

Cemeteries Act (offences under)—

(a) Breaches of trustee law.. .. .	5
(b) Failure to bank funds within the prescribed time	82
(c) Borrowing without authority of law	6
(d) Miscellaneous	6

Attention has also been drawn during the year to the following matters which relate to the accounts of local authorities, but which are not breaches of statute :—

Unsatisfactory system of accounts	17
Excessive sundry debtors, indicating laxity in collecting rates, &c... .. .	14
Profit and Loss Account—Balance incorrectly stated	4

Schedule B.—Breaches of Law passed subject to Validation of Irregularities.

Mangaweka Town Board—Unlawful collection of special rates after loan repaid.
 Manawatu Gorge Board—Expenditure of moneys on tablet without statutory authority.
 Rotorua Borough Council—Omission to state purpose of allocation in loan proposal as required by section 10, Local Bodies' Loans Act, 1926.
 Arawa Trust Board—Payments to Board members contrary to Trustee law.
 Grey County Council—Limit of provision for unauthorized expenditure exceeded.
 Masterton Trust Lands Trust—Grants made without authority to scholars passing Matriculation.
 Lyttelton Borough Council—Limit of provision for unauthorized expenditure exceeded.
 Lyttelton Harbour Board—Investment of renewal funds in non-trustee securities.
 Cambridge Borough Council—Unlawful expenditure of loan-moneys.
 Takapuna Borough Council—10 per cent. additional loan unlawfully raised.
 Westport Fire Board—Payment to a Board member contrary to law.

SUGGESTIONS BY THE CONTROLLER AND AUDITOR-GENERAL.

Section 90, Public Revenues Act, 1926.

UNDISTRIBUTED RECEIPTS.

In the abstract of the revenue and expenditure of the Public Account for the nine months to 31st December, 1929, *New Zealand Gazette*, 30th January, 1930, page 304, there appears in the summary of balances an item "Suspense Account, £99,036 16s. 1d." This item differs from all other items appearing in the summary in one respect—namely, that no account from which this balance is summarized can be found in the body of the abstract.

It might be assumed that as no statement of the transactions of the Suspense Account appears in the abstract such an account does not actually exist, and the appearing of an entry under the heading "Suspense Account" without any explanation as to its nature might well give rise to a suspicion as to its *bona fides*, but the facts are that such an account, known as "Undistributed Account" or "Suspense Account" is actually kept, but for some reason it has not been customary to show this account in the published statements. The practice is to credit to this Suspense Account all amounts paid into the Public Account at Wellington until information is received as to the accounts to which the receipts should properly be distributed, and on receipt of such information the appropriate accounts are credited, and the Suspense Account is at the same time debited. The balance in the Suspense Account thus represents the amount of receipts which for various reasons it has not been possible to allocate to the relative accounts at the time the books were closed.

No Suspense Account balance appears in the statements drawn up at the end of the financial year, as the amount undistributed is transferred to "Deposits, Miscellaneous" to close the Suspense Account.

I would suggest that it would be more in accordance with correct accounting methods to show totals of the debits and credits of the Suspense Account in the quarterly and yearly abstract, instead of bringing the balance only of this account into the published accounts. This would enable the balance included in the summary of the quarterly abstracts to be traced to its source, and would at the same time clearly indicate that such balance consists of undistributed revenue, no clue to which exists under the method hitherto followed. It would at the same time render it unnecessary to transfer the undistributed balance to Deposits, Miscellaneous (which is merely another Suspense Account), at the end of each financial year.

STATEMENT OF ROYALTIES PAYABLE TO THE CROWN AND UNPAID AT THE
31ST MARCH, 1930.

Section 91 (2), Public Revenues Act, 1926.

Section 91 (2) of the Public Revenues Act, 1926, reads as follows: "The Controller and Auditor-General shall include in the report to be prepared by him pursuant to subsection two of section eighty-nine hereof a statement as to all royalties payable to the Crown and for the time being unpaid, setting forth in respect of such royalties—(a) The name of the person by whom the same are payable; (b) the amount payable by each such person; and (c) the steps (if any) that have been taken to recover the said royalties, and, if no such steps have been taken, the reasons for allowing the said royalties to remain outstanding."

In last year's report and that of preceding years it was mentioned that there were many difficulties in the way of preparing a return which would comply with the Act and at the same time avoid unfairness to individuals whose names are required by law to be published.