

### Post-audit System.

Owing to the post-audit system provided for under the Public Revenues Act, 1926, and to the requirement in the same Act that the abstract of the revenue and expenditure of the Public Account shall be certified within a fixed period, it is impossible for all the vouchers for the year to be audited, or even in some cases submitted for audit, until after the abstract has been certified. My certificate is therefore given subject to the final audit of such vouchers.

A record is, however, kept of the vouchers for all expenditure appearing in the abstract, and the Treasury is not given a final clearance until all vouchers have been passed.

On the 10th August, 1934, a final clearance had not been given for sums amounting to £109,418 12s. 3d. for the year ended 31st March, 1933, and to £9,054,572 12s. 6d. for the year ended 31st March, 1934. The whole of the £109,418 12s. 3d. had been submitted to audit, but had been referred back to Departments for further information or for authorities to support the expenditure, or for adjustments found necessary in the course of audit. A considerable proportion of the £9,054,572 12s. 6d. was in a similar position, while the remainder was under audit. There must of necessity each year be a certain amount of overlapping, but, of course, the whole of this expenditure will ultimately come under Audit review.

### Expenditure not Submitted for Audit.

Payments totalling approximately £21,942 have been made during the year by the High Commissioner under the Finance Act, 1928, section 20, which provides that, notwithstanding anything to the contrary in the Public Revenues Act, 1926, the High Commissioner, without further appropriation than this section, may make payments from the Foreign Imprest Account—

- (a) On behalf of any of the accounts outside the Public Account to which Part X of that Act applies :
- (b) For such other services not chargeable to the Public Account as the Treasury may from time to time approve or authorize, either generally or with reference to any particular case.

The vouchers for these payments have not been submitted to the Audit Office for appropriation audit in Wellington, as is customary with other vouchers, and the payments are not included in the Abstract of the Revenue and Expenditure of the Public Account.

### Delay in Publication of the Annual Accounts.

In connection with the publication of the accounts showing the surplus or deficit for last financial year there has been some comment on the delay which is stated to take place in New Zealand as compared with the United Kingdom, and it appears desirable to set out the actual position.

It has been stated that the delay is due to the "pre-audit" system obtaining in New Zealand, but, as a matter of fact, the system in New Zealand is, generally speaking, "post-audit," as is the case in the United Kingdom. The only transactions which are subject to pre-audit in New Zealand are those effected by transfer (comprising chiefly adjustments between different Government Departments or Accounts), and certain other transactions the pre-audit of which is specially provided for by Treasury regulation.

The chief difference between the British and New Zealand systems which affects the question of delay is that in Britain the surplus or deficit for the year is based on the whole of the accounts comprised in the Exchequer, which corresponds with the Public Account in New Zealand, whilst in New Zealand the surplus or deficit is based on the Ordinary Revenue Account only, which is merely part of the Exchequer (or Public Account). This difference largely arises from the different conditions applying in New Zealand and the resulting policy of borrowing for many different services, for which separate accounts are kept. When all the transactions of the year are comprised in the one account the balance of which represents the surplus or deficit for the year as in England it is possible to ascertain the approximate surplus or deficit in a few hours, but when the transactions relate to different accounts as in New Zealand, and only one of these (Ordinary Revenue Account) is used as a basis for determining the surplus or deficit, it is necessary to allocate all the transactions to the various accounts before the position of the Ordinary Revenue Account can be ascertained.

Another matter contributing to the delay is the method of treating imprests outstanding. In the United Kingdom imprests outstanding are treated as expenditure for the purpose of ascertaining the Budget surplus or deficit, whether or not the imprests are actually accounted for at the end of the year, while in New Zealand they are treated as balances in hand. As all imprestees in New Zealand are required to repay to the Public Account any cash balances of imprest moneys held by them at 31st March, it is clear that the amount of imprests not so repaid must represent actual expenditure, and that the treatment of such outstandings as balances in hand is contrary to fact and unduly reduces the amount of expenditure shown in the public accounts. The British system is, therefore, the more correct one.

This factor of imprests outstanding actually leads to considerable delay in the production of the annual accounts. Section 87 (2) of the Public Revenues Act, 1926, requires that payments by imprestees "shall be deemed to be made on the day on which the accounts of the same are received at the Treasury." If this requirement of the law were carried out, all imprestees' vouchers received in the Treasury subsequently to 31st March would be omitted from the accounts, and included in the