

Imprests Outstanding.

In examining the abstract of the Public Account for the year 1934–35 as submitted for audit it was found that imprests which were shown as outstanding in the Dominion were in fact not all held in the Dominion, but in some cases were outstanding in Australia, Samoa, Canada, and the United States of America. The Audit Office requested that the amounts should be shown as outstanding in the country in which they were actually held. The Treasury, however, did not concur, and, moreover, ceased showing the amount of imprests outstanding in London as has been customary for many years, and showed all the imprests outstanding under each account without any indication as to the country in which they were held.

Owing to differences in exchange the amounts of imprests held in the different countries are of different values, even though they may be stated under units of account bearing the same name—the pound for example. For this reason it appears to the Audit Office desirable, if not essential, that the country in which the imprests are held should be stated in the Public Accounts. In order that the information may be available I append a statement of the imprests outstanding at 31st March, 1935, under each account, showing where such imprests were held :—

Account.	Imprests outstanding.													
	London.		New Zealand.		Australia.		Samoa.		Canada.		United States.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Ordinary Revenue Account	82,672	5 5	18,577	15 7	14,418	8 11	1,231	17 6	144	0 8	1,055	15 6	118,100	3 7
Deposits Account	8,517	13 0	11,260	5 0	..	..	..	..	..	..	..	..	19,777	18 0
Public Works Fund—														
General Purposes Account	6,165	16 5	2,176	13 8	..	..	..	..	..	..	..	..	8,342	10 1
Electric Supply Account	2,058	5 9	250	0 0	..	..	..	..	..	..	..	..	2,308	5 9
Discharged Soldiers Settlement Account	..	..	7,666	0 5	..	..	..	..	..	..	..	..	7,666	0 5
Main Highways Account—Revenue Fund	1,295	12 10	..	..	..	..	..	..	..	..	..	..	1,295	12 10
Unemployment Fund	585	1 9	191	1 2	..	..	..	..	..	..	..	..	776	2 11
Working Railways Account	39,247	16 7	1	7 0	2,796	18 9	..	..	..	..	..	..	42,046	2 4
	140,542	11 9	40,123	2 10	17,215	7 8	1,231	17 6	144	0 8	1,055	15 6	200,312	15 11

Departmental Accounts and Balance-sheets.

The accounts and balance-sheets for the year 1933–34 of all Departments have been submitted and examined by the Audit Office. The examination showed that the system of accounting and internal checks have been well maintained throughout the year.

A State balance-sheet was again produced and the ground-work prepared for the production of a State Income and Expenditure Account, which it is hoped will be submitted for Audit examination next year.

It is fifteen years since the system of preparing departmental accounts on commercial lines was introduced, and it is now possible to make deductions from a survey of the position as annually shown.

It has been recognized that the rates of depreciation charged in the past have in nearly all cases been too high, and there is no doubt that many assets, which have been written down to the extent of practically their full original value, still possess many more years of useful life. In the case of the general departmental accounts the depreciation reserves provided to 31st March, 1934, are being written off as at 1st April, 1934, against the respective assets with a corresponding reduction in capital account, thus reducing the charge for interest on capital.

For the year ended 31st March, 1935, the depreciation will be calculated on the annually reducing value of the assets instead of on the original value as formerly, and new and reduced rates will be laid down for ensuing years.

The Audit Office suggests that it would be more satisfactory to have a revaluation made of the various assets controlled by each Department, and to fix the rates to be charged annually on a basis to be determined by a review of the records of each Department from the date of the inception of the system.

The omission of all mention of exchange in the departmental accounts has been fully dealt with under another heading in this report as well as in previous reports.

In connection with the examination of these departmental accounts and balance-sheets difficulty is experienced in checking the dissections of capital and revenue expenditure made by the Departments concerned. I again make the suggestion that this difficulty could be readily overcome if the Departments were required to prepare their estimates in such a way as to distinguish between the capital and revenue items. Audit would then be able to satisfy itself by detailed examination of every voucher that proper allocations have been made. It has been claimed that this would involve a large increase in the size of the estimates, but in the cases of most Departments it would not involve much additional space, and the advantage of being able to secure a proper check is, in the opinion of the Audit Office, of primary importance.