

PUBLIC ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 1936.

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL.

I HAVE the honour to submit my report for the year ended 31st March, 1936, in terms of subsections (2), (3), and (4) of section 89 of the Public Revenues Act, 1926.

In connection with these reports, which the Controller and Auditor-General is required to submit to Parliament year by year, it is perhaps advisable that I should explain that it is necessary to comment only on a very small percentage of the matters which come under the notice of Audit affecting the Public Accounts during each year. It will be readily understood that in the vast majority of cases where questions regarding ordinary transactions are raised by Audit a settlement is arrived at after discussion with the Treasury or the Department concerned, and there is no occasion therefore for further reference to be made to these cases in the annual report to Parliament.

The full Statement of the Receipts and Payments of the Public Account is contained in two parliamentary papers—namely, (1) B.-1 [Pt. I], which shows, under main headings, the receipts and payments of the funds and accounts comprising the Public Account, and also shows details of the expenditure under the annual appropriations, Civil List, and the Unauthorized Expenditure Account, and (2) B.-1 [Pt. II], which shows certain of the receipts and payments in greater detail than they are shown in B.-1 [Pt. I], and as the last-mentioned paper for 1935-36 has already been laid before Parliament, it only remains necessary for me now to present Part II in accordance with the usual practice.

I regret that it is necessary for me once again to call the attention of Parliament to the unsatisfactory methods adopted in the compilation of some portions of the Public Accounts for presentation to Parliament.

In the opinion of Audit the Public Accounts as published do not in some respects represent the true position of the Public funds of the Dominion, and although I am pleased to acknowledge that the Treasury has recently made some improvements, the main objections raised by Audit in previous years still remain unsettled. I propose, therefore, to touch briefly on the more urgent of these matters which appear to require adjustment.

Incorrect Method of showing Transactions between Accounts within the Public Account.

The Treasury is empowered under the Public Revenues Act to make temporary transfers between the various sub-accounts of the Public Account when required. No objection is raised to this practice, which is quite sound.

When the year's accounts are published, however, these transactions are not shown as payments in the Cash Account of the lending sub-account, although they are shown correctly as cash received in the borrowing sub-account.

The result is that the amount is reflected in the balances of both sub-accounts, and as the sub-accounts are both within the Public Account the total balance of the latter Account is thus shown as having been increased by the amount of the transfer every time a transfer is made, whereas no increase in the Public Account has actually taken place.

The inflation thus shown has in some years amounted to many millions. The Treasury is under no obligation to prepare securities for these transactions, but, in any case, whether there is security or not, the balance of the Public Account will always be improperly shown as having been increased by these transfers unless the transfer is entered as a payment in the lending sub-account.

I would like to make it clear that the transactions themselves are quite legitimate and are made with the full authority of the law. It is to the misleading method of recording them for the information of Parliament and the public that Audit takes exception.

Treatment of Exchange in the Public Accounts.

I have from time to time called the attention of Parliament to the method of treating exchange in the Public Accounts of the Dominion. Under the existing practice the burden of the exchange costs of the Government is borne by the Consolidated Fund instead of being shared amongst the individual accounts incurring the exchange. The position is still unsatisfactory, although I have received notice from the Treasury to the effect that it has been decided in future to charge against the separate accounts the amount paid by the Consolidated Fund on their behalf for exchange on moneys remitted overseas for the purchase of stores and material.