Departmental Accounts and Balance-sheets.

As mentioned at the commencement of this report, particulars of the receipts and payments of the Public Account in accordance with the provisions of the Public Revenues Act, 1926, will be found in B.-1 [Pts. I and II]. Under the provisions of section 57 of the Finance Act, 1932, all Government Departments are required to prepare income and expenditure accounts and balance-sheets which may be viewed as complementary to the above-mentioned cash accounts. The examination of these departmental accounts, which are produced in the form usually adopted in commercial practice, involves considerable work on the part of the Audit Office, and it has not so far been found practicable to complete it in time to permit of all the accounts for the year being laid before Parliament in the next ensuing session. The greater portion of the accounts for the year ended 31st March, 1938, was presented last session in parliamentary paper B.-1 [Pt. IV], and the remaining accounts will be found in B.-1 [Pt. IV, sup. to 1938], which will be laid before Parliament in the near future.

Considerable progress has been made of recent years in expediting the audit of these accounts, and, provided their preparation is not delayed, I am hoping that before long it will be possible to complete the examination for any year in such time as will permit of their being presented to Parliament during the ensuing session.

The departmental accounts reflect, of course, the receipt and payment of all public moneys, whether raised by loan or otherwise, and it will be noted that at the 31st March, 1939, the loan capital accounts in the balance-sheets referring to the following assets and undertakings correspond in total to the public debt—

	£
Railways	68,245,952
Hydro-electric schemes	13,902,944
Post and telegraph services	15,183,733
Public buildings, schools, and sites	16,627,048
Roads and highways	35,773,210
Harbours and lighthouses	2,140,217
State forests	2,447,097
Housing	6,458,945
Land settlement and improvement	25,833,722
Shares in Bank of New Zealand	875,000
Shares in Reserve Bank of New Zealand ..	1,630,787
Investment in State Advances Corporation ..	38,045,375
Share in Nauru and Ocean Island Phosphates ..	317,850
Development of mining	1,072,693
Tourist resorts	719,930
Immigration	3,317,380
War and defence	63,143,292
Miscellaneous assets and services	7,596,223
Cash and investments in hand	638,874
	£303,970,272

At the date of the inauguration of the departmental accounts the actual cost of most assets or undertakings in connection with which loan-moneys had been expended was known and the relative loan capital accounts were opened with the correct figures, but, in cases where the cost was not ascertainable without incurring considerable expense in research, a valuation of the assets was made in order to establish the opening entries.

Cases in which Provisions of the Law have not been carried out.

In my last report I drew attention to a number of instances where expenditure had been incurred for which no specific authority existed, but which, in order not to embarrass the Government unduly, the Audit Office agreed to pass on receiving from the Prime Minister his assurance that validating legislation would be introduced at an early date. In the following cases it was necessary for the Audit Office to agree to pass expenditure on receipt of undertakings of this nature:—