

The following is a list of the number of instances where the Audit Office has been called upon during the year to deal with contraventions of the law on the part of local authorities:—

Defalcations of money .. .. .	13
Deposit of loan interest wrongly credited .. .. .	6
Disqualification of members for breaches of Act .. .. .	11
Diversion of bridge-moneys from proper accounts .. .. .	1
Excess of expenditure under the "Unauthorized" provision of the Acts .. .. .	20
Travelling-expenses paid in excess of legal limits .. .. .	23
Investments without statutory authority .. .. .	3
Expenditure out of loan in contravention of the law .. .. .	32
Loans raised without or in excess of statutory authority .. .. .	4
Overdrafts and liabilities in excess of the legal limits .. .. .	12
Over-expenditure out of loan-moneys .. .. .	8
Payments made without legal authority .. .. .	5
Purchase on terms and interest payments made contrary to law .. .. .	6
Rate rebates and remissions of rates contrary to statute .. .. .	7
Unauthorized commutation of harbour dues .. .. .	1

#### DEPARTMENTAL ACCOUNTS AND BALANCE-SHEETS.

All Departments have prepared Income and Expenditure or Revenue Accounts and Balance-sheets during the year, all of which have been examined by Audit. There has been considerable improvement in the method of preparation of these accounts, which has enabled Audit to deal with them more expeditiously than on previous occasions. It is hoped that during the current year Audit will be able to institute a semi-continuous audit in the larger Departments, to enable a still more expeditious examination to be made.

The improvements reported last year in regard to the accuracy of the accounts generally has also been well maintained in the 1924-25 accounts, and although in a few cases Departments are still meeting with difficulties which have hitherto caused delays, there is every reason to expect that these difficulties will be overcome.

Five new accounts were submitted for audit and examined during the year, and there has been a considerable increase in the number of subsidiary trading accounts prepared.

Departments generally appear to be fully alive to the importance of preparing complete and accurate statements showing the financial results of their respective activities.

For the convenience of making comparisons the tabular form of account has been introduced wherever this has been found possible.

These statements of accounts are utilized each year by the Public Accounts Committee in conjunction with the examination of the estimates of expenditure before submission of the latter to Parliament, and I have reason to believe that they prove of considerable assistance.

The accounts can now be said to be on a sufficiently complete basis to show both the revenue and expenditure and practically the full financial working of all Departments. It may be said that the work of preparing these statements of accounts is not so arduous as it was at the outset. It should, however, be recognized that the value of this work will be largely discounted unless the figures are carefully analysed and the various relative items of revenue and expenditure compared year by year.

A semi-continuous audit of the Meat Producers, Dairy Producers, and Fruitgrowers Boards has been maintained.

#### AUDIT OF THE PUBLIC DEBT.

The total debt at 31st March, 1926, was £238,855,477 11s. 6d., a net increase for the year of £11,040,831 0s. 7d. This increase is made up as follows:—

Increase:—

	£	s.	d.	£	s.	d.
New loans raised during the year—						
For the purposes of various accounts .. .. .	12,786,475	0	0			
To cover charges and expenses of raising loans .. .. .	588,063	11	10			
Total increase for year .. .. .				13,374,538	11	10

Decrease:—

Loans paid off during the year—						
From surplus cash in various accounts .. .. .	2,052,094	2	8			
From receipts in respect of war expenses .. .. .	62,408	13	2			
From various sinking funds .. .. .	111,920	19	6			
From loans raised in previous years (including £200 unclaimed bonds) .. .. .	64,680	0	0			
Discount on securities redeemed below par .. .. .	40,503	15	11			
Securities overdue for more than ten years, written off the debt .. .. .	2,100	0	0			
Total decrease for year .. .. .				2,333,707	11	3

Net increase during 1925-26 .. .. .	11,040,831	0	7
Add amount outstanding at 31st March, 1925 .. .. .	227,814,646	10	11

Total debt outstanding at 31st March, 1926 .. .. .	£238,855,477	11	6
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In addition to the transactions shown above, Treasury bills for £500,000 were issued in anticipation of loan, and redeemed from the loan proceeds; Treasury bills for £1,250,000 were issued in anticipation of revenue, and redeemed from the Ordinary Revenue Account before the end of the year;