

Industries and Commerce, Tourist, and Publicity Department.

When the production of proper commercial accounts was first undertaken there were two separate Departments—the Industries and Commerce Department, and the Tourist and Health Resorts Department—while there was no special publicity service undertaken by any Department.

The Department of Tourist and Health Resorts first published accounts for the year ended 31st March, 1921, but, as no books of account had been opened, these were unaudited. No detailed accounts for the various schemes under the Department's control were published, the net cost of each institution or undertaking being shown in a general Income and Expenditure Account.

In the succeeding year books were opened, and separate working accounts for the various institutions were prepared and published, and the accounts were duly audited. No interest on capital or Head Office administration expenses was, however, charged against the institutions, the general revenue account carrying the full charge, and in several instances the values of assets were approximate only. At this stage there was no proper store system in operation in the Department.

The accounts for the year ended 31st March, 1923, were very similar to those of the previous year, except that there was a regrouping of fixed assets.

In the following year interest on capital was charged against each institution, and a stores system was introduced and came into operation from the 1st April, 1924.

For the year ended 31st March, 1925, the Head Office administration expenses were apportioned over the subsidiary accounts and a proper valuation of certain assets made.

The accounts were now on a satisfactory footing and have continued to be so since.

From the 1st April, 1930, the Industries and Commerce Department, whose accounts had never occasioned any considerable trouble, and the Publicity Branch, which had formerly been under the Internal Affairs Department, were incorporated with the Tourist and Health Resorts Department. Subsidiary Income and Expenditure Accounts bearing their proportions of Head Office expenses were prepared for these two special branches. The accounts are well kept and correctly represent the cost of administering the Department.

Defence Department.

The first accounts published (unaudited), for the year ended 31st March, 1921, comprised a Balance-sheet and one revenue account, which gave very little information as to expenditure. There was very little classification of assets, the value of which in a number of cases had been assessed.

In the early years of commercial accounting considerable difficulties were encountered on account of the huge volume of stores and the peculiar nature of the Department's activities. At the same time there was in existence the War Expenses Account, and considerable difficulty was experienced in distinguishing the assets of that account from those of the Department's peace Defence vote which were reflected in the departmental accounts.

In the following year the Revenue Account was dissected and separate accounts were published for each branch. These accounts were audited, but were not altogether satisfactory from an audit point of view, as the military accounting system did not lend itself readily to commercial accounting. The ordnance stock and armaments were ledger balances and not stock-sheet figures. The transactions between the Defence vote and the War Expenses Account were more clearly recorded, however.

For the year ended 31st March, 1923, the revenue accounts were further dissected, and a separate account was shown for army ordnance stores, stocks, &c., which made the accounts much more satisfactory. The revenue accounts for Aviation, Army Ordnance, and Defence vessels bore their shares of the interest on capital.

By this time the War Expenses Account had been closed and the bulk of War Expenses stores taken over by the Defence Department.

In the 1927-28 year the General Headquarters, Territorial Forces, and Cadet Forces Revenue Accounts were dissected to show the cost in each command.

From that date the annual departmental accounts have been well and carefully kept, and now give a true statement of the financial position of air and land defences of the Dominion.

Stores Audit.

The audit of Government Stores and material presents many difficulties which are not met with in the audit of cash accounts. When cash is received it can as a rule be traced to its destination (the Public Account) without much difficulty, but it is not so easy to follow to their ultimate destination consumable stores and material after purchase. Some stores can be more easily misappropriated than money, but the resultant loss to the public is the same whether the money voted to purchase the stores is misappropriated or whether the stores themselves after purchase are misappropriated. Stores systems should not be too complicated. The main essentials are liable to be lost sight of if a system is overburdened with detail. There are, however, certain essentials which should be observed in all Government Departments to ensure that the stores are actually used for the purposes intended. A most important requisite in any stores system is the preparation of reliable estimates showing the amount of the various materials required for any particular service. These detailed estimates, if carefully prepared, serve as a check on the issues of the stores for the work. It has been found also that losses frequently occur in the writing-off of articles when no systematic survey of those articles by a superior officer has first been made. There can be no doubt that the losses in stores have been greatly reduced of late years owing to the improved systems introduced by the Departments, but a great deal remains to be done in some parts of the service.