly abstracts now show the gross figures instead of the net figures as was formerly the case. The change makes the comparison of this year's figures with those of the previous year a little more difficult, but this is a drawback which must inevitably follow any change in the form of the accounts, and will disappear after the system has been in operation for a year. The accounts in their new form give a more correct indication of the receipts and expenditure on the various services.

In connection with the question of recoupments of interest charges to the Consolidated Fund from separate accounts, which has been referred to in previous reports, the Treasury has to some extent modified its procedure, and has refrained from recouping the full amount of interest from separate accounts in cases where the revenues are clearly unable to bear the charge and where, therefore, the interest could only be met out of loan-moneys. In the opinion of the Audit Office, however, there is still room for improvement in this respect, and it is advisable that the law should be altered so as to make it illegal to charge interest against the loan-moneys in a separate account except in those special cases in which Parliament has given authority for interest to be capitalized during construction or development.

It may be mentioned that the £540,000 interest stated in my last report as being due by the Discharged Soldiers Settlement Account for the year 1923-24 on £13,500,000 advanced from the Ordinary Revenue Account of the Consolidated Fund has not yet been paid, though the £540,000 due in respect of the subsequent year (1924-25) has been paid.

It was found that, owing to the large increase during recent years in the balances of some of the Government Accounts held by the bank, the basis of apportionment to the respective accounts of the interest on the balances so held did not appear to be an equitable one. Representations were accordingly made to the Treasury, and it has now been arranged that future apportionments shall be made on a new basis, which will be a more equitable one as between the various accounts contributing to the daily balance at the bank.

Another matter which has received special notice during the year is the necessity for making a distinction in the Public Accounts between capital receipts and revenue. Owing to the form of the estimates and appropriations it is not possible to make this distinction in all cases, but it has been found possible during the year to make the distinction in the accounts in some cases where this had not previously been done.

Attention is called to the loss of public moneys involved in the remission of rates amounting to £58,632 12s. 3d. to the ratepayers in the Rangitaiki Land Drainage District in terms of section 14 of the Appropriation Act, 1924. The remission was made from the Consolidated Fund as the Rangitaiki Land Drainage Account had no revenues out of which the moneys could be remitted, and it would have been improper to remit out of loan.

CONTROL OF EXPENDITURE.

The amendment of the law effected by section 22 of the Appropriation Act, 1923, in connection with the treatment of credits to annual votes, came into operation during the financial year. In the case of one vote—Post and Telegraph Working-expenses—the Treasury authorized the use of excess