

PUBLIC ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 1935.

REPORT OF THE CONTROLLER AND AUDITOR-GENERAL.

I HAVE the honour to submit my report for the year ended 31st March, 1935, in terms of subsections (2), (3), and (4) of section 89 of the Public Revenues Act, 1926.

In connection with these reports, which the Controller and Auditor-General is required to submit to Parliament year by year, it is desirable that I should explain that it is necessary to comment only on a very small percentage of the matters which come under the notice of Audit affecting the Public Accounts during each year. It will be readily understood that in the vast majority of cases where questions regarding ordinary transactions are raised by Audit a settlement is arrived at after discussion with the Treasury or the Department concerned, and there is no occasion therefore for further reference to be made to these cases in the annual report to Parliament.

The full Statement of the Receipts and Payments of the Public Account is contained in two parliamentary papers—namely, (1) B.-1 [Pt. I], which shows, under main headings, the receipts and payments of the funds and accounts comprising the Public Account, and also shows details of the expenditure under the annual appropriations, Civil List, and the Unauthorized Expenditure Account, and (2) B.-1 [Pt. II], which shows certain of the receipts and payments in greater detail than they are shown in B.-1 [Pt. I], and as the last-mentioned paper for 1934-35 has already been laid before Parliament, it is only necessary for me now to present Part II in accordance with the usual practice.

Audit Status in relation to Parliament and the Public Accounts Committee.

With a view of obtaining an expression of opinion from the Public Accounts Committee regarding the constitutional relationship which should exist between the Controller and Auditor-General and that Committee, and also with Parliament, the Controller and Auditor-General last session addressed a memorandum to the Chairman of the Committee, dated 28th September, 1934, in which he dealt fully with this subject.

The following matters were discussed in the above memorandum and also in subsequent memoranda dated 17th and 23rd October, 1934, respectively:—

- (a) Parliamentary control over expenditure.
- (b) Parliamentary control over the form of Public Accounts.
- (c) Statutory position of the Controller and Auditor-General.
- (d) System on which the Public Accounts are based.
- (e) The functions of statements of receipts and payments as compared with departmental revenue accounts and balance-sheets.
- (f) Distinction between an appropriation audit and a commercial audit.

When these matters came before the Committee for discussion it was pointed out by the Chairman that, as the subject of the Audit representations had not been specifically referred by Parliament to the Committee, any decision come to by the Committee could not, in view of the terms of the resolution of the House appointing the Committee, be reported to Parliament. The Committee, however, very kindly consented to hear and give consideration to the Audit review of the position, and I wish to acknowledge the courtesy of the Committee in devoting so much time to these matters, notwithstanding the absence of specific authority.