

The Public Accounts, as has been mentioned from time to time in Audit Office reports, are on a cash basis—that is, they take no account at their closing date of moneys payable to or from them. This basis is satisfactory, all things considered, as outstandings of one year are likely to approximate in total the outstandings of another so long as they are allowed to accrue in a routine way. If expenditure should be delayed beyond a normal date, the accounts would show a more favourable position than accords with fact, and, on the other hand, a delayed revenue collection would have the opposite result. The 1947–48 accounts were affected, as at the end of the preceding year, by late issues of certain income-tax demands which placed the penalty date outside 31st March. Numbers of taxpayers would, however, pay their tax without awaiting the penalty date, and, apart from a detailed investigation, the amount excluded from the accounts as a result of late issue of demands cannot be accurately known.

On the expenditure side of the accounts certain amounts were included which would not have appeared if routine, as referred to at the commencement of the preceding paragraph, had been followed. The following services, numbered 1 to 6, had been provided for in appropriations under the descriptions given against them, but payment was not arranged before the end of the year.

Department and Vote.	Description of Items.	£	s.	d.
Internal Affairs ..	International Children's Emergency Fund Appeal: Portion of contribution towards—			
	Expenses	(1)	9,000	0 0
	Grant	(2)	250,000	0 0
	Physical welfare and recreation—			
	Grants and subsidies	(3)	7,000	0 0
	Grants, New Zealand Literary Fund	(4)	1,125	0 0
External Affairs ..	United Nations Organization: New Zealand's proportion of Secretariat expenses: Balance of annual contribution	(5)	19,718	7 6
Air	Purchase of aircraft, spares, and freight	(6)	510,000	0 0

Treasury, however, wished to avoid reappropriation of the items and submitted vouchers transferring the amounts to Deposits Account, thus bringing them to charge last year. Apart from interference with the routine on which the accounts are based, the moneys received into the Deposits Account were not properly deposits in terms of section 29 of the Public Revenues Act, 1926. Treasury was therefore advised that the entries could only be accepted subject to special reference to them in this report. The aircraft and spares mentioned in item 6 had not been supplied at 31st March.

The Audit Office suggests that, if Treasury proposes to continue making such transfers, special legislative approval should be given to the principle involved.

Consequent on the passing of the New Zealand Loans Amendment Act, 1947, certain changes in the method of recording debt transactions in the Public Accounts were made as from the 1st April, 1947:—

- (1) The annual contribution from the Consolidated Fund for debt-redemption purposes, formerly payable to the Public Debt Repayment Account, is now paid into the Loans Redemption Account,