

Post-audit System.

Under the provisions of the Public Revenues Act, 1926, it is necessary that the certificate of the Controller and Auditor-General should be enclosed on the Abstract of the Revenue and Expenditure of the Public Accounts annually presented to Parliament, and it may be as well that I should explain that all the vouchers in support of the receipts and payments appearing in such abstract have not necessarily been passed by Audit as correct before the date of such certificate. The position is as follows :—

Section 85 of the Public Revenues Act provides that the abstract is to be certified by the Audit Office within fourteen days after the receipt thereof. Under the post-audit system which obtains in New Zealand many of the vouchers will in the ordinary course not have been finally audited within this period, and in some cases it is not possible for the Treasury to submit the vouchers for audit until a considerable time after the abstract has been certified. For example, it may be necessary to obtain acquittances for payments overseas, involving delay of weeks or months before the vouchers can be submitted for audit.

It was probably intended by the framers of the Public Revenues Act that the full statement of the revenue and expenditure of the Public Account pursuant to section 89 of that Act should be certified only after all the vouchers for the year had been finally audited. I have pointed out in previous reports, however, that a complete statement of the revenue and expenditure as called for in this section is not prepared and sent to the Audit Office, and I am therefore not in a position to present a complete statement to Parliament as required by the Act.

A system is in operation, however, which ensures that all vouchers will eventually come before the Audit Office for examination, and the Treasury is not given a clearance until every voucher has been finally passed. At the 30th September, 1933, vouchers to the amount of £348 12s. in respect of the year ended 31st March, 1931, £6,756 17s. 1d. in respect of the year ended 31st March, 1932, and £2,608,332 5s. 9d. in respect of the year ended 31st March, 1933, had not been finally passed by Audit.

The vouchers comprised in the above totals will no doubt eventually be passed by Audit. There has been, however, one exception in the case of a voucher for £30 3s. 8d. in respect of the year 1931–32, for which there was no parliamentary authority or appropriation. As the Treasury declined to charge the amount against “Unauthorized,” the voucher cannot be passed by Audit.

State Balance-sheet.

A State balance-sheet as at 31st March, 1932, was compiled, audited, and presented to Parliament. This balance-sheet purports to show the assets and liabilities of the State, and is compiled from the details recorded in the departmental balance-sheets, but it may be as well for me to point out that in order that the full amount of the public debt may be accounted for it has been found necessary to insert nominal assets for the amount of loans outstanding in respect of which no tangible asset now exists. These nominal assets are grouped in the assets column under the heading “Other loan expenditure, £77,501,176.”

The “National Development Account, £40,576,626,” also shown in the assets column, represents the total expenditure of loan-money on the items enumerated therein, all of a national character and of national importance, but which are not wholly represented by tangible assets. It is, however, necessary to point out that, even in those cases in which these items are now represented in whole or in part by tangible assets, the valuation for balance-sheet purposes is in many cases more or less arbitrary, and it is doubtful whether such valuations could be sustained at the present day. I may, as an example, cite the asset “Main highways, roads, &c., £26,601,965,” which represents the total expenditure on roads to date, and includes in many cases the improvements, &c., of the same road on more than one occasion. The same remark applies to the asset “Harbour-works.” Nevertheless, most items under this heading are indirectly beneficial to the State revenue. Similar considerations apply to other assets shown in the balance-sheet, such as land and buildings, State forests, railways, &c., the values of which have probably in many cases suffered considerable depreciation as a result of the economic conditions ruling at the present time. In this connection it is to be remembered that, as pointed out by an eminent authority, many of the assets or liabilities of the State cannot be expressed financially in the manner in which the goodwill of a business concern is assessed, and a State balance-sheet, or even in many cases a departmental balance-sheet, on strictly commercial lines, is a practical impossibility.

A comparison of the years ended 31st March, 1931, and 31st March, 1932, reveals the following movements among assets :—

Chief increases—	£
Land, buildings, forests, &c.	363,843
Telephones and telegraphs	146,318
Electrical schemes	1,324,445
Drainage schemes	136,721
Sundry debtors	654,386
Unpaid interest and principal and postponed rents	806,444
Native land schemes	221,162
National development—	
Roads, &c.	1,491,690
Education	249,311
Lands-development	31,800