

## Cemeteries Act (offences under):—

|                                                                                        |    |
|----------------------------------------------------------------------------------------|----|
| (a) Breaches of trustee law.. .. .                                                     | 2  |
| (b) Expenditure unsupported by vouchers .. .. .                                        | 2  |
| (c) Failure to lodge moneys in the bank in accordance with the terms of the statute .. | 29 |
| (d) Miscellaneous .. .. .                                                              | 3  |

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 systems of accounts .. .. .                                   | 41 |
| Excessive sundry debtors, indicating laxity in collecting moneys due .. .. . | 6  |
| Profit and Loss Account, balance incorrectly stated .. .. .                  | 5  |

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

Wellington City Council—Expenditure on advertisement in *London Times* not provided for by law.  
 Levin Borough Council—Limit of provision for unauthorized expenditure exceeded.  
 Wairarapa Electric-power Board—Assumption of loan liabilities of a local authority in part purchase of electricity works, without taking poll of ratepayers to borrow as required by law.  
 Wanganui River Trust—Payment of chairman's honorarium not provided for in governing statute.  
 Waitemata Electric-power Board—Assumption of loan liabilities of a local authority in part-purchase of electricity works, without taking poll of ratepayers to borrow as required by law.  
 Otaki Fire Board—Loan raised without the Minister's consent, required by law.  
 Dannevirke Borough Council—Expenditure on Borough Handbook, not provided for by law.  
 Mount Roskill Road Board—Unlawful expenditure of loan-moneys.  
 Motunau Rabbit Board—Unlawful expenditure of loan-moneys.  
 Ohai Railway Board—Expenditure on advertising in "*Dominion of New Zealand*," not provided for by law.  
 Buller County Council—Limit of provision for unauthorized expenditure exceeded.  
 Paeroa Borough Council—Loan raised in excess of amount fixed by warrant under section 119, Public Works Act, 1908  
 Geraldine County Council—Limit of provision for unauthorized expenditure exceeded.  
 Auckland Electric-power Board—Imprest account established without statutory authority.  
 Southland County Council—Interest on unpaid purchase-money paid contrary to law.  
 Wairere Electric-power Board—Over-expenditure of loan allocations and limit of provision for unauthorized expenditure exceeded.

## PUBLIC ACCOUNT CASH BALANCE INVESTMENT ACCOUNT.

Section 39 (2) of the Public Revenues Act, 1926, gives authority for certain investments from the balance of the Public Account, and states that such investments shall be charged against a separate account to be called the Public Account Cash Balance Investment Account. All moneys in the Public Account belong to one or other of the special funds or accounts to which they are paid or credited pursuant to statutory authority, and the effect of the section is to enable moneys belonging to such accounts to be paid from the Public Account by way of investment, without any payment being entered against the account or accounts to which such moneys belong. The result is that the cash balances of these statutory accounts are shown at an inflated figure, the balances of all such accounts being inflated by the amount charged against the Public Account Cash Balance Investment Account, which is merely a Suspense Account, with no credit balance against which such payments may be charged. This procedure appears to the Audit Office to be unsatisfactory, as the amounts shown in the various accounts as "Cash in the Public Account" are often considerably overstated and therefore misleading. For example, in Statement B.-1 [Part I], 1927-28, page 11, there appears in the Ordinary Revenue Account the following item—

"Balance at end of year—

"Cash in the Public Account .. .. . £1,729,392 2s. 6d."

A reference to page 72 of the same statement, and to page 4 of B.-1 [Part II] for the same year, shows that *the total cash in the Public Account was actually £1,489,507 4s. 5d. only*, some £240,000 less than was shown in the Ordinary Revenue Account alone, without making any allowance for the cash balances held by some forty other accounts. The cash balances of the individual accounts forming part of the Public Account were at that time overstated by £2,275,000 in the aggregate. The statement in the accounts that the Ordinary Revenue Account held cash in the Public Account to the amount of £1,729,392 2s. 6d. when in fact the *total* cash in the public Account was £1,489,507 4s. 5d. only was clearly incorrect and, I fear, misleading to the public. The remedy is to charge the investments to the accounts which provide the money. There are, however, I understand, Treasury objections to this course.

A similar condition appears in the public accounts for 1928-29. In B.-1 [Part I] page 11 there is shown under the Ordinary Revenue Account "Cash in the Public Account, £2,315,380 16s. 6d.," and on page 19 under Public Works Fund, General Purposes Account, "Cash in the Public Account, £2,431,511 14s. 7d.," while from page 72 of the same statement and page 4 of B.-1 [Part II] it is clear that the *total* cash in all the accounts within the Public Account was £2,263,761 13s. 9d. only. The cash balance of these two accounts combined was therefore overstated by over £2,483,000 at the 31st March, 1929. At the same time the individual cash balances of all the accounts were overstated by no less than £6,280,000 in the aggregate.