(3) Supervision over the use of sums intended for the remuneration of services, payment of works or purchases, etc., which is exercised in the cases specially provided for by law and through the intermediary of officials specially appointed for each individual case.

Supervision over the budget is essentially administrative. Parliament possesses the power of inspection conferred on it by the Constitution; the latter makes no special mention of financial powers.

The auditors must object to any illegal or irregular measure, and, if the authority competent to take such a measure ignores their opposition, they must report the matter to the Ministry of Finance in order that the latter may settle the point at issue.

8. Final Audit.

The Court of Audit examines all the accounts of the State and submits to Parliament a memorandum concerning the said accounts.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year runs from January 1st to December 31st. There is no additional period.

2. Budgets and Accounts.

There are two Ministries of National Defence (Ministerio del Ejército and Ministerio de Marina), whose expenditure is comprised within Sections III, IV, XIII, and XV of the general budget.

The expenditure on the land forces and the expenditure on the naval forces are shown in separate chapters.

The expenditure on the air forces is included in the chapters of the Ministry of War (military aviation) or the Ministry of the Marine (naval aviation).

3. The Model Statement.

The Model Statement relates to the year 1930. It has been drawn up on the basis of the provisional accounts for the 1930 budget (Liquidación provisional del presupuesto de 1930) and contains the figures of the final commitments for the budgetary year 1930.

The tables relating to the three forces have been filled in.

4. Execution of the Budget.

The adoption of the budget implies permission to make use of the credits voted for each service.

The Council of Ministers fixes each month the allocation of funds—that is, the part of the budgetary credits that shall be available during the month.

Commitments are entered into, within the limits of the budgetary credits thus allocated, by the Ministers or by the officials to whom they may delegate their powers.

Payment orders are also issued by the Ministers, or by the officials delegated, who have authority over the services concerned. Payment warrants are always issued in the name of the Minister for Finance.

Payments are made by means of cheques drawn on the Bank of Spain, which is responsible for the Treasury Service. In exceptional cases, payments are effected direct by the Treasury funds.

5. The Accounts.

The accounts are drawn up in the same form as the budgets, so far as concerns the sections within which the expenditure is grouped.

They are compiled by articles and show:

(a) The credits voted under the budget and the changes made in the initial credits during the budgetary year;
(b) The credits carried forward from the previous budget (see under A, 4);
(c) The claims in respect of previous years, and recognised and paid during the year;
(d) The liabilities incurred during the year;
(e) The payments effected during the year;
(f) The total credits cancelled (difference between the credits and recognised liabilities);
(g) The liabilities incurred and not paid (difference between the sum of the recognised liabilities and the total payments);
(h) The credits carried forward to the following budget.
The accounts show the amount of the payments effected out of the credits for the year and out of the credits and the commitments carried forward from the previous year.

The general accounts are drawn up by the General Audit of the State, which is under the authority of the Ministry of Defence, within a period of seven months after the close of the budgetary year.

6. Audit and Publication of the Accounts.

The General Audit of the Administration of the State must draw up and submit to the Court of Audit of the Republic the general accounts of the State (Cuenta general del Estado) accompanied by a statement of the main principles adopted for drawing up the budget both as regards revenue and expenditure.

The general accounts are drawn up by the General Audit of the State and submitted to the Court of Audit, which must examine them within four months. It submits to Parliament a memorandum concerning the general accounts of the State which is published in the Official Journal (Gaceta de Madrid).

The Court of Audit is under the direct authority of the Chamber and carries out its duties by delegation from the latter, those duties being to examine and approve the accounts of the State.

The accounts, when approved by the Court of Audit, are transmitted to the Government, which must submit them to Parliament for approval within two months, being responsible also for having them printed immediately.

The accounts are published and approved by the passing of a law.

The General Audit of the State is responsible for publishing every month a table of the revenue and expenditure effected since the beginning of the year and during the corresponding period of the four previous years.

A provisional statement of budget payments is also published containing the same details as are required for the general accounts.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


(a) All the expenditure shown in the Model Statement is included in the published accounts.

(b) The relation between the accounts and the Model Statement is established by reference to reconciliation tables.

(c) The Model Statement contains only expenditure relating to the armed forces.

(d) No difficulty arising out of the budgetary system has been noted so far as concerns the possibility of including all national defence expenditure in the Model Statement.

2. Military Departments.

(a) The sections of the general budget concerning national defence expenditure also include expenditure on pensions or salaries in respect of non-active service. The relevant sums have not been entered in the Model Statement. The personnel belonging to the reserve and the retired personnel are not generally called upon to do active service.

(b) The advances granted in cases of need to the personnel on their pay are not included in the Statement.

(c) Although the expenditure of the merchant marine is included in a section of the naval budget, it has been excluded from the Statement. The same applies to the expenditure for the personnel of the fishery inspections and for that of the semaphore service. The Spanish delegation stated that this personnel did not possess any military character.

On the other hand, the expenditure for the fishery guard has been included in the Statement because the personnel in command, together with the crews, formed part of the navy before the reorganisation.

(d) The heading "Commitments outstanding" includes the total sums paid to the personnel of the naval services as a result of the successive reorganisations of the navy, whether they belong to the cadres of their respective corps or to those of the various organs of the navy which are being suppressed.

(e) As regards the African army, the Spanish delegation stated that the only expenditure included in the Statement was that appearing in the budget under the respective headings of the Ministries of War and of the Navy, in Section XIII (Action in Morocco).

Certain expenditure without any military character has been deducted from the total amount appearing under these headings, such as expenditure relating to the travelling expenses of certain officials of the Protectorate, hydrographic studies, Customs service, etc.

1 After the last reorganisation of the navy, all the services allotted to sea-fishing, including the fishery guard, ceased to belong to the navy and were transferred to the Under-Secretariat of the Merchant Marine, whose budget forms a separate sub-section of the naval budget. The Spanish delegation has stated that these services have no military character and that their expenditure is consequently quite unconnected with national defence expenditure.

2 The Spanish delegation stated that all the expenditure of the African army as regards personnel, material and maintenance, even if the material has been supplied in the peninsula, together with the cost of purchasing cattle and the expenditure of aviation units, is charged to Section XIII of the budget.
3. Civil Departments.

(a) No expenditure appearing in sections other than those relating to national defence has been included in the Model Statement. It would seem, however, that part of the expenditure on Section I, “Dirección General del Instituto Geográfico y Catastral”, although it forms a civil service, together with a part of the expenditure included in Chapters 7, 8 and 9 of Section XIII, “Action in Morocco”, under the heading “Presidencia” (hospitals, miscellaneous expenditure and military forces), should have been shown in the Model Statement.

(b) The Spanish delegation has stated that none of the expenditure of Chapter 18 of Section I, “Presidencia” (Personal y Servicios de la Dirección General de Navegación y Transportos Aéreos), has a military character.

(c) The officers, personnel and military goods are transported by rail at a reduced rate. The national defence forces of the home country and overseas do not enjoy any other free service or any reduction in rates. Free postal facilities are, however, granted to a limited number of authorities. In addition, postal and wireless correspondence exchanged between the military authorities enjoys special exemption from charges, but there are no particulars which would enable the amount of the expenditure resulting from this exemption to be estimated even approximately in case it had to be paid.

4. Special Questions.

(a) Exchange differences in respect of certain expenditure on personnel and material effected abroad are borne by the Ministry of Finance. Such items have not been included in the Model Statement.

(b) No expenditure borne on the budget of the State or the local budgets has been included in the Model Statement so far as concerns the Spanish colonies.

(c) Formations exist concerning which the Spanish Government has stated that they cannot be regarded as formations organised on a military basis (Security and Civil Guard Corps paid by the Ministry of the Interior (Gobernación), Corps of Carabiniers paid by the Ministry of Finance, Provincial Corps paid by the “Deputations” of the provinces concerned). None of the expenditure attaching to these formations has been shown in the Model Statement.

(d) The expenditure for pre-military training is included in the army budget. There are no similar credits in the navy budget.

(e) There is no physical education in Spain which is encouraged for military purposes.

(f) During the year 1930, there were no special funds relating to national defence.

(g) There are military factories for the manufacture and repair of material. The expenditure on these establishments has been included in heads I and IV of the Statement.

(h) The expenditure on the motor traffic service is intended to cover the costs of the military motor school and schools of mechanics for maintaining and repairing motor-cars. No subsidies are granted to motor-car industries for national defence purposes.

(i) The Spanish delegation has stated that the grant of 1,500,000 pesetas, which the Ministry of War, like the other Ministries, has had to make towards realising the town-planning scheme of Barcelona, has no connection with national defence.

(j) Legislation does not provide for cases of donations and legacies made by private persons for military purposes (and hitherto such cases have not occurred).

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

There are two Ministries of National Defence—the Ministry of War and the Ministry of the Marine. The sections of the general budget relating to these Ministries include expenditure on the air forces. The section concerning the Ministry of War includes the expenditure on land aviation, and the section which concerns the Ministry on the Marine, the expenditure on naval aviation.

In the heads of the sections of the budget of the Ministry of War and the Ministry of the Marine, the expenditure relating to aviation is shown separately. At the same time, in the case of certain general expenditure, the separate expenditure on the air forces has had to be calculated by means of internal accounts or estimates.

The expenditure for the personnel of the air forces of the navy has been separated from the total expenditure on the personnel of the naval forces, on the basis of the composition of the cadres and the various corps and services of the navy. The statement of the air forces only includes the personnel performing permanent service in these forces and excludes the temporary personnel.

There are services common to the air force, the army and the navy. They deal, inter alia, with supplies, barracks, hospitals, transport and munitions. The expenditure on these various services has been separated on the basis of the respective effectives of the forces using them.
2. Coast Defence.

The expenditure on coast defence is included in the section of the general budget relating to the Ministry of War, and has been shown in the statement for the land forces.

3. Optional Columns.

The column relating to armed forces stationed overseas has been filled in only in the table for land forces.

The Spanish Government has stated that there are no formations organised on a military basis.

4. Division of Expenditure between Sub-Heads of the Model Statement.

Part of the heads of the accounts can be transferred as they stand to the sub-heads of the Model Statement or by means of splitting up the actual variations proportionately.

In cases in which the arrangement of the heads of accounts relating to national defence expenditure did not correspond to the division of the sub-heads in the Model Statement, the distribution of the expenditure between these sub-heads has been effected by means of internal accounts or estimates.

The expenditure on the military personnel of the military factories for the manufacture and repair of material, which appears in a separate article of the accounts, has been entered in sub-heads A, B and C of the Statement, while the wages of the workmen are included in the sub-heads relating to material, in the accounts and in the Statement.

5. Head IV.—Separation from the Other Heads and Division between Sub-Heads.

No special difficulty has been met with as regards this separation.

As regards the method followed for the allocation of expenditure under head IV and the relevant sub-heads, see under D, 4.


The proportions of the expenditure on naval construction entered under sub-heads L and M respectively amount to 94 per cent and 6 per cent.

The personnel in the maritime provinces, although military, has been shown under sub-head C, because it is employed in essentially civil duties.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

Spain has supplied two series of annexed tables—one for land forces and army aviation and one for naval forces and marine aviation.

Tables A and B.—As these tables have not been retained in the draft “Instruments necessary for the application of a system of publicity of national defence expenditure” (document Conf.D./C.G.160), there is no need for any observation on this point.

Tables C, D and E.—These tables have not been supplied. Table C should, it would seem, have included the total of commitments not paid at the end of the budgetary year 1930.

Table F.—The table for land forces shows the different kinds of pensions which are specified in a detailed statement, whereas the table for naval forces gives a single figure. In Table F, it would seem, there should also have been shown the expenditure of Section IV of the budget, “Retirados de guerra y marina”, amounting to 58,334,289 pesetas, and, perhaps in addition, other expenditure included in the same section.

The pensions allotted to widows and orphans of various deceased personnel, which are entered in the accounts under the heading “Montapio Militar”, are not included in annexed Table F.

List of Documents.


Budget of the Ministry of the Army for 1929 and 1930 (Presupuesto del Ministerio del Ejercito para los ejercicios economicos de 1929 y 1930).

Budget of expenditure of the Ministry of the Marine for 1930 (Presupuesto de Gastos del Ministerio de Marina para el ano economico 1930).

Provisional accounts for 1930 (Liquidacion provisional del Presupuesto de 1930 a su terminacion en 31 de diciembre de 1930).

Statistical summaries of sums recovered and paid and provisional liquidation of the budget for 1930 (Resumenes Estadisticos de Recaudacion y Pagos y Liquidacion provisional del Presupuesto de 1930).


Replies of the military experts to the observations of the Technical Committee transmitted on July 2nd, 1934.
ESTONIA.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budgets are prepared by the various Ministerial Departments. A Commission for the examination and co-ordination of such draft budgets is set up at the Ministry for Economic Affairs; it consists of representatives of that Ministry, the other Ministries concerned and the State Comptroller's Department. The representative of the Ministry for Economic Affairs is required to verify whether the estimated expenditure is necessary and in accordance with the laws in force; he may propose that certain items be reduced or entirely struck out. In the event of a difference of opinion between the Minister for Economic Affairs and his colleagues, the provisions of the draft general budget are finally settled by the Government as a whole.

The draft budget is submitted by the Government to the Parliament (" Riigikogu ") by January 20th at the latest.

2. Discussion and Voting of the Budget.

(a) Legislative powers are vested in Parliament, which consists of a single House (" Riigikogu ").

Before being discussed by the Riigikogu in plenary session, the draft budget is examined by its Finance Commission. The Commission's discussions are not public and no report is published.

The plenary sessions of the Riigikogu are public; they can only be declared private by a decision adopted by a two-thirds majority of the members present.

The Riigikogu's debates in plenary session are published verbatim in the " Proceedings of the Riigikogu " (" Riigikogu koosolecute protokollid ").

After being voted by the Riigikogu, the budget is enacted by its publication in the Official Journal (" Riigi Teataja ").

In the event of a budget's not being brought into force before the opening of the budgetary year, the Minister for Economic Affairs is empowered by the law governing the State budget to allocate to the various Ministerial Departments provisional monthly credits, the amount of which in any given month may not exceed one-twelfth of the total of the budget for the preceding year, including the supplementary budgets.

This procedure is followed until such time as the budget is adopted.

(b) National Defence expenditure is voted annually.

3. Publication of the Draft Budget, Budget and Accounts.

A limited number of copies of the draft budget is printed for members of the Riigikogu, Ministers and the various Government Departments.

When approved by Parliament, the budget is at once published in the Official Journal (" Riigi Teataja ").

The closed accounts (" Aruanne ") are not published in an official document. A limited number of copies is printed for the use of Parliament and Government Departments. The Estonian delegation states that the accounts (" Aruanne ") may be regarded as published documents within the meaning of Article B of the " Draft Instruments for the Application of a System of Publicity of National Defence Expenditure " (document Conf.D./C.G.160). Copies of these accounts have been communicated to the Technical Committee.

The Official Journal only publishes the law passing the closed accounts. The law merely specifies the total in respect of each Ministry.

4. Conditions governing the Expenditure of Credits.

The credits voted represent actual financial provisions.

There is no additional period for the payment of expenditure incurred during the financial year and budgetary credits not expended by the end of the exercise, that is to say on March 31st, are in principle cancelled.

The Budget Law does not empower the Government of the Republic to enter into commitments or to issue orders for payment chargeable against subsequent exercises. Such expenditure can only be authorised by a special law adopted by the Riigikogu. Such laws specify in each
case: (a) what commitments may be entered into, and (b) up to what amount, and (c) against what exercise the expenditure is to be charged.

In certain cases, credits may be carried forward by order of the Minister for Economic Affairs with the assent of the State Comptroller. The accounts showing in what manner such credits have been employed are entirely distinct from the accounts showing the expenditure of the current exercise. They are included in the closed accounts of the year during which the credits were employed, where they are shown in separate columns.

Each credit carried forward remains open until the end of the budgetary year following that in which the credit originally appeared. On the expiry of that period, the credit is finally cancelled and any payments still outstanding must be charged against the credits of the new exercise.

Supplementary budgets may be introduced each year. Whenever the credits voted prove inadequate or new expenditure is found to be necessary, and when, furthermore, the fact that the Riigikogu is in recess precludes the possibility of applying for credits to cover such expenditure by means of a supplementary budget, the President of the Republic, on the proposal of the Government, may allocate the necessary sums from the special credits included in the State budget for the purpose of unforeseen expenditure. Such credits are shown in the expenditure budget of the Ministry for Economic Affairs and must not exceed a total of 250,000 crowns. The provisional credits allocated by the President are embodied in a supplementary budget, which is submitted to the Riigikogu for approval within a fortnight of the opening of its next session.

5. Division of Expenditure in Budget and Accounts.

(a) The budget as published is divided into two parts:

Revenue and expenditure: ordinary, and
Revenue and expenditure: extraordinary.

Ordinary and extraordinary expenditure are shown separately for each Ministry and subdivided into chapters corresponding to the various Departments; the chapters are subdivided into paragraphs, which may be still further subdivided into articles.

The budget of the National Defence Ministry forms a separate chapter and includes the expenditure on all three forces.

The budget includes twenty-eight paragraphs for ordinary expenditure and seven paragraphs for extraordinary expenditure.

(b) The accounts are drawn up in the same form as the budget.

The draft budgets originally drawn up by the various Ministerial Departments and the internal accounts of such Departments go into greater detail than the budget, the paragraphs being subdivided into articles.

(c) Transfers between chapters of the budget are illegal. Transfers between paragraphs may only be effected with the authorisation of the Riigikogu as embodied in supplementary budgets. In the case of the National Defence budget, transfers between the articles of any given paragraph may only be effected by authority of the War Council presided over by the National Defence Minister or his Under-Secretary of State.

Decisions relating to transfers between articles are communicated to the Ministry for Economic Affairs and the State Comptroller's Department. If the Ministry for Economic Affairs does not make any objection within three days, such transfers acquire final validity.

6. Unity of the Budget.

(a) The general budget includes all State expenditure.

There are certain autonomous establishments for the manufacture of war material (arsenals) which are operated on a commercial basis in accordance with regulations approved by the Government. The budget and accounts of such establishments are not attached to the State budget or general account; nor are they printed or published. The budget, accounts and, generally speaking, all papers relating to the operation of such establishments are subject to auditing by the State Comptroller's Department. Their budget and accounts are approved by the Government.

The prices of goods delivered to the National Defence services are the same as those of goods delivered to private individuals.

The budgets of the civil departments and autonomous bodies do not contain any National Defence expenditure (see, however, the remarks under C.3).

No extra-budgetary resources are used for National Defence purposes.

(b) In principle, the budgets and accounts show gross expenditure; certain sums, however, are deducted from the closed accounts of the National Defence Ministry on account of receipts used for the renewal of credits.¹

¹ The funds in question consist of sums received in payment of supplies sold to third parties. Example: The National Defence Ministry purchases munitions out of its own budget. It sometimes happens, however, that the Ministry sells part of its munitions to third parties—e.g., the Civic Guard. The proceeds of such sales are not shown as receipts in the State revenue account but are entered in the credit account of the National Defence Ministry so as to permit of that Department's replacing the munitions sold.
7. Supervision during the Execution of the Budget.

(a) Administrative supervision during the execution of the budget is exercised by officials specially designated by law. These include the intendants of divisions and the official responsible for issuing orders for payment against the available credits. The latter official verifies all appropriations of credits together with vouchers relating to National Defence expenditure. The intendants are attached to the different units over which they exercise permanent and continuous supervision.

(b) Prior supervision is also exercised by the State Comptroller's Department.

8. Final Audit.

(a) The audit is carried out by the State Comptroller's Department ("Riigicontrolor"). The State Comptroller acts on behalf of the Riigikogu, to which he is responsible for the verification of all State expenditure.

The State Comptroller's comments on the auditing of the closed accounts together with the accounts themselves are printed and communicated to the members of the Government and Riigikogu and to all central public administrations. No provision is made for the official publication of these documents, but they may be communicated to the Press.

Before being printed, the closed accounts are certified correct by the Ministry for Economic Affairs.

(b) The Riigikogu approves the closed accounts.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from April 1st to March 31st. There is no additional period.

2. Budgets and Accounts.

There is only one National Defence Ministry. All National Defence expenditure is shown in its budget and accounts.

The figures shown in the closed accounts represent actual payments together with payment warrants which for various reasons have not been cashed by the branches of the Eesti Pank by the end of the budgetary year.


The Model Statement relates to the 1930-31 budgetary year. The tables in respect of all three forces have been completed.

The figures entered in the Model Statement are based upon the closed accounts.

4. Execution of the Budget.

As soon as the budget is promulgated in the "Riigi Teataja", the branches of the Eesti Pank open accounts crediting the various Ministries with the amount of their requirements as indicated by the Ministries themselves with the assent of the Comptroller-General and by order of the Minister for Economic Affairs.

In the course of the following months, the Minister for Economic Affairs makes a further allocation each month of the credits applied for by the various Ministries to meet their current requirements. The Ministries have the right to enter into commitments and issue payment warrants up to an amount not exceeding 500 crowns in each case. Commitments in excess of 500 crowns must be authorised in advance by the Minister for Economic Affairs.

5. The Accounts.

The closed accounts are arranged under the same heads of expenditure as the published budget. The figures shown in the accounts are gross and represent payments actually made during the twelve-month period.

6. Audit and Publication of the Accounts.

At the end of the budgetary year, the National Defence Ministry prepares the closed accounts for its department and transmits them not later than May 15th to the State Comptroller's Department and to the Ministry for Economic Affairs.

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1 The Eesti Pank is a private company governed by a charter approved by the Riigikogu. This Bank has the keeping of all sums derived from taxation together with all other State funds. It makes payments on behalf of the State and keeps the various accounts in accordance with the instructions of the Minister for Economic Affairs.
The Audit Committee of the State Comptroller's Department examines the accounts and vouchers and certifies that the payments made are in order.

The Ministry for Economic Affairs draws up the general closed accounts on the basis of the accounts submitted by the central public authorities.

The general closed accounts are submitted to the Riigikogu within nine months of the end of the budgetary year.

As a general rule, the Riigikogu approves them during the following year. The law does not specify any date in this respect.

The closed accounts are not published as an official document; but a limited number of copies are printed for the use of Parliament and Government departments.

Only the totals are officially published in the Official Journal.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


All the expenditure shown in the Model Statement is to be found without exception in the closed accounts of the National Defence Ministry.

The expenditure shown in the closed accounts of the National Defence Ministry and in the Model Statement includes supplementary expenditure entailed by the rise in foreign exchange rates.

The relationship between the accounts and Model Statement is shown by means of reconciliation tables.

2. Military Departments.

(a) To judge by the headings under which the expenditure of the National Defence Ministry is classified, it would appear that the accounts of that department do not include any expenditure of a civil character.

(b) The civil authorities benefit by certain survey and hydrographical work carried out by the military authorities. The Estonian Government is of opinion that the precise value of such work to the civil authorities cannot be estimated.

3. Civil Departments.

(a) The Estonian Government has not included in the Model Statement expenditure in respect of either the Frontier Guard (which is under the Ministry of Interior) or the Civic Guard.

(b) A small item of expenditure on the preparatory military training of young men, which is charged to the budget of the Ministry of Education and Social Welfare, has not been included in the Model Statement, as the Estonian Government takes the view that it is not in the nature of National Defence expenditure.

(c) During the 1930-31 budgetary year, various works were carried out for National Defence purposes and charged against the budgets of civil departments. The expenditure on this account, which represents only a small proportion of the total amount of National Defence expenditure, has not been included in the Model Statement.

4. Special Questions.

(a) The military authorities enjoy a reduction of 50 to 80 per cent on railway transport and transport by State waterways. No figures have been supplied to show the total value of these concessions to the National Defence services.

(b) Certain sections of the railway system are operated by the National Defence services.

(c) During the 1930-31 budgetary year there were no donations or legacies for National Defence purposes.

(d) In 1930-31 there were no special funds for National Defence purposes.

(e) The establishments for the repair and manufacture of arms are autonomous. They are not in receipt of any State subsidies. The arms which they manufacture (sporting guns and pistols) may be sold to members of sporting associations.
D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

The tables for all three forces have been completed. The budget and accounts of the National Defence Ministry do not show the expenditure on the three forces. The expenditure in respect of each force has, however, been calculated on the basis of internal accounts and by means of estimates; a Model Statement for the 1930-31 budgetary year has been supplied in respect of each force. The Estonian Government states that it would be possible, by developing its accountancy system, to show the whole of the expenditure relative to each force separately, if such separation of expenditure should be provided for in an international Convention ratified by Estonia.

2. Coast Defence.

The entire cost of coast defence is included in the Model Statement for the Naval Forces.

3. Optional Columns.

The optional columns have not been filled in.

4. Division of Expenditure between the Sub-heads of the Model Statement.

The classification of expenditure adopted for the purposes of the Model Statement differs appreciably from that employed in the accounts. Difficulty was therefore experienced in distributing certain expenditure among the sub-heads of the Model Statement.

The pay and allowances appropriate to sub-heads A, B and C respectively cannot be accurately separated; but the Estonian delegation states that any errors resulting from the splitting-up of such expenditure cannot exceed 1 or 2 per cent of the total amount under each sub-head.

The sums entered in sub-heads A, B and C of the Model Statement were arrived at by means of a proportional estimate together with information to be found in documents of an internal character.

The Estonian delegation states that, if necessary, the sums paid to officers, non-commissioned officers, men and civilians could be separately shown in the budgets and accounts, if such information were recognised as necessary by an international convention ratified by Estonia.

The amounts entered in sub-head D are shown separately in the internal accounts of the National Defence Ministry. The figures entered in this subdivision of the Model Statement therefore represent actual expenditure.

No expenditure is shown in sub-head H.

5. Head IV.—Separation from the Other Heads : Division between Sub-heads.

The Estonian Government has met with no difficulty in isolating expenditure appropriate to Head IV of the Model Statement or in distributing it among the sub-heads of that section.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

Tables A and B.

As these tables have been omitted from the draft “Instruments necessary for the Application of the System of Publicity of National Defence Expenditure” (document Conf.D./C.G.160), no comment is called for under this heading.

Table C.

Although it has not entered any figure in Annexed Table C, the Estonian Government recognises that the balance of a block credit of 5 million crowns specially voted in 1928 for the purchase of war material over a period of several years—viz., 3,375,307.88 crowns—should have been shown under this head.

Tables D and E.

These tables have not been completed.
Table F.

Expenditure in respect of pensions is shown in Annexed Table F, where figures are given for three classes of pension.

Expenditure on pensions is to be found in the budget of the Ministry of Education and Social Welfare, where war pensions are included with disablement pensions and no distinction is made between civil and military pensions.

List of Documents.


Supplementary budget for 1930-31 (“Eesti Vabariigi 1930/31 a. kulude ja tulude lisaelarve nr. I”), published in the “Riigi Teataja” No. 23 of March 18th, 1931.


Law approving closed accounts for 1930-31 (“Eesti Vabariigi 1930/31 aasta eelarve täitmise ja kassa aruande ning riigikassa bilansi kinntamise seadus”), published in the “Riigi Teataja” No. 32 of April 12th, 1932.


ABYSSINIA.\textsuperscript{1}

A. BUDGETARY SYSTEM.

1. Preparation, Discussion and Voting of the Budget.\textsuperscript{2}

Under the Constitution of July 16th, 1931, Parliament consists of a Chamber of Deputies and a Senate. The first Parliament met after the promulgation of the Constitution; the second opened on November 2nd, 1932. The part of the new Constitution which concerns the budget is entirely contained in Article 55:\textsuperscript{3}

"The law provides that the revenues of the Government Treasury, of whatever nature, shall only be expended in conformity with the annual budget, which prescribes the moneys placed at the disposal of each Ministry.

"The annual budget shall be drawn up on the basis of the proposals of the Minister of Finance considered by the Chamber of Deputies and Senate in session, whose recommendations shall be submitted to His Majesty the Emperor for his approval."

Under the Constitution, the executive authority may issue decrees (awag) when the Chamber of Deputies is not in session; in this case, however, the Chamber of the Council for the definition of laws (ya-hegg mawassara mekr bel ya quarratawun nagor) may confer on these decrees the character of laws (hegg). The laws are of two kinds:

(a) Fundamental laws (wâmâwoc heggoc) enacted by the will of the Emperor;
(b) Special laws (yammihonut heggoc) voted by the majority of the two Chambers.

It is not clear whether the budget law is considered as a fundamental or a special law.

2. Execution of the Budget.

The Minister of Finance (Bagirond) is responsible for the execution of the budget. The Committee is not aware of the various regulations for the execution of the budget.\textsuperscript{4}

3. Supervision of the Execution of the Budget.

There would seem to be no organ of supervision in the proper sense of the term.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

This is the Coptic year running from September 11th of one year till September 10th of the next; it is divided into thirteen months.

\textsuperscript{1} The present Constitution of Abyssinia dates from July 16th, 1931. The following information relates to the period subsequent to the promulgation of the Constitution.

\textsuperscript{2} The above deals with the budget of the "Imperial Government" only. The Abyssinian Government is requested to state whether there still exist any armed forces not paid or maintained by the Imperial Government but by the Provinces, as the Dedjazmatch Nadeon informed the League (see Information, etc., League of Nations Journal, 1923, page 1480).

\textsuperscript{3} From the French translation of Article 55 in DARESTE's work: "Les Constitutions modernes", page 479.

\textsuperscript{4} In the summer of 1932, the Bagirond Takle-Hawaryat published an eighteen-page handbook in Amharic (Imperial Press, Addis Ababa) containing certain information on this subject.

NOTE.—Up to the time when the Committee concluded its work, the text of this summary had not been confirmed by the Government of Abyssinia.
2. Budgets and Accounts.

The Committee has not had an opportunity of examining either a budget or a closed account for Abyssinia.1

3. The Model Statement.

The Model Statement has not been submitted.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.

1. Total Amount of National Defence Expenditure.

Abyssinia is the only country concerning which the Committee has been unable to obtain even an approximate idea of national defence expenditure.

For the period up to December 31st, 1931, Abyssinia proposed to expend 10,000,000 French francs per annum on the purchase of rifles, portable arms (machine-guns, etc.) and ammunition for the same. (Official statement concerning the Abyssinian Government's intentions with regard to purchases: see document C.713.1930.IX, "Regulation of the Importation of Arms, Ammunition and Implements of War into Abyssinia").

It will rest with the competent organs of the Conference to decide what formations can be regarded as armed forces. Pending a decision on this matter, the Committee will content itself with the following observations:

(a) Only part (about 8,000 men) of the Royal Guard (Yakebr Zabanoc) is organised on European lines. This organisation is now in process of being extended to the Province of Balle;

(b) In the capital and along the Jibuti railway there are 3,000 gendarmes (Zebegna);

(c) A large part of the fighting forces should probably be regarded as forces of the regular army and not as police.

4. Special Questions.

It is not known whether the black-powder factory at Addis Ababa is to be regarded as an autonomous establishment.

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

Abyssinia has no navy, but possesses an air force. In the absence of any information, it is impossible to say whether the expenditure on the land and air forces is shown separately in the budgets and accounts, and whether it could be distributed without any difficulty among the tables, heads and sub-heads of the Statement.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

As no documentation has been furnished, it is impossible to make any observations on this subject.

List of Documents.

DARESTE, "Les Constitutions modernes".

"Oriente Moderno" (years 1931, 1932, 1933, 1934).


Document C.713.1930.IX: "Regulation of the Importation of Arms and Ammunition and Implements of War into Abyssinia".

Almanach de Gotha.

Statesman's Year-Book.

Corrado Zoli, "Cronache etiopiche" (1930).

1 Certain recent works on Abyssinia indicate that some of the State revenue is received and some expenditure is effected in kind (corn, honey or cattle).

See note on page 129.
FINLAND.

A. BUDGETARY SYSTEM.¹

1. Preparation of the Draft Budget.

Proposals for expenditure are drawn up by the various Ministries, centralised by the Ministry of Finance and examined by the Budget Committee of the Council of Ministers ("Valtioneuvoston raha-asiainvaliokunta"). In the light of the decisions of this Committee, the draft general budget is prepared by the Ministry of Finance. This draft is submitted for approval to the Council of Ministers and thereafter adopted finally by the President of the Republic, with a view to its submission to the Chamber of Representatives.

2. Discussion and Voting of the Budget.

(a) The draft budget is submitted to Parliament, which consists of a single Chamber, the Chamber of Representatives ("Eduskunta"), generally at the beginning of September. After a short discussion of the general outlines of the draft budget, the latter is referred to the Finance Committee of the Chamber ("Eduskunnan valtiovarain valiokunta"). This Committee makes a report, which is published. The draft budget is then discussed and voted by the Chamber of Representatives. This vote is final if the report of the Committee is adopted without amendments. Alternatively, in the event of amendments being proposed, these are referred back for consideration by the Committee. The meetings of the Chamber are public, and the verbatim record is published in full ("Eduskunnan pöytäkirja" or "Riksdagens Protokoll").

After passing the Chamber of Representatives, the budget is promulgated by the President of the Republic.

In principle, the budget does not require the approval of the President of the Republic, but the credits voted by the Chamber of Representatives on the initiative of Parliament require his special sanction.

(b) National defence expenditure is voted each year before the beginning of the budgetary year.² If, quite exceptionally, the budget, which should be presented to the Chamber at least two months before the end of the parliamentary session, were not passed before the beginning of the budgetary year, the Government would be authorised to effect provisionally the expenditure prescribed by the laws and decrees in force, on the general basis of the credits voted in the previous budget.

Such expenditure must be regularised by the subsequent voting of the budget.

(c) All State expenditure is authorised by law. If the budget proves insufficient, the Government must place before the Chamber a request for supplementary credits.

3. Publication of the Draft Budget, Budget and Accounts.

The draft budget and also supplementary budgets are published in the Collection of Laws ("Suomen Asetuskokoelma" or "Finlands Författningssamling"), shortly after adoption by the Chamber of Representatives.

The closed accounts are published.

4. Conditions governing the Expenditure of Credits.

The closed accounts show the difference between credits voted and payments relating to commitments incurred during the year and paid for during the year or during the additional period. There is a period of two months after the end of the budgetary year, during which expenditure relating to commitments entered into during the year in question may be liquidated, orders for payment issued, payments effected and the relevant entries made in the accounts of the year just elapsed.

¹ The laws relating to the budgetary institutions of Finland were largely amended in 1932. The above statement is based on the amending legislation.

² The dates on which the budget was voted in 1928, 1929, 1930 and 1931 were the following: 1928, December 27th, 1927; 1929, December 30th, 1928; 1930, December 20th, 1929; 1931, December 19th, 1930.
There are no authorisations for commitments, properly so called. For important works or supply contracts extending over several years, commitments may, with the approval of Parliament, be entered into before the year of actual payment. Certain credits may be carried forward to subsequent years by express decision of Parliament. Credits may not be carried forward for more than two years, unless the Council of Ministers gives special permission for a further period, which itself may not exceed two years. Credits transferred from one financial year to the following may be used during the latter without further permission from the Chamber. The closed accounts show how credits carried forward have been utilised.

5. Division of Expenditure in Budget and Accounts.

(a) There is an ordinary and, should the need arise, an extraordinary budget (supplement to the budget). Each of these is divided, as regards expenditure, into two main categories: current and capital expenditure. The latter is again subdivided into expenditure yielding a profit to the State and that not yielding a profit.

Expenditure is shown under heads ("pääluokat") and sub-heads ("luvut"), which are subdivided into items ("momentit").

The national defence budget contains seventy-three items.

There are certain small credits in the budget which permit the Council of Ministers to provide for unforeseen expenditure.

(b) Closed accounts are drawn up in the same form as the budget.

(c) Transfers between the various subdivisions which are voted separately by the Chamber of Representatives are prohibited.

6. Unity of the Budget.

(a) In principle, all State expenditure is included in the general budget. By way of exceptions to this rule there is a certain number of special funds, one only of which concerns national defence; but expenditure from these funds appears in the general closed accounts. The creation of new extra-budgetary funds is prohibited except under the direct authority of the Chamber.

There is only one Ministry of National Defence ("Puolustusministeriö").

The Prefects of the Provinces are responsible for certain expenditure on pensions, or allowances to families of conscripts.

The following State undertakings are attached to the Ministry of National Defence, but are autonomous establishments: a powder factory, a cartridge factory, a rifle factory, an aircraft factory, a naval dockyard, a military equipment factory. All these undertakings debit the Ministry with all goods they supply to it. All their expenditure is borne by a special head in the general budget. They receive no State subsidy.

There are no extra-budgetary resources available for expenditure on national defence.

There is no public or private body for financing national defence expenditure, properly so called. Private individuals, as well as certain local authorities, merely grant subsidies to local groups of the Civic Guard.

The State budget includes the "credits at the disposal of the Council of State" for expenditure which, although provided for in there levant laws and decrees, is not set out under separate heads, such as, "fund at the disposal of the Council of State for unforeseen needs".

Gifts and legacies, even for national defence, must, according to the rules in force, appear in the State closed accounts.

(b) The budget and accounts show gross expenditure.

7. Supervision during the Execution of the Budget.

Supervision is exercised:

(a) By "special officials" ("kamreerit", "apukamreerit", "revisiorit") attached to certain Ministries, subject to the Minister concerned, and entrusted with the supervision of accounts. They must satisfy themselves that the invoices and vouchers are in order, that the orders for payment were issued by the competent authorities, and that the budget contains credits corresponding to the payments made. If this is not the case, the officials in question must refuse to countersign the orders for payment. The special officials mentioned above are responsible in matters of accounting to the Audit Service ("Valtion revisiolaitos").

(b) By the Minister of Finance, who is charged with the higher administrative supervision of expenditure. Each ministerial department making payments must submit a statement of its accounts each month to the Minister of Finance and to the State Audit Service.

(c) By the State Audit Service, which is under the Minister of Finance and to which each ministerial department must forward, in addition to the monthly statement mentioned under (b), a quarterly statement of its accounts, together with vouchers.

(d) By the Chamber of Representatives, which exercises supervision through five budget auditors, assisted by substitutes elected annually by the Chamber. These auditors may at any
moment inspect the accounts of the various departments. The Finance Committee of the Chamber of Representatives and the Legal Delegate of the Chamber are in theory equally entitled to inspect any documents relating to the accounts of the State Departments.

8. Final Audit.

The accounts of each Ministry, having been audited in the first instance by the special officials mentioned under A.7(a), must be closed two months at latest after the end of the financial "exercice" and submitted both to the Minister of Finance and to the Audit Service.

The Audit Service ("Valtion revisiolaitos") consists of fifteen auditors. The Chief Auditor is appointed by the President of the Republic, as also the others, but these latter after consultation with the Audit Service itself. The Chief Auditor and two heads of Section constitute the Court of Audit. They are irremovable and have judicial powers. The other members enjoy the same conditions of employment as public officials in general.

The Audit Service checks the accounts and is entitled to ask for any documents it considers necessary for the purpose. It must submit a report each year to the Minister of Finance and to the auditors of the Chamber of Representatives.

There is a Supreme Administrative Court ("Korkein Hallinto-oikeus") to which officials who do not accept the decisions of the Court of Audit mentioned above may appeal.

The closed accounts are submitted by the Government to the Chamber of Representatives. The auditors of the Chamber are entitled to check the closed accounts. They must present a report to the Chamber during each ordinary session. The Council of Ministers must also submit an annual report to the Chamber on its activities and a further report on the financial position of the State. These reports are published.

The Chamber of Representatives does not pass a law approving the accounts, but, after considering the report of its auditors, it may decide on the action to be taken. Members may themselves, by interpellations or by simple questions addressed to members of the Government, call for explanations and information.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year runs from January 1st to December 31st. There is an additional period of two months during which cheques may be drawn for expenditure incurred on the account of the previous year.

2. Budget and Accounts.

Separate ministries for the three forces do not exist. The expenditure of the three forces is included in the budget and accounts of the Ministry for National Defence.

3. The Model Statement.

The Model Statement relates to the budgetary year 1930 and is based on the closed accounts of that year. The figures in the Model Statement represent orders for payment, actual payments, and accountancy transactions relating to the consumption of stocks. The total amount of these transactions included in the Model Statement is not given, but it is said not to be large.

4. Execution of the Budget.

The voting of the budget constitutes in itself authority to the departments to expend their respective credits, but normally the Finance Minister issues instructions on the subject of the execution of the budget.

The various departments of State may incur expenditure in accordance with the general rules governing their competence and responsibility.

The functions of "Liquidation" and the issue of orders for payment are limited to certain departments, among them the Ministry of National Defence.

The Ministry of National Defence generally makes its payments direct and in cash, and only issues warrants on the Treasury in the case of large sums.

The issue of cheques is considered as equivalent to a cash disbursement. Cheques may be cashed at any time.

5. The Accounts.

The accounts mention the amount of the orders for payment, the actual payments and the accountancy transactions that have occurred during the "exercice." They are based on gross expenditure.
6. Audit and Publication of the Accounts.

The accounts of each ministerial department must be closed two months at latest after the expiration of the "exercice" and submitted to the Audit Service, which is under the Minister of Finance. The section of the Audit Service charged with the closure of the accounts must complete the latter four months at latest after the end of the "exercice".

These accounts are generally laid before Parliament at the beginning of September in the year following the "exercice" concerned.

The Chamber of Representatives exercises its supervision through five budget auditors, who are elected at each ordinary session and must submit a report.

Up to the present the accounts have generally been published from one to two months after the close of the "exercice"—i.e., four or five months after the end of the budgetary year—New legislation prescribes that the accounts must be closed four months after the end of the budgetary year. Thereafter they are published without delay.

The closed accounts for 1930 were published on May 26th, 1931, and those of 1933 on April 26th, 1934.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


(a) The relationship between the accounts and the Model Statement is shown by the aid of reconciliation tables.

(b) The Model Statement for Finland contains expenditure on the armed forces and formations organised on a military basis.

(c) The budgetary system was not found to present any obstacle to the inclusion of all national defence expenditure in the Model Statement.

(d) Departures from the instructions regarding the universality of expenditure were noted in certain cases mentioned below.

2. Military Departments.

(a) The Model Statement contains the total of pay, salaries and wages, without deduction of tax or contributions paid by personnel for pensions or social insurance.

(b) There are no advances of pay.

(c) The national defence accounts show actual expenditure, including loss on exchange. This expenditure has been entered in the Model Statement.

(d) Bonuses to families of men called to the colours and compensation for accidents have not been included in the Model Statement.

3. Civil Departments.

(a) Expenditure on civil aviation does not figure in the Model Statement. Civil aviation does not participate in national defence.

(b) The National Defence Department is exempt from postal charges and enjoys reductions of railway rates not exceeding 50 per cent. The value of these advantages is not shown in the Model Statement. The Finnish delegation pointed out that commercial railway companies generally grant such reductions to important customers.

(c) Military buildings are exempt from local rates. The amount of this exemption is difficult to estimate, but it is very small.

(d) The National Defence has its own meteorological, map-making and wireless services.

(e) Expenditure on the Red Cross is very small and is not shown in the Model Statement. The statutes of this organisation expressly provide for collaboration with the army in time of war.

(f) No expenditure on physical training is borne by the budget of the Ministry of National Defence.

(g) The cost of the audit by the Government auditors is not shown in the Model Statement, since it is impossible in practice to separate such costs as regards national defence expenditure from the other working expenses of the Audit Department.

(h) In 1930 there were no credits to cover the National Defence Department’s share of the cost of certain public works (roads, railways, bridges, etc.) tending to increase the value of military property. In the Finnish delegation’s view, no precise method can be found to determine to what extent these works are of benefit to national defence.

(i) Expenditure on the Frontier Guard, which appears in the budget of the Ministry of the Interior, is included in the Model Statement.
4. Special Questions.

(a) Expenditure on the "Civic Guard", a voluntary organisation for reinforcing the regular army in war time and assisting the Government to maintain the established constitution, does not appear in the Model Statement. The funds required to meet the cost of the "Civic Guard" are provided in the State budget. In 1930, the credit in question amounted to Fm. 37,600,000 (in the closed account the figure was Fm. 38,765,186.16).

Any expenditure in excess is borne by the "Civic Guard" from their own resources.

The Finnish delegation stated that it was unable to give an opinion upon the military value of the Civic Guard, as it was for the Conference to state the categories in which the various formations should be placed.

(b) The subsidy to the "Finland South-America Steamship Line" is not of a military nature.

(c) There is an Air Defence League in Finland, but that association did not make any contribution to national defence in 1931.

(d) The credit entitled "Contributions to Associations and periodical publications" includes subsidies to the "Finnish Association for Military Homes" and the "Provident Association for Coastal Defence Soldiers". It also contains very small sums for subsidies to periodicals.

(e) Certain expenditure, such as "Compensation for accidents to conscripts" and "Special grants to destitute families of conscripts", which is dispersed by the provincial administration, does not appear in the Model Statement. The Finnish delegation is, however, ready to conform to the Committee's instructions on this subject.

(f) The special funds appearing in the State closed accounts and in the Government's financial report are administered by the various departments of State. Amongst these, the Army Donation Fund ("Sotolaitoksen lahjoitusrahasto") is appropriated to the provision of prizes for inter-military sports meetings.

(g) No national defence expenditure is met out of loans.

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

The Finnish Government explained that, owing to the method used in drawing up the Finnish budget, a method justified by the small numbers of the country's armed forces, the expenditure on the three forces was so closely connected that it was difficult to split it up accurately between them. National defence expenditure mostly appears under a single sub-head for the three forces, in both the budgets and the accounts.

An endeavour has, however, been made to apportion expenditure among the three forces, and the three tables of the Model Statement have been filled up.

Certain services provided for in the sections of the budget and accounts relating to national defence are common to the three forces, in particular the central administration (including General Staff), stores, hospitals, heating and repairs. Expenditure on pay, food and arms for all three forces appear as a common item in the budget and accounts. The Finnish Government considers that this common expenditure represents a fifth or a quarter of the total national defence expenditure.

The expenditure of the joint services that cannot be apportioned with the aid of the accounts or of administrative documents has been split up between the three forces by means of a percentage, based on the respective totals of other expenditure of the said forces.

2. Coast Defence.

Expenditure on coast defence appears in the Table of the Model Statement relating to naval forces.

3. Optional Columns.

Finland has no armed forces stationed overseas. The column relative to "Formations organised on a military basis stationed in the home country" has been filled up as regards expenditure on the Frontier Guard.

4. Division between the Sub-heads of the Model Statement.

In the items in the budget and accounts relating to pay, the remuneration of officers, N.C.O.'s and civil officials are merged in a single figure. Where expenditure had to be divided among sub-heads in the Model Statement, recourse was had to statistical data and percentages.
The Finnish delegation had no special difficulty in the distribution of expenditure, which was effected, as the delegation states, in accordance with the Budgetary Experts' recommendations; certain doubts, however, were entertained as to the sub-heads under which bonuses to families of men called to the colours and compensation for accidents should appear; in the absence of definite instructions, this expenditure has not been shown in the Model Statement.

5. Head IV: Separation from Other Heads.

The delegation states that it had no difficulty in separating expenditure covered by Head IV of the Model Statement and that all expenditure of this sort as defined by the budgetary experts appears under Head IV.

It was however found difficult to divide expenditure under Head IV between Tables B, C and D, since expenditure on certain requirements common to the three forces is provided for and entered in a single sub-head, both in the budget and in the accounts (see D 1); apportionment between the tables was therefore effected partly on the basis of statistical data and partly by estimates.

The pay of conscripts drafted to establishments for which the expenditure appears under Head IV is included under Head I, the Finnish delegation considering that "the services of these conscripts are not of normal utility and that they are employed in the depots, workshops, etc., solely for the purpose of their own military training."

Expenditure on depots of war material is not included under Head IV, with the exception of workmen's wages, in accordance with the Budgetary Experts' recommendations.

6. Head IV: Division between Sub-heads.

Expenditure on the land forces has been split up wholly between sub-heads M and M (a) and that on naval forces between subheads I, and M.

There was no real difficulty in the apportionment of this expenditure among the various sub-heads; but, for the reasons given in 5, concerning the distribution of expenditure under Head IV among the three Tables E, C and D, the further subdivision of the expenditure among the sub-heads of these tables has in certain cases only been possible by means of estimates.

The very high proportion of expenditure given under Chapter I, as compared with that under M of Table C is due to the fact that the Finnish Navy was in 1930 still in process of formation and that the arms and munitions necessary for vessels were only included in the budget for the following year.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

Tables A and B.

As these tables have been omitted from the draft "Instruments necessary for the Application of a System of Publicity of National Defence Expenditure" (document Conf.D./C.G.160), no comment is called for under this heading.

Table C.

Details of the amounts shown in this table are not given. It is permissible to carry forward credits in certain specific cases. (See above under A. 4.)

Table D.

The Finnish delegation has stated that the system of credit purchases is not practised in Finland.

Table E.

No remarks in regard to the "nil" return.

Table F.

Subdivision of Head I into three paragraphs (a), (b) and (c) is not possible. A single figure is given for Heads I and II.

Expenditure on war pensions is shown in Head III of Table F.
List of Documents.


Budget for 1930 ("Tulo- ja menoarvio") published in No. 6 of "Suomen Asetuskokoelma" or "Finlands Författningssamling" (Collection of Laws).


Closed accounts for 1930 ("Valtion tilinpäätös liitteineen").

Collection of Laws ("Suomen Asetuskokoelma" or "Finlands Författningssamling").


GREECE.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

Special services under the authority of the Directorate-General of Public Accounts (Γενική Διεύθυνση Δημοσίων Λογιστικών) are attached to all ministerial departments. The draft budgets are drawn up by these services in consultation with the accountancy services attached to the several departments.

The draft budgets are all co-ordinated by the Directorate-General of Public Accounts, where the general draft budget is prepared.

2. Discussion and Voting of the Budget.

Parliament consists of two houses, the Chamber of Deputies (Βουλή) and the Senate (Γερουσία).

The parliamentary debates on the budget are public. The reports of the debates are published in extenso in the Official Gazette (Εφημερίς της Κοινοβουλευτικής) and in the proceedings of the Chamber and Senate, respectively (Πρακτικά των συνεδριάσεων της Βουλής και της Γερουσίας).

The draft budget (Κατάσταση προϋπολογισμού) is presented in the first instance to the Chamber of Deputies. When voted by them, it is sent to the Senate. In the absence of a decision from the Senate within one month, the Senate is considered to have agreed with the Chamber of Deputies. If the Senate disagrees with the Chamber of Deputies, the budget is returned to the Chamber, which can enact it finally with a majority vote.

In principle, the Chamber of Deputies is entitled to modify the draft budget laid before it; but the principle is qualified by certain restrictions and exceptions, for example:

(a) Proposals to increase credits in respect of pensions and salaries can only be introduced by the Government;

(b) Any bill or proposed legislation involving increased expenditure must be accompanied by a statement describing the measures by which it is proposed to meet the extra expenditure.

In the event of the budget not being voted in time, a special law is introduced in both houses, laying down provisional limits to be observed in the administration of public finances. If Parliament is not in session and is for that reason unable to pass the necessary law in time, the Government is empowered to proceed by decree in respect of payments to be made in execution of commitments, provided always that the monthly expenditure of each ministerial department does not exceed one-twelfth of the total appropriations for the preceding exercice.

These provisional measures must not remain in force for a period exceeding three months. As, however, the limit of three months is based only on the general legislation relating to the public finances, the period may be extended by the special law authorising the provisional measures.

3. Publication of the Draft Budget, Budget and Accounts.

The draft budget on its introduction in the Chamber is published in a special volume (the 1934-35 draft budget was published on April 2nd, 1934).

The budget voted by Parliament is brought into force by the publication in the Official Gazette of the two laws sanctioning the expenditure budget and revenue budget, respectively. The closed accounts are published (see under B, 6).

4. Conditions governing the Expenditure of Credits.

The vote of an appropriation limits the amount of the commitments which may be incurred during the financial year strictly so called. But the financial year is extended by an additional period of four months, during which orders for payment may be issued in respect of expenditure incurred during the financial year.

This additional period will shortly be abolished: but this will not have the effect of doing away with what constitutes the special feature of the Greek budget—namely, the conception of each exercice as a distinct entity in perpetuity, by which is meant that the revenue and expenditure of a given exercice are always attached to that exercice by the machinery of credit and debit balances.
The debit balances of an *exercice* represent commitments incurred during the *exercice* without the corresponding order for payment having been issued by the close of the *exercice*. It may happen that debit balances are not paid off until many years after the close of the *exercice* to which they relate.

The accounts show the amounts of commitments and of the orders to pay issued in respect of commitments.

Expenditure in respect of which no commitments are incurred by the end of the *exercice* is cancelled, except in the case of the Ministry of War (where such expenditure is carried to the account of the National Defence Fund) and the Ministry of Marine (where it is carried to the account of the National Naval Fund). But legislative authority is required before these credits may be drawn on by the two Ministries in question.

In order to meet expenditure not provided for or insufficiently provided for in the budget, a special sum is included in the budget of the Finance Minister. Should this special sum prove insufficient to meet requirements, application must be made to Parliament for a supplementary credit.

As an exceptional measure and to meet expenditure occasioned by mobilisation, war or the requirements of national security, such supplementary credit may be added to the budget by decree. Decrees for the purpose are registered with the Court of Audit, which reports on them to the Chamber at the earliest possible date.

5. *Division of Expenditure in Budget and Accounts.*

(a) The budget comprises ordinary expenditure and extraordinary expenditure. The budget is presented in categories (κατηγορία), chapters (κατάλογοι) and articles (ζητήματα). In the case of the Ministry of War, the budget for 1930-31 is divided into twenty-three chapters, which are subdivided into seventy-eight articles in all.

In the case of the Ministry of Marine, the budget is divided into twenty-six chapters, which are subdivided into approximately eleven articles.

In the case of the Air Ministry, the budget is divided into eleven chapters, which are subdivided into approximately forty-five articles.

In general, the national defence budget gives very full details of the object of each item of expenditure.

(b) The closed accounts are drawn up under the same heads as appear in the budget.

(c) Transfers are not allowed between categories, or between chapters of the same category, or between articles of the same chapter, of the budget.


(a) In principle, all State revenue and expenditure must be shown in the general budget. As an exception to this principle, certain independent institutions enjoy budgetary autonomy. Their budgets are, however, annexed to the general State budget and voted at the same time. These institutions are as follows:

1. The lottery on behalf of the Greek Navy and ancient monuments;
2. The service in charge of the building and upkeep of schools;
3. The service for the administration of legacies;
4. The National Naval Fund;
5. The National Defence Fund;
6. The Colonisation Fund;
7. The Olive-Tree Fund;
8. The National Road Fund.

The funds of the independent institutions enjoying budgetary autonomy consist partly of State contributions, which are shown as both receipts and expenditure in the general budget, and partly of revenues of their own.

As regards the National Defence Fund (Γεωργίου Ἐρυθρος Ἀρμός), such revenues are of the following kind:

1. Revenue derived from the sale of material and animals belonging to the army;
2. Foundations and legacies from private individuals.

The contribution from the State consists of:

1. Credits appropriated to the special budget of the War Ministry and unexpended at the end of the *exercice*, the amount of which varies from year to year;
2. The amount of taxes paid in lieu of military service.

The State makes no direct contributions in kind to the National Defence Fund. As regards the National Naval Fund, the revenues consist of:

1. Proceeds of foundations and legacies;
2. Four-fifths of the proceeds of material scrapped by the navy;
3. The net proceeds of the lottery.

The direct contribution from the general State budget consists of:

1. Fees in respect of anchorage and lighting of the coast, up to a total of 250,000 drachmes per annum;
2. Two-thirds of the State’s share in the net profits of the Halara mine (which is not, however, being worked at present).
In addition to the autonomous budgets mentioned above, there are certain special funds of a local character which enjoy budgetary autonomy, and the revenue and expenditure of which are not published as an annex to the general budget. The Greek delegation states that none of these funds is intended to increase national defence expenditure.

There are no establishments for the manufacture of armaments with budgetary autonomy.

(b) Expenditure is shown on a gross basis.

7. Supervision during the Execution of the Budget.

(a) Supervision is exercised by the special accountancy services and the liquidation services. The Ministry of War, the Ministry of Marine and the Air Ministry have attached to them (1) special accountancy services which supervise the incurring of commitments and the issue of orders to pay, and, in addition, (2) separate services for the liquidation of expenditure. The special accountancy services are directly under the Finance Ministry. The liquidation services are under the Ministries to which they are respectively attached, but are subject to the instructions of the Finance Minister.

The liquidation services are responsible for advising the Ministers concerned on the legitimacy of expenditure.

In the event of disagreement between the Ministries concerned and the special services for liquidation, the question is submitted to the Finance Minister for decision. In the case of the Ministry of War and the Ministry of Marine, the functions of the liquidation services are exercised by the accountancy services attached to these Ministries.

(b) Supervision is also exercised by the Court of Audit (ΕΛΕΓΧΟΥΣ ΣΥΝΔΗΡΟΥ), which has power to check the figures of the expenditure accounts as well as the objects of expenditure. Before presentation to the disbursing officer, all orders for payment have to be submitted to the Court of Audit for examination.

Certain regulations under which Ministers were empowered to issue orders for payment on their own responsibility without the endorsement of the Court of Audit are no longer operative.

8. Final Audit.

Supervision is exercised by:

(a) The Court of Audit, which examines the closed accounts and returns them, duly endorsed, within a period of two months to the Finance Minister;

(b) The Chamber of Deputies: a copy of the accounts is laid on the table of the Chamber within twelve months of the end of the exercise and the Chamber then either grants or refuses parliamentary ratification. But this cannot be said to constitute effective parliamentary control.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from April 1st to March 31st; but there is an additional period of four months, during which payments may be made on account of expenditure incurred during and for the account of the budgetary year (see also A, 4).

2. Budgets and Accounts.

Separate budgets and accounts are kept for the Ministry of War, Ministry of Marine and Air Ministry.

3. The Model Statement.

The Model Statement has been drawn up on the basis of the closed accounts for the budgetary year 1930-31. The tables have been drawn up for each of the three forces.

The expenditure shown in the Model Statement is gross expenditure. The Model Statement is based in the main on the accounts of the three Defence Ministries; it further comprises the expenditure of the National Defence Fund and the National Naval Fund.

4. Execution of the Budget.

In the case of the budgets of the Ministry of War, Ministry of Marine and Air Ministry, orders for payment are issued by the competent services (viz., the liquidation services) and by the special accountancy services attached to the Ministries in question.

In the case of the budgets of the National Defence Fund and the National Naval Fund, orders for payment are issued by the services attached to the funds in question. Monthly statements accounting for the credits of the two funds are sent in to the Court of Audit.
5. The Accounts.

Extracts of the closed accounts for the year 1930-31 for each of the three forces have been furnished.

6. Audit and Publication of the Accounts.

The closed accounts are drawn up by the Directorate-General of Public Accounts, and sent by the latter to the Court of Audit not later than November 30th of the year in which the exercise terminates.

The Court of Audit checks the closed accounts and returns them, duly endorsed, within a period of two months, to the Finance Ministry. A copy of the closed accounts is laid on the table of the Chamber of Deputies.

The closed accounts are published after they have been passed by Parliament.

The accounts for past years have been approved by the two houses down to the 1929-30 exercise. The account for 1930-31 has been made up and sent to the Court of Audit. Of the two other accounts outstanding, that for 1931-32 will be made up between now and the end of next June and that for 1932-33 by the end of December. By 1935, the arrears in the accounts will be brought completely up to date (see Statement by the Finance Minister on the introduction of the 1934-35 budget in the Chamber).

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


The relation between the accounts and the Model Statement has been established by means of reconciliation tables.

2. Military Departments.

(a) Expenditure to the extent of 403,834,163 drachmas, shown in the Model Statement of the Land Forces, has been met from receipts of the National Defence Fund. This expenditure has been allocated as follows:

- 138,513,145 drachmas under sub-head K,
- 209,468,631 drachmas under sub-head M,
- 55,852,387 drachmas under sub-head M (a).

(b) Expenditure to the extent of 37,271,726 drachmas, shown in the Model Statement of the Naval Forces, has been met from receipts of the National Naval Fund. This expenditure has been allocated to sub-head L.

(c) Expenditure to the extent of 100,000,000 drachmas shown in the Model Statement for the air forces has been met from an extraordinary global credit of that amount. This expenditure has been allocated amongst all the sub-heads of the Model Statement, except sub-heads B and D.

(d) The expenditure on civil aviation to be deducted from the total given in the Model Statement of the Air Force may be put at approximately 3,780,000 drachmas.

(e) The expenditure on account of the Mercantile Marine (17,853,326 drachmas) and Lighthouses (21,828,296 drachmas) is included in the closed accounts of the Ministry of Marine. This sum has been deducted and is not included in the Model Statement.

3. Civil Departments.

The cost of the gendarmerie, which is under the Ministry of the Interior, has not been included in the Model Statement.

The Greek delegation has stated that the gendarmerie, notwithstanding its military formation, is not an organisation capable of being used for military purposes.

D. DISTRIBUTION OF NATIONAL, DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

A Model Statement has been furnished for each force. Separate budgets and accounts are kept for each force.

2. Coast Defence.

There was no expenditure on coast defence in the budgetary year 1930-31.
3. Optional Columns.

These have not been filled in.

4. Division of Expenditure between the Sub-heads of the Model Statement.

It would appear that certain expenditure allocated to sub-head A should more appropriately be allocated to other sub-heads of the Model Statement.

The expenditure, for example, on military schools of the land, naval and air forces has been shown under sub-head A in the tables for the three forces, though it would more properly have been shown under other sub-heads.

The expenditure on the Geographical Service of the land forces has been shown under sub-head A, but should be shown under sub-head E.

In the Model Statement of Air Forces a portion of the expenditure allocated to sub-head B apparently represents remuneration to civilian personnel.

In the Model Statement of Air Forces expenditure for labour has been charged to sub-head C, instead of being distributed between the sub-heads of the Model Statement and in particular to head IV.

In the Model Statement of land forces, a sum of 1,949,167.45 drachmes, representing the expenditure involved in the participation of reservists in the army manoeuvres has been allocated to sub-head D.

In the Model Statement of naval forces, the expenditure on the purchase, repair and upkeep of motor vehicles has been included under sub-head E. According to the instructions of the budgetary experts, expenditure of this nature should be charged to head IV.

Expenditure on the purchase and repair of mechanical transport for all three forces has been charged to sub-head G. According to the instructions of the budgetary experts, expenditure of this nature should be charged to head IV.

In the Model Statement of naval forces the expenditure on artillery, torpedoes and material for naval construction and repair has been charged to sub-head K. This expenditure was merely expenditure on material required for instructional purposes.

5. Head IV.

No expenditure on personnel has been allocated to the sub-heads of head IV of the Model Statement for the three forces.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

Tables A and B.

As these tables have been omitted from the draft "Instruments necessary for the Application of a System of Publicity of National Defence Expenditure" (document Conf.D./C.G.160), no comment is called for under this heading.

Table C.

No entry has been shown in this table for any of the three forces. The Greek delegation states that the amount of the credits of the budgets of the Ministry of War and Ministry of Marine not utilised in the course of the 1930-31 exercise and transferred to the National Defence Fund and National Naval Fund was not included in Table C for the reason that these credits could not be drawn on by the funds in question without the approval of Parliament. The approval of Parliament is included in the Finance Act for the following year.

Table D.

A sum of 26,265,720 drachmes has been shown in this table on account of purchases on credit of aeroplanes.

Table E.

No entry has been shown in this table.

Table F.

Sums amounting to 42,880,942 drachmes and 4,559,248 drachmes on account of pensions have been included in the closed accounts of the Ministry of War and the Ministry of Marine, respectively. These amounts have been excluded from the Model Statement and shown under this table.
The following amounts have also been included in this table:

Table F of Model Statement of the Ministry of War:

- Pensions charged to the budget of the Ministry of Finance (retiring pensions) ................................................ 25,500,000
- Pensions charged to the budget of the Ministry of Public Welfare (war pensions) ................................................ 229,430,000

Table F of Model Statement of the Ministry of Marine:

- Pensions charged to the budget of the Ministry of Finance (retiring pensions) ................................................ 35,600,000

List of Documents.


Budgets of the Ministry of War, Ministry of Marine and Air Ministry for the 1930-31 exercise (Ψηφισθής Γενικός Προβολογισμός της Χρήσης 1930-1, δαπανών στρατιωτικών, δαπανών ναυτικών, δαπανών αεροπορικών).

Closed accounts (expenditure statements) of the Ministry of War, Ministry of Marine and Air Ministry for the 1930-31 exercise.

GUATEMALA.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budget is prepared by the various ministerial departments and co-ordinated by the Minister of Finance, who draws up the draft general State budget. The draft budget is finally approved by the President of the Republic and the Ministers.

2. Discussion and Voting of the Budget.

(a) The National Assembly consists of only one Chamber. The draft budget is submitted to the National Assembly within fifteen days after the opening of the ordinary session. The ordinary session of the Assembly opens each year on March 1st and lasts for two months from that date. The members of the Assembly enjoy the right of initiative in matters of expenditure. When voted by the Assembly, the budget is submitted for signature to the President of the Republic. He may refuse his approval and send the budget back to the Assembly, but if the latter ratifies the draft by a two-thirds majority, the President must sanction and promulgate the law.

(b) In accordance with the law, national defence expenditure must be voted each year before the beginning of the financial year.

(c) Expenditure must be authorised by law. No expenditure may be effected unless a corresponding credit has been included in the budget. Should a new credit be found necessary, a special law must be passed.

3. Publication of the Draft Budget, Budget and Accounts.

The budget as voted is published as an official document. No draft budget has been communicated to the Committee. The State accounts are published in the annual memoranda of the Minister of Finance on the financial position (Memoria).

4. Conditions governing the Expenditure of Credits.

It has not been possible to ascertain whether the voting of a credit limits the amount of commitments or of payments. Neither has it been possible to ascertain whether credits may be carried forward from one financial year to the next.

5. Division of Expenditure in Budget and Accounts.

(a) The budgets of the various departments are divided into chapters (capítulo) and very numerous numbered items (partida, número). There is only one Ministry of National Defence (War Ministry). The budget of the National Defence Ministry comprises twenty-seven chapters, namely: One chapter for each territorial department (twenty-six departments) and one chapter for general expenditure. The chapter relating to each territorial department is divided into items relating to the expenditure of each garrison. The expenditure on material relating to national defence is not divided into separate budgetary items.

(b) The closed accounts presented to the Assembly for its approval must contain full particulars and be accompanied by supporting documents.

6. Unity of the Budget.

(a) The general budget of the State includes, in accordance with the law, all expenditure on national defence.

(b) The budgets and accounts show gross expenditure.

NOTE.—Up to the time when the Committee concluded its work, the text of this summary had not been confirmed by the Government of Guatemala.
7. Supervision during the Execution of the Budget.

This supervision is exercised:

(a) By the responsible administrative authorities;

(b) By the Minister of Finance;

(c) By the Central Accountancy Bureau. In order that a payment may be made, the Bureau must certify, by affixing its visa to the payment voucher, that the expenditure is provided for in the budget;

(d) By the National Assembly, which approves the closed accounts.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from July 1st to June 30th. It would appear that there is no additional period.

2. Budgets and Accounts.

There are separate sections in the budget for expenditure on land and air forces respectively.

3. The Model Statement.

The Model Statement has not been submitted.

4. Execution of the Budget.

It has not been possible to ascertain whether each Minister is entirely free to draw upon the credits voted for his Department as soon as the budget has been promulgated by the President of the Republic, without the prior sanction of the Minister of Finance.

5. Audit and Publication of the Accounts.

In accordance with the law, the Executive must submit to the National Assembly each year, during the first fifteen days of the ordinary session, a detailed account, accompanied by vouchers, of all receipts and all expenditure of the public administration during the previous year. Since the ordinary session of the Assembly opens on March 1st, this account must be drawn up nine months after the end of the budgetary year. The Committee has not been able to ascertain whether the accounts, before being submitted to the National Assembly, are audited by a supreme supervisory body whose members are independent of the Executive.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.

1. Military Departments.

The expenditure on the land and air forces (the latter actually came into existence on July 1st, 1929), shown separately in the budget of the Ministry of National Defence for the year 1933-34, amounts to a total of 1,780,000 quetzals.

2. Civil Departments.

It is not known whether any national defence expenditure is included in the budgets of civil departments. The expenditure in respect of the police appears in the budget of the Ministry of the Interior. The expenditure on civil aviation appears under the heading "General Directorate of Civil Aviation" in the budget of the Department of Industry (Ramo de Fomento). Civil aviation is, however, placed under the supervision of the Minister of National Defence.

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

In the absence of the Model Statement and reconciliation tables, it is impossible to make any observation on this matter. The expenditure relating to head IV of the Model Statement cannot be identified in the accounts.

See note on page 144.
E. TABLES ANNEXED TO THE MODEL STATEMENT.

These tables have not been furnished.

Military pensions are shown in the budget of the public debt (deuda pública), together with civil pensions.

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List of Documents.

Constitution of the Republic of Guatemala of December 11th, 1879, amended on November 5th, 1887, August 30th, 1897, July 12th, 1903, and December 20th, 1927. (Dareste: "Les constitutions modernes"; Volume IV, Amérique latine, 1932.)

"Presupuesto General" 1931-32 and 1932-33.

"Memoria de los Labores del Ejecutivo en el Ramo de Hacienda y Crédito público durante el año administrativo de 1930."

The Bulletin of International News (published by the Royal Institute of International Affairs, London).

Armaments Year-Book, 1932 and 1933 (published by the League of Nations).

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See note on page 144.
HAITI.

A. BUDGETARY SYSTEM.

1. Preparation of the Budget.

The Secretary of State for Finance prepares each year and submits to the Council of Ministers, before February 1st, the budget of revenue for the next budgetary year, divided into chapters and articles. Each Minister prepares the expenditure estimates for his Department, divided into chapters and articles, and forwards them to the Secretary of State for Finance before the 15th of the same month. The Secretary of State for Finance embodies in a draft general budget the estimates of revenue and of the expenditure of the various ministerial departments, and submits the draft general budget to the Council of Ministers, with his recommendations for adjusting expenditure to revenue.

2. Discussion and Voting of the Budget.

The general budget is submitted by the Secretary of State for Finance to the Legislature not later than fifteen days after the opening of the ordinary legislative session. Whatever the date of its publication, the budget takes effect from the beginning of the budgetary year to which it applies.

3. Publication of the Draft Budget, Budget and Accounts.

The budget voted for 1933-34 was published in *Le Moniteur* on August 24th, 1933.

For the budgetary year 1933-34, the following rules were made applicable to accounts:

The general accounts, which have to be submitted to the Legislature by the Secretary of State for Finance under the Constitution, consist of four statements—together with supporting vouchers—drawn up by him, showing the whole revenue and expenditure from public funds during the budgetary year.

Having found the accounts in order, the Legislature legally releases Ministers from responsibility in respect to the period under review. The Bill regulating the accounts is submitted to the Legislature, together with the general accounts referred to in the preceding paragraph.

4. Conditions governing the Expenditure of Credits.

Budgetary credits represent actual financial provision.

No commitment may be entered into for a period extending beyond the current budgetary year.

Any budgetary credit may be used, during the first three months of the following budgetary year, to discharge any obligation of the same nature contracted during the previous budgetary year, provided that the unexpended balance of the credit for the previous budgetary year to which the expenditure was chargeable is not exceeded.

5. Division of Expenditure in Budget and Accounts.

The whole of the expenditure on the "Garde d'Haiti," the "Maison militaire du Président," the "Musique," the Rural Constabulary, the Prisons, the Coast Service, and the Military School is included in the budget of the Department of the Interior, as there is no National Defence Department.

All the above expenditure was divided into eleven articles in the 1931-32 budget, but the 1933-34 budget shows it all in one single article.

6. Unity of the Budget.

Certain expenditure known as "Expenditures of funds derived from sources other than revenues" is mentioned in the annual report of the Financial Adviser, dated December 29th, 1932. This expenditure is small, and none of it refers to national defence.

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1 The budgetary system which was in force during the financial year 1930-31, for which the Haitian delegation submitted its Model Statement, was based to a large extent on the provisions embodied in the actual Finance Act (Act fixing Ways and Means).

In this summary a brief description is given of the budgetary system as established by the Law of July 31st, 1933 (Act dealing with the Budget and Public Accounts and the Expenditure for the Budgetary Year 1933-34), which combines a Finance Act with a Law on Accounting Procedure.

NOTE.—The text of this summary has been revised in accordance with observations received from the Haitian delegation.
7. Supervision during the Execution of the Budget.

A law was passed in the summer of 1934 constituting the Audit Chamber. This body, which is to be elected by Parliament, will normally take the place of the system of audit by the office of the American Financial Adviser. It will audit the public accounts, check the expenditure with the annual budget voted, and submit to the Legislature, at the opening of the ordinary session of the Chambers, when the Secretary of State for of Finance lays before the latter the general accounts of the Republic, a careful and detailed report together with the observations arising out of its technical examination. It is on the basis of this report that the Legislature will declare the Ministers released from their liability, or arraign, if necessary, all persons responsible for the administration of State moneys before the competent judicial authorities, with a view to the infliction of penalties for any breach of the Treasury rules and for any peculation.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from October 1st to September 30th. There is no additional period.

2. Budgets and Accounts.

As observed above, there is no national defence budget or account, such expenditure being shown only in a special chapter in the budget of the Ministry of the Interior.


The Model Statement submitted is based on expenditure for the budgetary year 1930-31. As the Republic of Haiti possesses neither naval nor air forces, only the table relating to land forces has been filled in.

4. Execution of the Budget.

An order for payment (ordonnancement) may only be issued when an obligation has been verified and approved. The actual payment voucher is appended to the order for payment, and the two documents together are called an order-voucher (ordonnance-mandat).

When the orders for payment issued by Ministers in accordance with the budget or the laws and decrees wherein the credits are provided are proved to be in order and authentic, the payment vouchers are endorsed by the Secretary of State for of Finance.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


The Model Statement submitted by the Haitian delegation was not accompanied by reconciliation tables. It is probable that the Statement was drawn up without serious difficulty.

2. Expenditure not included in the Budget of the Interior.

Apparently no expenditure is incurred on the “Garde d’Haiti” other than that entered in the budget of the Ministry of the Interior.

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS, AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

The question of the distribution of expenditure between the three forces does not arise, as the Republic of Haiti has neither a navy nor an air force.

2. Division between the Sub-heads of the Model Statement.

In the absence of a reconciliation table, no material exists for observations on this point.

See note on page 147.
E. TABLES ANNEXED TO THE MODEL STATEMENT.

1. Tables A and B.

As these tables have been omitted from the draft "Instruments necessary for the Application of a System of Publicity of National Defence Expenditure" (document Conf.D./C.G.160), no comment is called for under this heading.

2. Tables C, D and E.

These tables are missing, but in all likelihood a "nil" entry would have had to be made.

3. Table F.

Pensions are not included in the budget of the Interior.

The following three items appear in the budget of the Finance Department for 1931-32:

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military pensions</td>
<td>7,500</td>
</tr>
<tr>
<td>Pensions on superannuation</td>
<td>103,200</td>
</tr>
<tr>
<td>Annuities</td>
<td>31,800</td>
</tr>
</tbody>
</table>

It is not known whether items 123 and 124 include military pensions.

List of Documents.


General budget for the financial year 1929-30 (published in Le Moniteur, No. 78, of September 30th, 1929) prorogued for the financial year 1930-31. (See Le Moniteur, No. 72, of September 4th, 1930.)

General budget for the financial year 1931-32 (published in Le Moniteur, No. 37, of May 16th, 1932).

General budget for the financial year 1933-34 (published in Le Moniteur, No. 88, of August 24th, 1933).

Annual reports of the Financial General Receiver for the fiscal years: October 1929 to September 1930; October 1930 to September 1931; October 1931 to September 1932.

See note on page 147.
HONDURAS.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budgets are prepared by the various ministerial departments and co-ordinated by the Minister for Finance, who draws up the draft general State budget.

2. Discussion and Voting of the Budget.

(a) The draft budget is submitted to Congress during the ordinary session, which opens on January 1st and lasts sixty days. Congress consists of a single Chamber. It has been impossible to ascertain whether the meetings of Congress are public and whether a record of the proceedings is published.

The Ministers who are appointed by the President of the Republic may take part in the discussions of Congress but are not entitled to vote.

The budget as voted by Congress is submitted for approval to the President, who is allowed a period of ten days during which he may suspend its promulgation. Should he exercise his right of veto, Congress is obliged to consider his objections. If Congress pronounces by a two-thirds majority in favour of the budget previously voted, the latter acquires force of law.

(b) Expenditure is authorised by law.

(c) National defence expenditure is in principle fixed annually, though the law permits the budget of the previous year to be prorogued.

3. Publication of the Draft Budget, Budget and Accounts.

The Technical Committee has not received a draft budget from Honduras. The budget as voted is published as an official document before the beginning of the budgetary year.

The closed accounts are published in the Finance Minister’s annual memorandum on the financial situation (Memoria) compiled for the National Assembly.

4. Conditions governing the Expenditure of Credits.

The material at the Committee’s disposal has not made it possible to ascertain the conditions governing the expenditure of credits.

5. Division of Expenditure in Budget and Accounts.

(a) The budget (Presupuesto general) has a separate section for the National Defence Ministry (departamento de Guerra, Marina y Aviación), the expenditure on which is, in the 1932 budget, divided up into eighteen chapters (capítulo), subdivided into heads (sub-sección), which in turn are further subdivided into budgetary items.

There is a chapter headed “Unforeseen expenditure” (gastos imprevistos), in which is provided a lump sum for expenditure on material.

(b) The accounts in the “Memoria” are presented in the same form as the budget.

6. Unity of the Budget.

(a) In principle, the general budget includes all State expenditure on national defence.

(b) The Committee has been unable to ascertain whether any extra-budgetary resources are appropriated for national defence expenditure. Similarly, it is not known whether the figures in the budgets and accounts are gross or net.

NOTE.—Up to the time when the Committee concluded its work, the text of this summary had not been confirmed by the Government of Honduras.
7. Supervision during the Execution of the Budget.

Supervision is exercised:

(a) Through the scrutiny of the responsible administrative authorities;
(b) By an Accounts Bureau in each ministry (Secretaria de Estado). This Bureau, which is responsible to the Minister to whose Department it is attached, carries out the internal audit of the accounts.
(c) By the Ministry of Finance, which allocates funds monthly to the various ministries on the basis of the credits granted in the budget.
(d) By the Central Accounts Bureau (Oficina de Centralización de Cuentas), which receives monthly from the Accounting Sections of each ministry statements of revenue and expenditure and whose duty it is to see that the monthly credits granted are not exceeded.
(e) By the High Court of Audit (Tribunal Superior de Cuentas), which is responsible for endorsing all commitments and payment vouchers as well as any administrative decisions involving expenditure.

8. Final Audit.

The final audit is carried out:

(a) By the High Court of Audit. The closed accounts of all ministries are transmitted to the Central Accounts Bureau, by which, after verification, they are communicated to the Court of Audit. The latter ascertains whether the closed accounts have been drawn up in accordance with the law and whether they agree with its own records. The Court is an autonomous body whose members are appointed by Congress. It acts on the authority delegated to it by Congress.
(b) By Congress, on the basis of the Court's report; it is by Congress that the Ministers and higher administrative authorities are discharged from further responsibility or called to account.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from August 1st to July 31st. In the absence of the necessary particulars, it has been impossible to ascertain whether there is an additional period during which it is possible to make payments relating to commitments entered into during the previous budgetary year and booked in the accounts for that year.

2. Budgets and Accounts.

There is only one single ministry and one single budget of national defence.


As no Model Statement was supplied, no comments can be made on this subject.

4. Execution of the Budget.

Payments are made by the officials of the various Departments charged with this duty out of credits allocated to them by the Finance Ministry.

5. Accounts.

The accounts have separate heads showing the payments made and the liabilities incurred, the total of which is set against the figures of the budget. Arrear payments are apparently charged to special accounts.

6. Audit of the Accounts.

The accounts are audited in accordance with the rules set out under A. 8 above. Neither the date on which the accounts are drawn up by the Minister for Finance nor those on which the closed accounts are examined by Congress and published are known.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.

1. Military Departments.

The total expenditure provided for in the budget of the National Defence Ministry for the 1933-34 financial year is 1,579,729 lempiras, which includes also the expenditure on pensions amounting to about 380,000 lempiras.

See note on page 150.
2. Civil Departments.

In the light of the heads of expenditure shown in the budgets of the civil ministries, it would appear that none of this expenditure should be entered in the Model Statement. The State accounts for 1929-30 contain a section headed "Cuentas suplementarias", in which the cost of maintaining public order (Sostenimiento de Orden Público) is entered as 708,552 lempiras. It is not known whether all or part of this amount should be regarded as national defence expenditure.

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

According to the budget of the National Defence Ministry, Honduras only possesses land and naval forces.

The expenditure on these two armed forces is not clearly separated, especially in the case of expenditure on personnel.

A considerable number of services is common to the two forces.

2. Division of Expenditure between the Heads and Sub-heads of the Model Statement.

As no Model Statement or reconciliation tables were supplied, no comments are possible under this head.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

These tables were not supplied.

Expenditure on pensions is borne on the budget of national defence.

List of Documents.

Constitution of the Republic of Honduras, September 10th, 1924. (ALTAMIRA: "Colección de textos para el estudio de la Historia y de las Instituciones de América", Volume I.)

"Presupuesto General de Ingressos y Exgressos" and "Disposiciones generales", together with "Presupuesto General de Gastos" for the years 1930-31, 1931-32, 1932-33, 1933-34.

"Memoria di Hacienda y Crédito Público" for the years 1929-30 and 1930-31.

The Bulletin of International News (published by the Royal Institute of International Affairs, London).

Armaments Year-Book, 1933 (published by the League of Nations).

See note on page 150.
HUNGARY.

A. BUDGETARY SYSTEM.

1. Preparation of the Budget.

The draft budgets are prepared by the several Ministerial Departments; they are checked by the Finance Ministry, which draws up the draft general budget, and then submitted to the Diet.

2. Discussion and Voting of the Budget.

(a) The Diet ("Országgyűlés") consists of two Houses (Chamber of Deputies ("Képviselőház") and Upper Chamber ("Felsőház")), which together constitute the legislature.

(b) The Commissions of the two Houses subject the general State budget as submitted by the Finance Ministry to a preliminary examination and report to Parliament. On the basis of this report, Parliament proceeds to a discussion of the draft budget at first in general and subsequently in detail. The discussions are public and a report of the debates is published.

The draft budget is introduced in the Chamber of Deputies; the Upper Chamber is not entitled to amend the budget as passed by the Chamber of Deputies but it may refer it back to the latter for further discussion.

When voted by the Diet the budget is submitted to the Regent for his assent.

(c) The budget is voted, as a rule, before the beginning of the budgetary year.

(d) The budget is brought into force by the publication of the budgetary law. If, for any reason, the budget has not been adopted by the required date, Parliament authorises the Government to effect expenditure within the limits of the credits provided in the preceding budget until the new budget is voted. The period during which such authorisations remain valid has to be specially fixed on each occasion.

3. Publication of the Draft Budget, Budget and Accounts.

The draft budget is published on submission to Parliament.

The budgetary law is published in the legal records and in the Official Journal ("Budapesti Közlöny").

The closed accounts are published.

4. Conditions governing the Expenditure of Credits.

The credits voted lay down the limits within which orders for payments may be issued. The accounts show both orders for payment and actual disbursements.

All payments made in the course of any given budgetary year are shown in the accounts for that year.

There are no authorisations of commitments: the various Departments may not enter into commitments to be financed out of funds chargeable to subsequent budgets.

The carry-forward of credits is only permitted in the case of credits voted for capital outlay (purchase and construction of property of a permanent nature); the period during which such credits may be drawn upon is two years.

Supplementary credits may be voted by Parliament in respect of all expenditure not provided for or insufficiently covered by the budgets.

5. Division of Expenditure in Budget and Accounts.

(a) The estimates of expenditure are arranged and voted under chapters ("Fejezet"). There is a chapter for each Ministerial Department. The chapters of the budget are divided into heads ("cim"), columns ("rovat"), and secondary columns ("alrovat").

The national defence budget is divided as follows:

I. Ordinary expenditure;
II. Extraordinary expenditure:
   (a) Non-recurrent expenditure;
   (b) Capital outlay;
III. Ordinary revenue;
IV. Extraordinary revenue.
(b) The closed accounts are drawn up in the same form as the budgets and show an equal degree of detail, except in so far as concerns the secondary columns ("alrovat"), which do not appear in the closed accounts. They also show as against the credits voted and those unexpended from the previous year: the orders for payment issued and the payments effected in the course of the year and the balance available at the end of the year.

The accounts for 1929-30 show military expenditure under fifty-three sub-divisions.

(c) Transfer is only permitted as a general rule between the secondary columns ("alrovat"). Apart from this rule, the budgetary law may grant authority for transfers between columns and heads, but only within the same chapter of the budget.

6. Unity of the Budget.

(a) All national defence expenditure is included in the general budget and is also shown in the closed accounts. There are no special budgets, accounts, or funds.

There are no establishments for the manufacture of war material possessing budgetary autonomy.

In Hungary there are no extra-budgetary resources available for defence purposes.

Apart from the Departments of State, there are no public or private bodies for financing national defence expenditure.

The budgets of the counties, municipalities or other authorities do not include any expenditure for national defence.

(b) The expenditure shown in the budget is gross.

7. Supervision of the Execution of the Budget.

Supervision with a view to ascertaining that credits are expended in accordance with the law is exercised by the accountancy services of the various Ministerial Departments and in the last instance by the High Court of Audit ("Legfelsőbb Állami Számvevőszék").

The accountancy service in each Department is independent of the officials responsible for making payments. Its supervision is exercised during the budgetary year, either continuously on the basis of the accounts transmitted to it by the competent authorities or by means of administrative supervision which takes the form of inspections carried out without warning.

Every State authority spending funds or administering stocks is required to render accounts to the competent accountancy service; such accounts are rendered at the end of each month in the case of funds entrusted to the authority concerned, and in the case of stocks at the end of each year.

The monthly accounts are examined by the accountancy services within sixty days of their submission. Supervision of the regularity of all payment orders is carried out before payment by the accountancy services of the various Ministerial Departments.

The accountancy services are required to draw up the closed accounts on the basis of the monthly accounts within four and a-half months of the end of the budgetary year and to submit them to the High Court of Audit.

The High Court of Audit is required to submit the closed accounts for the past budgetary year to Parliament within twenty months of the beginning of that year. The High Court of Audit is independent of the executive authorities; it operates by authority conferred upon it by Parliament, to which alone it is responsible.

The accounts audited by the High Court of Audit are laid before Parliament. They are examined by the Commissions of the Chambers, which report to their respective Houses. It is on the basis of this report that the accounts are finally passed (or otherwise) by the two Houses.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from July 1st to June 30th. There is no additional period.

2. Budgets and Accounts.

There is a separate budget for the National Defence Ministry ("Honvédelmi"). There are no naval or air forces.


The Model Statement is based upon expenditure for the year 1929-30. The table relative to the land forces has been filled up.
4. Execution of the Budget.

Ministers may not exceed the credits assigned to them, save by authority of the Ministry of Finance.

The Minister for Finance authorises the National Bank to open a special account for each Ministerial Department at the Post Office Savings Bank. Each Department may avail itself of the monthly credits opened in its name within the limits laid down by the budget.

Orders for payment may not be issued or disbursements made until the supplies to which they relate have been delivered and the relevant invoices, together with the amounts involved, duly checked.

Payments are made on behalf of the Department concerned by the Post Office Savings Bank acting as an agent of the National Bank, either by cheque or by transfers to the creditors' accounts.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


The amounts shown in the Model Statement represent payments actually made during the budgetary year.

As the police, gendarmerie, river guard and Customs guard are not regarded by the Hungarian delegation as formations organised on a military basis, the expenditure concerning them was not included in the Model Statement.

2. Military Departments.

Expenditure in respect of pensions is shown in the Ministry of National Defence chapter of the budget and account, though under a separate head. Such expenditure was not included in the Statement.

3. Civil Departments.

Certain credits common to a service of the national defence organisation and to an analogous service operated by the formations responsible for maintaining public order are administered by the latter in virtue of an arrangement with the Inter-Allied Military Control Commission in Hungary; such credits are accordingly shown in the budgets and in closed accounts of the Ministries responsible for their administration.

This expenditure was included in the Model Statement with a reference to the accounts (chapter, head and column) in which it is to be found.

Items of expenditure shown in the budgets of Ministerial Departments other than the National Defence Department are as follows:

- Chapter XII—Head 3—Columns 15, 16, 17 Expenditure of the services responsible for the supplies of the various branches of the home police.
- Chapter XIII—Head 3—Columns 9, 10, 11 State Cartographic Service.
- Chapter XIV—Head 4—Columns 8, 9, 10 State depot of material.
- Chapter XIV—Head 9—Columns 7, 8, 9 Service responsible for the technical inspection and reception of public supplies.
- Chapter XIV—Head 9—Columns 10, 11, 12 Repair workshops.
- Chapter XIV—Head 9—Columns 13, 14, 15 Motor Service.
- Chapter XV—Head 3—Columns 10, 11, 12 Horse breeding.
- Chapter XVI—Head 3—Columns 7, 8, 9 Other State hospitals.

In the statement, the total amount of such expenditure was distributed as follows:

(a) In respect of the maintenance of the army under Heads I to III (stores of food, bedding and laundry material, stores of clothing, hospitals, Cartographic Institute, factory for the repair of vehicles and harness, horse breeding, veterinary service, central stores of postal and telegraphic material) : 7,134,873.60 pengő.

(b) In respect of war material under Head IV (State factory for the repair of arms, stores of technical material, motor service) : 1,396,050.96 pengő.

4. Special Questions.

The State factory for the repair of arms is not an autonomous establishment.
D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.
   Hungary has no naval or air forces.

2. Division of Expenditure between the Heads and Sub-Heads of the Model Statement.
   Although the documentary material supplied is incomplete, it points to the conclusion that the distribution of expenditure between the sub-heads of the Model Statement can be carried out without undue difficulty.

3. Head IV. Separation from the Other Heads.
   See remarks under D. 2 above.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

1. Tables A and B.
   As these tables have been omitted from the draft “Instruments for the Application of a System of Publicity of National Defence Expenditure” (document Conf.D./C.G.160), no comment is called for under this heading.

2. Tables C, D and E.
   No figure was returned in these tables.
   As the Hungarian budgetary system permits the carry-forward of certain credits from one year to another (“arrears”), some figure will have to be entered in Table C.
   This will give rise to no difficulty, as the amount of the “arrears” is already to be found in the closed accounts.

3. Table F.
   The total amount of pensions was duly entered and the various items can be verified in the closed accounts.
   War pensions are not included in ordinary pensions.

List of Documents.


Letter from the Hungarian delegation, dated April 26th, 1932, with annexes.

Summary Budget (“Magyar Állam Költségvetése-Sommazat”) for the 1929-30 budgetary year.

Budget of the National Defence Ministry (“Állami Költségvetés-Honvédelmi Ministerium”) for the 1929-30 budgetary year.

Closed Accounts (“Á Magyar Állam Zársszámadása”) for the 1929-30 budgetary year.


Memorandum on Public Finance 1926-1928 (published by the League of Nations).
IRAQ.¹

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budget is prepared annually by the various Ministerial Departments under the general supervision of the Minister for Finance.

2. Discussion and Voting of the Budget.

The budget is submitted for approval to Parliament (Chamber of Deputies and Senate) and is promulgated by Royal Decree. The budget for the budgetary year 1933-34 was promulgated on June 22nd, 1933.

The meetings of the Chamber of Deputies and Senate are held in public and the debates are publicly reported.

In the event of its being found necessary to incur at short notice, and while Parliament is not in session, expenditure which is not sanctioned by the budget or by a special law, the King may, with the assent of the Council of Ministers, promulgate Royal Decrees for the purpose.

3. Publication of the Draft Budget, Budget and Accounts.

The draft budget is not officially published, but it is distributed in printed form to members of Parliament.

The budget is published annually by the Ministry of Finance.

The Committee has had no opportunity of studying any closed account. The Iraqi delegation has informed it that the closed accounts are published after approval by Parliament.

4. Conditions governing the Expenditure of Credits.

The credits shown in the budget represent actual financial provision.

After the Royal promulgation of the Budgetary Law, the execution of the budget is carried out under the responsibility of the Minister of Finance. Ordinarily, Ministers cannot incur expenditure against the new estimate before receiving confirmation of the promulgation of the budget from the Minister of Finance.

In each Ministry, there is a responsible Accountant.

Funds to meet the expense of Ministries are obtained from the central Treasury.

Under the powers conferred upon him by Parliament, the Minister of Finance can authorise the Ministries concerned to enter into agreements or conclude contracts up to a total figure, not exceeding a stated aggregate amount, as a charge against credits to be voted in respect of the following financial year (the sum chargeable against the credits of the 1934-35 financial year, which the Departments were authorised to expend in 1933-34, was 80,000 dinars). The Minister of Finance can also make advances not exceeding 20% of the total amount of such agreements or contracts, provided always that provision is made for interest at a rate to be determined by the Minister of Finance.

Article 98 of the Constitution lays down the principle of annuité in regard to expenditure. As an exceptional measure, however, Parliament may authorise certain expenditure to be spread over a period of years (Article 103).

5. Division of Expenditure in Budget and Accounts.

(a) The general State budget, which is mentioned in the annexed list of documents, is divided into chapters corresponding to the various Ministries and Departments. Chapters are divided when necessary into sections, the subdivisions of which are termed "votes". The chapter appertaining to the Ministry of Defence includes five sections, containing in all ten "votes".

The Iraqi delegation has informed the Committee that there exist printed budgets for each Department, containing more details than the general budget.

¹ Iraq was admitted to membership of the League of Nations on October 3rd, 1932, on which date the mandatory responsibilities entrusted to the United Kingdom by the League of Nations in regard to the administration and government of that country terminated. The only budgetary documentation which the Committee has had at its disposal in respect of the period subsequent to the above-mentioned date is a copy of the budget and a copy of the general Budgetary Law for the budgetary year 1933.
(b) The Iraqi delegation has stated that the accounts are drawn up under the same divisions and subdivisions as the budget.

(c) Transfer of provision from one vote to another is not allowed except by special law. The Minister of Finance can make transfers within any given vote.

6. Unity of the Budget.¹

All the national defence expenditure is borne by the State of Iraq and is shown in the general budget.

The British Government up to the end of September 1932 has borne the expenditure of the British military mission whose name has been changed since that time into “British Advisory Military Mission”. All its expenditure is shown in the general budget of the Kingdom of Iraq.

The chapter “Ministry of Defence” provides for expenditure on the land and air forces (there are no naval forces), with the exception of “Pensions and Gratuities”, which are included in Chapter I of the budget (“Public Debt and Pensions”).

There are no autonomous military establishments.

The figures represent gross expenditure.

Donations and legacies accepted by the Government go to increase the budgetary credits appropriate to the purposes for which such donations and legacies are made.

7. Supervision during the Execution of the Budget.

The Minister for Finance arranges for the internal audit of the expenditure of the various Ministries and Departments. Under his orders, the Accountant-General’s Department ensures that all receipts and expenditure are brought to account in accordance with the regulations.

The Military Accountant-General, under the Ministry of Defence, carries out the supervision during the execution of the national defence budget.

8. Final Audit.

The final accounts for the financial year must be submitted to the “Comptroller and Auditor-General” not later than November 30th of the following financial year.

The Comptroller and Auditor-General carries out the final audit of the general budget, which includes that of the national defence. He is responsible to the legislature and is independent of the executive. His duty is to audit the public accounts and to report the results of his examination to Parliament. This report states, inter alia, whether expenditure has been kept within the limits of the amounts voted by Parliament and whether payments have been made in accordance with the law. It is submitted to Parliament before January 15th of the following budgetary year, if Parliament is sitting, or, if not, within one week after Parliament has next assembled.

The Minister for Finance submits to Parliament, within one month of the presentation of the Comptroller and Auditor-General’s report, a draft law approving the accounts and sanctioning any excess of actual final expenditure under any vote over that previously sanctioned.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year commences on April 1st and ends on March 31st.

There is no additional period.

2. Budgets and Accounts.

There is only one Ministry of Defence.

The budget distinguishes between the expenditure on the land and air forces in so far as pay and allowances are concerned. There is no distinction as regards stores, animals and works for the land and air forces and all expenditure is registered in the vote 67 of the general votes of the budget.

It is not known to what extent the closed accounts distinguish between the expenditure of the two forces.

3. The Model Statement.

No Model Statement has been submitted.²

¹ Under the Treaty of Alliance between the United Kingdom and Iraq, dated June 30th, 1930, which includes provisions regarding the military assistance which the two contracting parties shall furnish to each other in case of war or immediate threat of war, His Britannic Majesty is authorised to maintain military forces in certain parts of Iraq.

² Since the adoption by the Technical Committee of this Summary, the Iraqi Government has forwarded a Model Statement based on the accounts for 1932.