

Statement showing Post Office Savings-bank Moneys invested in New Zealand Government Securities as at 31st March, 1931—continued.

SUMMARY.					
Per Cent.					£
3½	2,593,600
3¾	792,500
4½	34,756,867
4½	4,992,925
5½	950,000
5½	16,600
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					£44,102,492
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DEPARTMENTAL AND STATE BALANCE-SHEETS.

All Departments have submitted income and expenditure or revenue accounts and balance-sheets for the year 1929-30, and these have been duly examined by the Audit Office.

There were only ten accounts for the year, against twelve the previous year, which, for various reasons, were not completed in time to be presented to Parliament during the 1930 session.

I have pleasure in reporting that the improvement recorded last year in the preparation of accounts has been well maintained by the accounting staffs of the Departments, existing difficulties are being gradually overcome, and better methods of procuring more accurate dissections of expenditure are being brought into operation.

I would, however, point out that there are certain practices adopted in regard to the allocation of interest, &c., and which I have dealt with elsewhere, which serve to render some of the balance-sheets unreliable. These practices may be summarized as follows:—

- (a) The practice of allocating interest to accounts which have not earned it (see comment headed "Interest on Public Account Cash Balance Investments," on page x hereof).
- (b) The practice of charging cost of remittances to London against accounts which did not require to make any remittances (see comment on this subject on page xii hereof).
- (c) The method adopted for fixing rates of interest on loans between Government accounts (see comment on this subject on page xv hereof).

For the year 1928-29 the Treasury was able, for the first time since the inception of departmental balance-sheets, to publish an unaudited Preliminary State Balance-sheet as a foundation for the compilation of future State Balance-sheets. For the year 1929-30 an audited amalgamated State Balance-sheet was presented to Parliament.

It would not be possible to present a complete review of all the various departmental accounts which have come before Audit within the limits of this report, and I have accordingly selected for comment the accounts of the Departments of Agriculture and Health, as being fairly representative of all Departments, and also the State Balance-sheet, which appears in the audited list for the first time.

Agriculture Department.

In 1921 the Department of Agriculture published a General Revenue Account and Balance-sheet which was not audited. No accounts were published showing the results of the operations of the subsidiary schemes of the Department.

At this stage the system of book-keeping in the Department was very incomplete, the accounts being roughly compiled at the end of the year.

Accounts on similar lines were prepared for the year ended 31st March, 1922, and submitted for audit, but owing to the incomplete nature of the accounts they were not certified by Audit or published.

For the next year an audited General Revenue Account and Balance-sheet were published, together with separate accounts for the Ruakura Farm of Instruction.

For the year ended 31st March, 1924, separate farm working and profit and loss accounts were published for every farm and station operated by the Department, the balances being incorporated in the General Revenue Account. As the Ruakura Farm accounts were not audited, they were not published.

For each subsequent year there have been published complete accounts for every undertaking of the Department, the General Revenue Account being tabulated to show the cost of the Head Office and the four Divisions of the Department.

The accounts of the bigger farms, such as Ruakura, are prepared at the farms, which are treated in the Head Office books as branches.

In the case of the smaller farms and stations the total cash transactions are recorded in the Head Office books and the farm working and profit and loss accounts are made up in the Head Office from detailed information supplied by the institutions concerned.

Farm Managers are required to report to the Head Office giving explanations as to the accounts and the reason for any undue fluctuation in the results of the different years' operations.

The method of recording and classifying the expenditure is one of the most complete in the Service, the matter of capital expenditure and the recording of assets being on particularly sound and thorough lines.

The accounts now enable each year's income and expenditure to be analysed and contrasted with previous years, and should greatly assist the Department.