4. The Accounts.

The Committee has had no opportunity of examining the closed accounts.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.


Although the Iraqi delegation has not as yet had an opportunity of furnishing Model Statements, there is no reason for supposing that the compilation of such statements would give rise to any particular difficulty.

2. Military Departments.

The administrative expenditure of the Ministry of Defence, together with that on the land and air forces, is included in the budget and accounts of the Ministry of Defence. For the year 1933-34, the total provision made in the budget for national defence amounted to 826,670 dinars.

3. Civil Departments.

The budget for the financial year 1933-34 shows the following items of expenditure borne under heads of the budget, other than those pertaining to the Ministry of Defence:

Chapter I, 2 : Pensions and Gratuities—total, 162,415 dinars;
Chapter VIII, A : Iraqi Police—total, 534,355 dinars, borne upon the budget of the Minister for the Interior;
Chapter XII, Section II : Survey Department—total, 47,195 dinars;
Chapter XII, B (vote 89) : Buildings and Bridges and Road Improvement—total, 86,000 dinars;
Chapter XII, C : Post and Telegraph Services—total, 165,780 dinars.

The Iraqi delegation states that no portion of the above-mentioned expenditure comes under the heading of national defence expenditure.

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

In the absence of a Model Statement, it is not possible to give any information under this head.

B. ANNEXED TABLES.

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.160), no comment is called for under this heading.

Tables C, D and E.

Not supplied.

Table F.

Not supplied.

Pensions are not included in the budget of the Ministry of National Defence.

List of Documents.

1. Budget of the Iraqi Government (1933), including a copy of the general Budgetary Law for the financial year 1933 (No. 29) (published by the Ministry of Finance).
2. Letter, dated July 19th, 1933, addressed by the Iraqi delegation to the Secretary-General of the League of Nations.
4. Law for an Audit Department of Public Accounts, No. 17 of 1927.
1. Preparation of the Draft Budget.

The draft budgets, prepared by the various ministerial departments, are sent to the Ministry of Finance.

Before framing the draft general budget, the Finance Minister, in collaboration with the representatives of the State Audit Department and the Ministries concerned, examines the drafts submitted with a view to adapting them to the estimates of revenue.

The draft State budget framed by the Finance Minister is given its final form by the Council of Ministers and laid before Parliament with a statement of the general financial situation and the reasons for any changes made in expenditure from one year to another.

2. Discussion and Voting of the Budget.

(a) The draft budget is first examined in three readings by the Parliamentary Budget Commission, which adopts it paragraph by paragraph and item by item. The discussions of this Commission are not public. The draft budget is then submitted to Parliament (Saeima), which is a single-Chamber body.

Reports by one or more members of the Budget Commission are submitted to plenary sessions of Parliament on the draft budgets of each department.

Parliamentary discussions on the budget are public, and verbatim reports of the meetings are published in the "Seimas stenogramas". Members of Parliament have the right of initiative in regard to expenditure and may move reductions in the Government's expenditure proposals. The present procedure is that the budget is voted en bloc for each department, separate votes being taken only on the amendments moved at meetings of Parliament.

(b) The budget is, in principle, voted annually before each budgetary year opens.

Should the State budget not be adopted before the beginning of the budgetary year, the Finance Minister, in pursuance of a decision by the Council of Ministers, grants monthly credits. Such monthly credits may not, in principle, exceed one-twelfth of the budget expenditure for the past year. Should larger credits, however, be necessary, these may be granted by the Finance Minister, with the permission of the Council of Ministers and the approval of the State Auditors. These measures hold good until the budget is passed by Parliament.

Parliamentary approval need not be asked for such a decision by the Council of Ministers in the case of the ordinary budget, but is necessary in the case of extraordinary expenditure.

(c) Expenditure is, as a general rule, authorised by law.


The draft budget is not published.

The budget voted (Valstsbudzets) and the accounts (Parskats), together with their annexes, (Pielikums Parskatam) are published.

4. Conditions governing the Expenditure of Credits.

(a) All the credits voted are payment credits. When an expenditure commitment has been assumed but no payment made during the budgetary year, the amount thereof is cancelled in the budget subdivision containing the corresponding credit and transferred to the "Reserve Fund". Expenditure charged to a reserve fund may be defrayed during a period of six months after the close of the budgetary year. Payments made during this period must be kept within the limit of the amounts transferred to the reserve funds, and are booked in the accounts of the year during which the corresponding expenditure commitment was assumed.

Claims against the State are usually statute-barred after ten years. The only claims which lapse after the expiry of one year are those relating to personnel services.

(b) There are no block credits voted for more than one budgetary year. Should it be necessary to defray expenditure which would be spread over a number of years, a special law for the purpose would be required, and the annual blocks of expenditure would have to be fixed in the successive budgets.

Credits may be carried forward from one year to another by statute in the case of extraordinary expenditure on new buildings or capital repairs. This exception is strictly limitative.
5. Division of Expenditure in Budget and Accounts.

(a) The State budget includes ordinary and extraordinary expenditure arranged in
paragraphs, these latter being subdivided into articles and chapters.
The National Defence Department’s budget is subdivided in the same way as the budgets
of other departments, but the State budget publishes only the total of the figures composing it.
(b) The closed accounts are drawn up in the same form as the budget.
(c) Transfers may be made inside the articles only and with the permission of the State Audit
Department.

6. Unity of the Budget.

In principle, all State expenditure is included in the general budget. In special cases—e.g.,
war, floods, etc.—the Council of Ministers may, on the motion of the Finance Minister, submit
to Parliament a supplementary budget within the six months following the opening of the
budgetary year and only once a year. There is also a “Reserve Fund” formed from the budget
surpluses and earmarked for meeting extraordinary State expenditure due to war, floods, etc.
The assets of the Reserve Fund, which is administered by the Finance Minister, may only be used
in virtue of special laws. These laws may relate to national defence. Sums advanced from the
Reserve Fund are shown in the accounts in a single aggregate amount as receipts paid to the
Treasury. This expenditure is, however, shown in the accounts under the usual heads of the
war budget.

7. Supervision during the Execution of the Budget.

This supervision is exercised:
(a) By the “Finance Section of the Supplies Department” of the Ministry of War
(Kara ministrijas apgades pervāldes finanšuāla), which is responsible for administering the
credits and accounting for the expenditure;
(b) By the State Audit Department, which periodically scrutinises all the financial
transactions of Government and municipal bodies from the standpoint of the expediency
and correctness of the expenditure.
The quarterly accounts of Government institutions, with the relevant documents attached,
must be submitted for checking to the State Auditors.
The State Audit Department comprises:
The State Comptroller, who has the same powers as Ministers. He is appointed by
Parliament for a term of three years.
The Council and Departmental Boards, the members of which are designated by the
Council of Ministers and appointed by Parliament for a term of four years.

8. Final Audit.

This supervision is exercised:
(a) By the State Audit Department, which checks and authenticates the closed accounts
and submits a report to Parliament on the execution of the budget. This report is printed
but is only circulated to the Departments.
(b) By Parliament, which gives final approval in public session to the closed accounts
of the State and relieves ministerial departments from responsibility for their administration.
A record of these meetings is published. Parliamentary approval is given in the form of
a simple decision. No law is passed approving the accounts (loi de règlement).

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.
The budgetary year runs from April 1st to March 31st.
There is a six-month period during which commitments assumed during the past budgetary
year may be paid out of the “Reserve Fund”.
Surplus credits from the budgets of previous years are paid into the “Reserve Fund” and
may be expended during subsequent years under a special law.

2. Budgets and Accounts.
There are no separate Ministries for the three forces. The published State budget for 1929-30
has only single aggregate figures for ordinary and extraordinary expenditure on national defence.
Similarly, the published closed account for 1929-30 contains only two aggregate figures for
national defence expenditure.
The unpublished budget of the War Ministry, however, is divided into twelve paragraphs, subdivided into fifty-one articles (pants).

The Latvian delegation has supplied the Conference with, among other documents, a statement of national defence expenditure consisting of fifty-three subdivisions. This corresponds to the subdivision observed in the unpublished budgets and accounts and shows more particularly the purpose of the expenditure.

The Latvian Government states that, in the event of a Convention being concluded, the published budget and accounts could be similarly subdivided.

3. The Model Statement.

The Model Statement has been drawn up on the basis of the unpublished closed account for the budgetary year 1929-30. The figures in the Model Statement represent the payments actually made.

4. Execution of the Budget.

Since the financial year 1932-33, the credits entered in the State budget are put by the Finance Minister at the disposal of the various departments in instalments of one-twelfth intended to cover the expenditure of each month.

Should larger credits, however, be required, they may be granted by the Finance Minister with the permission of the Council of Ministers and State Audit Department.

Expenditure commitments may be assumed, expenditure liquidated and payment orders issued by the competent sections of the various departments authorised to utilise credits.

The duties of accounting officer and auditing officer in the National Defence Ministry are discharged by different officials.

Payments are made through the Bank of Latvia, which is an independent State bank, against presentation of payment warrants up to the amount of the credits at the disposal of the department issuing the warrant.

5. The Accounts.

The closed accounts show the payments made during the budgetary year for the various budgets.

In the case of the reserve fund a single aggregate figure is shows for the amount of payments made during the following six months.

The closed accounts show the difference between the amount of the credits voted and the payments made.

They are made up on the basis of gross expenditure.

6. Audit and Publication of the Accounts.

The State Audit Department is solely responsible for auditing the accounts. The closed accounts of the State are made up by the Minister of Finance. They are submitted to Parliament by the Council of Ministers within nine months and published not later than ten months after the close of the financial year.

The State Auditor also submits to Parliament the audited closed accounts ten months after the end of the financial year.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


(a) A reconciliation table shows the connection between the accounts and the Model Statement.

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

(c) No difficulty due to the budgetary system has been found in including all national defence expenditure in the Model Statement.

(d) In certain cases mentioned below, there has been a departure from the instructions regarding universality of expenditure.

2. Military Departments.

(a) The Model Statement shows the total (gross) amount of pay, salary and wages without any deductions.

(b) The whole revenue of the War Ministry is paid into the State Treasury.
3. Civil Departments.

(a) Apart from the armed forces strictly so-called there is an organisation called the Civic Guard, which receives free supplies of rifles and the necessary ammunition for its musketry training and subsidies for the pay of its staff.

The amount spent by the State on the Civic Guard is shown in the budget of the Ministry of the Interior. In 1929-30, it amounted to 313,404 lats. This figure has not been included in the Model Statement.

(b) All expenditure on the Frontier Guard shown in the accounts of the Ministry of the Interior has been entered in the Model Statement.

(c) Certain military expenditure, though of very small amount, has been effected out of the unemployment fund.

(d) The unregistered correspondence of the national defence forces is conveyed free of charge. Other services rendered by civil departments to national defence organisations are paid for at normal rates.

4. Special Questions.

No services are rendered free of charge.

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

1. Separation of the Expenditure on the Three Forces.

The Latvian delegation has explained that, owing to the simplifications introduced in military administration, particularly the centralisation of purchases, and the comparatively small size of the naval and air forces, expenditure on the three forces is so closely related that it is very difficult to make an exact separation of this expenditure. Most of it is entered in one and the same chapter for the three forces, both in the budget and in the accounts. For these reasons, only one table in the Model Statement has been filled in, showing the expenditure on all three forces.

The Latvian Government, however, states that it is prepared to make separate subdivisions for each armed force in the joint accounts if a Convention is signed.

2. Coast Defence.

There is no coast defence organisation in Latvia.

3. Optional Columns.

These columns have not been filled in.

The expenditure on the Frontier Guard has been separated from the expenditure on the armed forces.

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

In order to compile the Model Statement, the figures in the closed accounts have had to be split on the basis usually of internal accounts; the split was sometimes made by means of an estimate.

Sub-heads A and B contain the expenditure on civil personnel. All expenditure on labourers is entered under sub-head B. According to the explanations given by the Latvian delegation, the salaries of the civil personnel of the War Ministry are included in the pay of officers, N.C.O.s and men, depending on the duties discharged by such personnel.

Sub-head D has not been filled in, as no training was given to reservists during the year in question.

Expenditure on heating has been entered in sub-heads A, B, E and K. Sub-heads A and B contain expenditure representing allowances made to the personnel to which these sub-heads relate. Expenditure on the heating of barracks has been entered in sub-head K.

5. Head IV: Separation from Other Heads.

No difficulty has been found in separating the expenditure chargeable to head IV, with the sole exception of the pay of officers and other persons on the staff of the central administration of national defence. This latter expenditure is given under sub-head A.

6. Head IV: Separation of the Sub-heads of this Head.

Sub-head N has not been filled in. Latvia has only workshops for the repair of war material; she has no establishments for the manufacture of such material.
E. TABLES ANNEXED TO THE MODEL STATEMENT.

These tables have not been supplied.

**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 on this heading.

**Table C.**

This table has not been filled in. Budget balances are paid into the “Reserve Funds” and should have been shown in this table.

There are no block credits granted for more than one year.

**Table D.**

No amount should be entered in this table for the year 1929-30.

**Table E.**

No subsidy has been granted which should have been shown in this table.

**Table F.**

The expenditure on military pensions provided for in the budget of the Ministry of Social Welfare should appear in this table.

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**List of Documents.**


Budgets:

- Explanations regarding the draft budget for 1929-30 (Paskaidrojums pie Valsts budzeta projekta 1929-30. S.G.);
- Budget for 1929-30 (Valsts budzets 1929-30, saimniecības gadam);
- Budget for 1931-32 (Valsts budzets 1931-32, saimniecības gadam).

Accounts:

- Closed accounts for 1929-30 (Valsts Kontroles Parskats, par 1929-30 S.G. Budzeta Izpildīšanu);

Statutes of the Latvian Bank (Statuts de la Latvijas Banka).

Laws concerning the accounts of State institutions (Noteikumi par gramatvebidu un norekniem valsts iestades).


Reply to the additional questions formulated by the Technical Committee (document Conf.D./C.D./C.T.283).
LIBERIA.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.
   The Secretary of State for the Treasury prepares and lays before Parliament at the commencement of every regular session a report on the public finances, containing estimates of revenue and expenditure.

2. Discussion and Voting of the Budget.
   The legislative power is vested in Parliament, which consists of two separate Houses, a House of Representatives and a Senate.
   Parliament is called upon to vote the necessary funds for meeting the expenditure of the Government during the budgetary year.
   Every Bill or resolution which has passed both Houses is, before it becomes law, laid before the President for his approval and signature.

3. Publication of the Draft Budget, Budget and Accounts.
   The Technical Committee has not had the opportunity of examining any draft budget, budget or account.
   According to the Liberian delegation, the budget is circulated amongst the members of the National Legislature, the Heads of Departments and Bureaux of the Executive and Judicial Branches of Government.
   The Liberian delegation states also that the accounts of the Government are published for the information of the President, the Secretary of the Treasury, the Financial Adviser and sometimes the National Legislature. They are not for public distribution.

4. Supervision over the Execution of the Budget.
   (a) The Department of the Treasury exercises a general supervision over the execution of the budget.
   The President of the Republic, with the consent of the Senate, appoints the following officers, who constitute the Department of the Treasury:
   The Secretary of State for the Treasury (who is the Head of the Department);
   A Comptroller;
   An Auditor-General;
   County and District Auditors;
   A Registrar (who may be the Comptroller).
   (b) The Secretary of the Treasury prepares an annual report on the public finances. His annual report is printed and submitted to Parliament.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.
   The budgetary year extends from January 1st to December 31st.

2. Budgets and Accounts.
   Neither budgets nor accounts have been supplied.

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1 Practically all the information contained in the present summary has been abstracted from the Revised Statutes of the Republic of Liberia. The Technical Committee is not in a position to state in what manner the statutes that have reference to the budgetary system are given effect to in practice.
3. The Model Statement.

No Model Statement has been supplied.

4. Execution of the Budget.

Under warrants given by the President, the Secretary of the Treasury draws on the Treasurer and Sub-Treasurers for all sums necessary for the public services, as provided by law.

The Secretary of the Treasury endorses all warrants drawn upon the Sub-Treasurers by County Superintendents for moneys to meet expenditure in their respective counties. All such warrants must specify the particular appropriation to which the same shall be charged.

Disbursements are made by the Treasurers and Sub-Treasurers and other custodians of public funds, and an account of them submitted to the Auditor for examination and record.

Except in the event of rebellion, insurrection or invasion, the Secretary of the Treasury and the Superintendents are forbidden to authorise the payment of any sums which have not been specifically voted by Parliament or which are in excess of the amount so voted by Parliament for the current budgetary year.

The Secretary of State for War is responsible for keeping account of all receipts and disbursements in connection with his Department, and submits annually a statement of accounts to Parliament.

5. The Accounts.

The Secretary of the Treasury is, in general, responsible for the preparation and presentation of accounts, and issues such instructions, regulations, etc., for this purpose as are necessary.

He is responsible for seeing that all accounts of expenditure of public money are settled by the end of the financial year. In cases where the distance of places is such as to necessitate an extension of time, he may, with the assent of the President, lay down fixed periods within which accounts shall be settled.


The accounts are audited by the Auditor: he furnishes certified copies of the accounts to the Secretary of the Treasury, and sends the original accounts, with vouchers, etc., to the Registrar.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.

1. No Model Statement has been submitted.

2. The only expenditure on national defence reported by the Liberian Government is the total expenditure for the War Department for the financial year ended September 30th, 1930. The amount reported was one figure of 102,089.57 dollars, and it was added that no expenditure for material was incurred during the above-mentioned financial year.

In the absence of any detailed budget or accounts, it is impossible to ascertain whether national defence expenditure appears in the budgets and accounts of civil departments.

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

AND

E. TABLES ANNEXED TO THE MODEL STATEMENT.

No information is available under these heads.

List of Documents.


Revised Statutes of the Republic of Liberia, Volume I (1848-1911).

Acts passed by the Legislature of Liberia (1911-1929).

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

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budget is prepared by the various ministerial departments and is sent for examination to a Budgetary Commission, which jointly with the Ministry of Finance frames the general budget. The Minister of Finance, through the medium of the Budgetary Commission, reviews the requirements of each department in the light of the moneys likely to be available in the coming financial year.

The following serve on the Budgetary Commission: the Director of the Finance Department (President) and the representatives of the Government Audit Office and the ministerial department concerned (members). The Budgetary Commission is the executive organ set up by the Ministry of Finance for the final fixing of the draft budget. It gives a preliminary decision on each budgetary question arising in the Council of Ministers by expressing an opinion on the matter.

The Minister of Finance has the right to modify all proposed expenditure which is not fixed by law. The draft budget, as then drawn up, is examined and approved by the Council of Ministers not later than October 15th in each year. Although there is no Seimas, the rules for the preparation of the budget as approved by the Council of Ministers on May 11th, 1925, are provisionally in force. The definitive law on the preparation and execution of the budget is being drawn up.


2. Discussion and Voting of the Budget.

(a) The draft budget is submitted to Parliament (Seimas). It is first examined by the Budgetary Commission of Parliament, which presents it, with any remarks and modifications proposed by itself, to the full House.

It is not known whether the discussions of Parliament or of its Budgetary Commission are public or are published.

After being passed by Parliament and signed by the President, the budget becomes effective. Under the Constitution, the President has the right, within one month from the date of the submission to him of the proposed law, to return it to Parliament, together with his observations, with a view to its being reconsidered. If, after a second discussion, Parliament confirms the proposed budgetary law by a two-thirds majority, the President is bound to accept it. 1

(b) In the ordinary way, the budget should be adopted before the year begins. In certain cases the Council of Ministers has the right of presenting to Parliament once a year a complementary budget. A law is promulgated for this purpose, usually during the last few months of the year. Since 1927, this procedure has been followed once a year. Further, in the event of unforeseen catastrophes arising or in the case of war, an additional budget may be presented.

If the budget has not been enacted by the beginning of the financial year, the Minister of Finance, with the approval of the Council of Ministers, is empowered to authorise “ordinary” expenditure at the rate of a twelfth part, each month, of the credits appearing in the proposed budget, provided that such twelfth part does not exceed one-twelfth of the ordinary expenditure for the year just ended. At the present time, when there is no Seimas, the provisional “douzièmes” come into force, after being voted by the Council of Ministers. This procedure has been followed every year since 1928. The maximum number of provisional “douzièmes” was used in 1933; there were seven, the budget having been enacted on August 8th. In the case, however, of exceptional necessity, the Minister of Finance, with the approval of the Council of Ministers and the

1 Note.—The information supplied under (a) has been extracted from the Lithuanian delegation’s reply to the Technical Committee’s questionnaire on budgetary systems (document Conf.D./C.D./C.T.105).

It should be noted that there is at present no Seimas, and that the information supplied in (a) with regard to the work of the Budgetary Commission of the Seimas and the Seimas itself is not in accordance with the facts. The legislative body to which the Council of Ministers sends the draft budget is at present represented by the President of the Republic (Constitution of the State of Lithuania, Official Journal, No. 275).
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consent of the Controller of State, may increase or reduce the total credits thus granted. "Extra-
ordinary " expenditure may not be incurred until the budget has been actually voted.

(c) In principle, the expenditure is authorised by law.

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

The draft budget is not published.
The budget, signed by the President, is published in the Official Journal (Vyriausybes Zinios).
For the last three years, the budgets have not been published before January 1st.
The closed accounts are published.

4. Conditions governing the Expenditure of Credits.

(a) The credits voted in the budget represent the amount for which payment orders may
be issued during the budgetary year.

(b) The credits voted in the budget of any year cannot ordinarily be utilised to meet expen-
diture in succeeding years. Sums voted, however, as extraordinary expenditure to meet the
capital cost of construction and repair may be expended during two budgetary years.

In practice, credits carried forward in this way are voted annually. The sums used to
liquidate the balance of a liability during the following year come from the funds reserved for this
purpose in the State liabilities account. Expenditure of this kind is not shown in the budget
for the current year. Credits not claimed in time and debts owing to the State lapse after ten
years, unless the Finance Act specifies otherwise.

5. Division of Expenditure in the Budget and Accounts.

(a) State expenditure is divided into ordinary expenditure and extraordinary expenditure.
Ordinary expenditure is that which, by its nature, is recurrent from year to year (administration,
education, etc.); extraordinary expenditure is that which is of an occasional nature (capital
expenditure, special subsidies, war and other unexpected contingencies, etc.).
The expenditure of the State is grouped in the budget under 17 divisions, 68 chapters,
225 paragraphs and 146 articles. One division is devoted to national defence. The various details
of expenditure recorded under the chapters and paragraphs for national defence in the budget
are regarded as confidential and are not published.

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

(c) Transfers between chapters are not permitted. In exceptional cases, transfers between
paragraphs of the same chapter can be made on the authority of the Minister of Finance and of
the Controller of State. For transfers as between articles, it is sufficient for the administration
responsible to notify the Minister of Finance and the Controller of State.

6. Unity of the Budget.

(a) All national defence expenditure figures in the budgets and accounts of the State and is
included wholly in the division of both budgets and accounts appertaining to the Ministry of
National Defence. Objects acquired by means of funds under the budget of a specific Ministry
may not be transferred to another Ministry without a corresponding refund.

There are public organisations whose objects are more or less concerned with the defence of
the country and whose funds are constituted from the subscriptions of their members. Such
organisations are the Union of Riflemen (Sauliu Sajunga) and the Union for the Liberation of
Vilna (Vilniui Vaduoti Sajunga). Certain State expenditure in respect of the former (general
and special expenses) appears in the national defence budget and accounts.
Apart from the above, there are no special funds or extra-budgetary resources devoted to
national defence.

(b) The budget, in general, shows gross expenditure, but a very small part of the expenditure
shown in the budget is net expenditure.

7. Supervision during the Execution of the Budget.

Supervision over the execution of the budget is carried out by the Department of State
Control (Contrôle d'Etat), at the head of which is the State Controller (Contrôleur d'Etat). This
official is appointed by the President of the Republic on the proposal of the Prime Minister, and
can only be relieved of his office by the President; he has the right to be present and to speak in
an advisory capacity at the meetings of the Council of Ministers.
The officials of the Government Audit Office, on the contrary, may be relieved of office at
any time.
The State Controller, through the officials of his service, supervises all accounts and examines
all documents relating to State departments and municipalities or to public or private under-
takings and institutions which may receive advances or subsidies from the State, or which may
benefit from State credits or guarantees. The State Controller has the right to examine all orders
for payment issued by State departments before they are paid, and, if necessary, to stop their
payment. All contracts entered into by State departments and involving expenditure must be submitted within seven days to the State Controller, who may, if he thinks fit, cancel them. Payment orders or contracts cancelled by the State Controller may only be proceeded with on the authority of the Council of Ministers.

Departments are required to render accounts of their expenditure monthly to the State Controller.

8. Final Audit.

The final audit is carried out by:

(a) The State Controller, to whom the departments must present their accounts within two months of the end of the budgetary year. The closed accounts are established on March 31st.

(b) Parliament, to whom the State Controller must render a report, not later than October 15th, on the execution of the budget for the previous year. Since 1927, however, this procedure has, in fact, been suspended and, as there is no Seimas, the closed accounts are approved by the President of the Republic (see note to A, 2 (a)).

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year runs from January 1st to December 31st. Each year, at December 31st, all credits granted for the past year are closed. Payment orders issued before that date, but not cashed, may be cashed up to the following March 31st inclusive as a charge to the account of the budgetary year in which the order was issued.

Payments in arrears for former years are entered separately in the accounts for the year during which they were effected.

Payment orders are valid until March 31st of the third year after issue.

There are crédits prorogés, which relate only to extraordinary expenditure. Payment orders for such credits may be issued until December 31st of the following year.

There are also crédits bloqués, for which payment orders may be issued after the close of the financial exercise—that is to say, after December 31st.

2. Budgets and Accounts.

There is only one Defence Ministry and only one budget and account for the national defence forces, which consist of land and air forces only. There are no naval forces.

The division of the budget relating to national defence comprises 16 chapters and 68 paragraphs for ordinary expenditure, and 6 chapters and 2 paragraphs for extraordinary expenditure. As noted under Point A, 5, the various heads are not published; but they have been supplied to the Conference.

3. The Model Statement.

The Model Statement relates to the budgetary year 1930.

The figures shown in the Model Statement are taken from the closed accounts, which have been verified by the State Controller, and include all orders for payment issued to the end of the budgetary year. They include all expenditure accounted for in the national defence section of the budget and accounts.

The figures shown represent gross expenditure.

4. Execution of the Budget.

All orders for payment are issued by officials of the department or service concerned. Payment orders are payable by the Bank of Lithuania or by the Caisse d'État.

The State Controller has the right to examine all payment orders or warrants before they are paid and, if necessary, to stop payment.

5. The Accounts.

The closed accounts, as verified by the State Controller, indicate the actual payments made during the year, the portion thereof relating to payment orders issued during previous years and the value of payment orders issued during the year which have not yet been cashed at the end of the year.

The figures shown in the accounts differentiate as between ordinary and extraordinary expenditure.

There are no special accounts relating to national defence, nor are there any establishments for the manufacture of arms possessing budgetary autonomy.
6. Audit and Publication of Accounts.

At the present time, the closed accounts established on March 31st are approved by the President of the Republic, there being no Seimas. The preliminary statement on the execution of the budget is prepared by the Ministry of Finance and then sent to the Government Auditor. The latter has it published, after audit, under the title “Valstybės Kontrolės metu Valstybės biudžeto vykdymo apyskaita” (Statement of budgetary transactions for the year submitted by the Government Audit Office).

It is published in a separate pamphlet, but not on a fixed date.

Under Article 94 of the Lithuanian Constitution, the Government Auditor must submit the closed accounts to the Seimas not later than October 15th of the year following that to which they relate. At the present time, this procedure has been suspended as from 1927, there being no Seimas.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


(a) The relationship between the figures appearing in the closed accounts and the Model Statement has been established by means of a reconciliation table.

(b) The Model Statement contains figures for the armed forces only. According to the information supplied, there are no formations organised on a military basis; the organisations known as “Saulių Sajunga” and “Vilniui Vaduoti Sajunga” are not regarded as coming within this category, but certain expenditure provided in the State budget in respect of the former is included in the Model Statement.

(c) The budgetary system presents no obstacle to the inclusion of all national defence expenditure in the Model Statement.

2. Military Departments.

(a) The Model Statement includes the full amount of pay and salary issued without abatement of the deduction which is made for pension benefits.

(b) Expenditure abroad by the Ministry of National Defence is recorded in the accounts of that department and is calculated at the exchange rate prevailing at the time of payment.

(c) Certain expenditure in respect of the Committee for Assistance to War Invalids, which appears to be in the nature of pensions, is included in the budget and accounts of the Ministry of National Defence and in the Model Statement. The amount in 1930 was 54,553 litas.

3. Civil Departments.

(a) According to the information supplied by the Lithuanian Government, no expenditure contributing to national defence is made by any State department other than the Ministry of National Defence.

(b) A reduction of 50 per cent is accorded for military passenger transport by rail. A reduction of 50 per cent may also be made for the transport of material.

(c) No expenditure in respect of civil aviation is defrayed by the State.

4. Special Questions.

(a) Instructors in charge of physical training are paid from the budget of the Ministry of Education. This expenditure is not shown in the Model Statement because, in the opinion of the Lithuanian delegation, it has no direct connection with national defence.

(b) There are no special funds from which national defence expenditure could be effected.

(c) There are no private organisations which contribute to national defence, with the exception of the organisations known as “Saulių Sajunga” and “Vilniui Vaduoti Sajunga” (see Points A, 5, and C, 1).

The contribution paid by the members of the “Saulių Sajunga” is optional and varies from one detachment to another. These sums are used only for internal purposes. The Lithuanian delegation states that it is impossible to estimate the amount in view of the complete financial independence of these detachments.

(d) There are no State establishments concerned with national defence which possess budgetary autonomy.
D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE BETWEEN THE TABLES, HEADS AND SUB-HEADS OF THE MODEL STATEMENT.


There are no naval forces. The land and air forces are administered by a single Ministry of National Defence; their expenditure is grouped in a single budget and account in which it appears almost entirely under common headings. The Lithuanian Government states that the two categories of forces have no separate entity either from the point of view of general organisation or from that of finance. The pay and general maintenance expenses of the whole of the armed forces are included in common headings throughout the budget and accounts; only expenditure on material can be divided between the two forces, and for this reason only sub-heads G and M of Table D (air forces) have been filled in.

It is, however, to be noted that, in an earlier Model Statement, a Table D had been completed in respect of sub-heads A, B and C, as well as sub-heads G and M; the Lithuanian Government explains in its later note forwarding revised Tables B and D that this was done by deducting from Table B the sums payable to aviation personnel.

The Lithuanian delegation stated that, in the event of a convention being signed, it would be possible to separate expenditure on the two forces for both personnel and material, though it would present some difficulty. It would also be possible, in the same circumstances, to separate expenditure on civilian personnel.

2. Coast Defence.

Expenditure on coast defence is included in Table B (land forces).

3. Optional Columns.

These have not been completed.

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

Apart from the difficulties already referred to, the form in which the expenditure is presented in the documents communicated to the Conference lends itself fairly readily to the division of expenditure between the sub-heads of the Model Statement, except as regards pay of civilians, which, in general, is included under the same headings as the pay of military personnel, and has been included in the Model Statement under sub-heads A and B and Table B.

The expenditure on posts and telegraphs has been shown in sub-head E in view of the difficulty of separating office expenditure from expenditure on posts and telegraphs.

As regards reservists, the only expenditure that appears in sub-head D is that relating to the organisation known as "Sauliu Sajunga". Army reservists are required to undergo periods of training, but, so far, for financial reasons, they have not been called up.

5. Head IV: Separation from Other Heads.

No expenditure is shown in the documents submitted for manufacturing establishments, and it is inferred that war material is acquired by purchase against cash payment (covering the full value of the material) from private sources (there being no State establishments for the manufacture of arms possessing budgetary autonomy). There are several paragraphs concerning "acquisition" of war material, the expenditure under which has been shown under head IV of the Model Statement.

A number of paragraphs are devoted to the maintenance and repair of war material; the expenditure thereunder is included wholly in head IV of Table B (land forces) of the Model Statement, except that expenditure on the maintenance of aeroplanes and their spare parts, which forms a separate paragraph, has been included in head II of Table D (air forces). The Lithuanian delegation sees no objection to including this expenditure under sub-head M in future.

In this connection, attention is drawn to the difficulties referred to in D, 1, as to the separation of expenditure for land and air forces respectively. It is not clear that the expenditure included under head IV for maintenance and repair covers all the items of cost and on-cost specified by the budgetary experts; so far as it can be identified, the pay of all personnel employed in head IV establishments has been included in head I. It is noted that the paragraph relating to the central

Although the budget and published accounts show only two single figures for the ordinary expenditure and extraordinary expenditure respectively, the Lithuanian Government has forwarded to the Conference a document in which the expenditure is shown in detail. On the basis of those specific data, the distribution of expenditure between the various tables, heads and sub-heads of the Model Statement can be effected without any special difficulty.
workshops of the Army in 1930 provided for the pay of civil personnel, but that actually no expenditure was incurred thereon.

Certain expenditure on depots of war material has been included in head IV of Table B (land forces).

6. Head IV: Division between Sub-heads.

All expenditure relating to the land armed forces has been divided between sub-heads M and M (a) of Table B, sub-head N not being used. Except in so far as some of the above-mentioned expenditure may be common to the air armed forces (see D, i), the division appears to follow closely the recommendations of the budgetary experts.

Sub-head M of Table B (air forces) includes an item of 1,356,674 litas as “extraordinary expenditure,” but no details are given as to its nature.

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E. TABLES ANNEXED TO THE MODEL STATEMENT.

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 commenting is called for under this head.

Tables C, D and E.

The Lithuanian delegation stated that “the annexed tables cannot be supplied as there are no such items of expenditure.”

Table F.

This table has not been supplied.

Pensions are not included in the budget of the National Defence Ministry (see, however, C, 2 (c)).

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List of Documents.


Closed accounts for the exercice 1930 (“Valstybės Kontrolės 1930—V.D.—m. Valstybės Biudžeto Vykdymo Apyskaita ’’).

LUXEMBURG.

Preliminary Note.

In the communication made to the Disarmament Conference (document C.683.M.289.1931.IX [Conf.D.25]) on March 6th, 1931, the Minister of State of the Grand-Duchy of Luxemburg stated, inter alia, that:

"At the present day, the Grand-Duchy possesses nothing more than a police force employed exclusively for the maintenance of order and has no armaments suitable for use in war. The troops consist of a company of gendarmes and a company of volunteers, making a total strength of 500 men ".

In a later communication (document Conf.D./C.D./C.T.189) of January 24th, 1933, the Minister of State, in transmitting information regarding expenditure on the gendarmerie, confirmed that "this expenditure relates solely to the troops intended for maintaining internal security. Properly speaking, therefore, it is not national defence expenditure ".

Without prejudging this question, the Committee nevertheless felt obliged to compile the present summary, in order to make its work as comprehensive as possible.

A. BUDGETARY SYSTEM.

1. Preparation, Voting and Execution of the Budget, Supervision.

The draft budgets are prepared by the Departments and are submitted for approval to the Chamber of Deputies. The Council of State may decide, if necessary, to refer the budget back to the Chamber for a second discussion and a second vote. No use has been made of this prerogative in recent years.

According to Article I of the Law of January 9th, 1852, the budget is laid before the Chamber of Deputies at the beginning of the ordinary session immediately preceding the budgetary year —i.e., in the first fortnight of November.

The draft budgets, budgets and the closed accounts are published.

2. Division of Expenditure in the Budget.

The expenditure under Section IX of the budget (Gendarmerie and Volunteers) is generally subdivided into seven or eight items.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year corresponds to the calendar year.

Nevertheless, transactions relating to the collection of proceeds and the liquidation of, or issue of payment orders for, expenditure and also for the execution and completion of work, ordered, authorised or in course of execution, may be extended until the following September 30th, on which date the financial period is finally closed (Article 2 of the Law of January 9th, 1852).

If, when a financial period is definitely closed as defined in Article 2 of the Law of January 9th, 1852, regarding the State Accountancy system; certain budget appropriations in the State accounts carry charges representing the claims of Government creditors for work allotted and in process of execution, the amounts of the appropriations still needed to pay the sums due are carried forward to the next exercice and form in the budget of that exercice a special section called: "Amounts carried forward from the previous exercice ".

The Committee has not received any reply to the questionnaire on the budgetary system, and was not in a position to examine the accountancy laws of the Grand-Duchy of Luxemburg; hence the following information is necessarily incomplete.

The Model Statement communicated to the Committee is based on the budget.

3. The Accounts.1

The closed accounts are submitted for approval to the Chamber of Deputies. Article 27 of the Law of January 8th, 1852, provides that, when the budget for a financial period is laid before the Chamber, it must be accompanied by the general account of the penultimate closed financial period, by the corresponding Bill, by the observations of the Court of Audit on the same general account, by a statement showing the position of the last closed financial period and by a similar statement for the current financial period.

Thus, in November 1934, the Chamber of Deputies should have before it the 1935 Budget and the general account for the penultimate closed financial period—i.e., for the 1932 exercice.

The general accounts for 1927 and 1928 were approved by the two laws of March 29th, 1934, and published in No. 19 of the Mémorial for 1934, page 247 et seq.

The 1929 and 1930 accounts have been finally made up and the first is at present before the Council of State and the second before the Court of Audit. The corresponding figures published in the annexed tables of the draft budget for 1934 are final.

The same tables show the figures of the interim accounts for 1931 and 1932 and for November 1934; these interim accounts will not be very much changed and will be established in their final form so that they can be laid before the Chamber of Deputies at the statutory dates.

Generally speaking, the accounts can be regarded as finally made up one year after the exercice has definitely closed or twenty-one months after December 31st of the year which gives its name to the exercice.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.

1. Expenditure incurred under the Gendarmerie Section.

Apart from the pensions paid to members of the Gendarmerie and their widows and orphans, which are included in Section XVII of the budget, no expenditure in respect of the Gendarmerie would seem to be included in any section other than Section IX of the budget.

It should be noted that item 49 bis, "Construction, extensions or purchases of gendarmerie buildings (Law of June 30th, 1930)", does not give any figure, but is inserted only as a reminder, because the necessary funds have been granted without reference to a particular exercice.

2. Expenditure incurred under Other Sections of the Budget.

It is not known whether any expenditure in respect of the Gendarmerie is incurred under other sections than Section IX of the budget.

Section XX—Public Works—contains the following items:

156.—Upkeep, appropriation and repairs of Government buildings and buildings allotted to public departments; upkeep of furniture, etc. ......................................................... 2,200,000 francs.

159.—Heating and lighting expenditure for the various administra-
tions and public departments ........................................... 2,300,000 francs. (1932 budget.)

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

1. Separation of the Expenditure on the Three Forces.

The question does not arise, because Luxemburg has neither naval forces nor air forces.

A credit of 50,000 francs under item 154 of the 1934 budget, in Section XX—Public Works—for "Aviation: creation of an air port, research expenditure " relates to the possible development of civil aviation.

2. Distribution of Expenditure among the Sub-heads of the Statement.

There does not appear to be any special difficulty in distributing the expenditure among the sub-heads of the Statement.

1 The particulars in Section 3 were supplied by the Luxemburg delegation on May 15th, 1934.
3. Head IV.

No expenditure in respect of war material has been inserted in the Statement submitted by the Luxemburg Government.

However, certain budgetary items include expenditure for the purchase of musketry and camping material, the renewal of armaments, ammunition for rifle practice, etc.

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.

These tables have not been submitted. As regards Table C, the amount of credits covering several years and credits carried forward should probably have been entered.

As regards Tables D and E, the answer should probably be "Nil".

3. Table F.

Gendarmerie pensions are paid under Section VII—Pensions—and are not included in the Statement. It is apparently not easy to distinguish the pensions of the Gendarmerie from other expenditure on pensions.

The Luxemburg delegation states, however, that the expenditure on military pensions amounted to 1,901,585.49 francs in 1932 and to 1,877,880.24 francs in 1933.

List of Documents.


Draft Budgets for 1933 and 1934.

Budgets for 1932 and 1933.

Armaments Year-Book of the League of Nations, 1933.

DARESTE: "Les Constitutions modernes".

Documents communicated (with a covering letter) by the Luxemburg delegation subsequently to the compilation of the Abridged Summary:

- Draft Budget for 1934.
- Budget voted for 1934.
- General accounts for 1927 and 1928 (published in Mémorial No. 19, 1934).
A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

Estimates are prepared by the different Ministries (Secretarías de Estado), who are required to submit them before October 10th to the Budget Department (Dirección General de Egresos) of the Finance Ministry (Secretaría de Hacienda y Crédito Público). The latter co-ordinates the different estimates and prepares the draft of the general budget, which is submitted for the President of the Republic’s approval prior to its presentation on November 1st to the Chamber of Deputies.

2. Discussion and Voting of the Budget.

Although Congress is composed of two chambers (Chamber of Deputies and Senate), the Chamber of Deputies alone discusses and votes the budget.

The Deputies have the right of initiative as regards modifications in expenditure.

If, at the end of the ordinary session, the Chamber of Deputies has not approved the whole or part of the draft budget, the latter is regarded as being in force as from the beginning of the budget year until the Chamber substitutes for it a new draft.

The discussions in the Chamber of Deputies are held in public. A report of the discussions is published in the journal of the Chamber (Diario de los Debates). If the credits voted are insufficient, or if new expenditure is found to be necessary, the Finance Minister has to ask the Chamber of Deputies for the grant of supplementary credits.

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

The draft budget is not published.

The budget is published in the Official Gazette.

The closed accounts are not published.

4. Conditions governing the Expenditure of Credits.

The credits voted are payment credits.

Payment may be made in respect of expenditure liquidated during the budget year during a period of one month after the close of the budget year. After that date, payment has to be made under the chapter of the general budget headed “Public Debt”, in which a credit is inserted for that purpose.

The balance of credits over payments effected is transferred automatically at the close of the exercise to the chapter “Public Debt”.

It is not allowable to enter into commitments for a number of successive years except in the case of contracts explicitly authorised by the Chamber.

5. Division of Expenditure in Budget and Accounts.

(a) The budget is submitted in “ramos”, “capítulos”, “conceptos” and “partidas”. The chapter of the National Defence Ministry (Ramo VII, Guerra y Marina) contains twelve “conceptos”, comprising in all 194 “partidas” (year 1930).

The budget items give full details and show clearly the object of expenditure.

(b) The accounts have the same divisions and subdivisions as the budget.

(c) Transfers are not allowed.

6. Unity of the Budget.

All State expenditure is provided for in the general budget of the State.

There are no establishments for the manufacture of arms enjoying budgetary autonomy except the Fabrics and Military Supplies Establishments.

There are no special funds in connection with national defence.

The budget of the National Defence Ministry contains a chapter devoted to the “Fabrics and Military Supplies Establishments”. This chapter includes expenditure for the supply of materials of all kinds to the national defence services. This expenditure is divided into twenty-one “conceptos” corresponding to the different services, with a large number of subdivisions.
Apart from the State administrative departments, there is no public or private organisation authorised to finance national defence expenditure.

7. Supervision during the Execution of the Budget.

Supervision is exercised:

(a) By the Accounting and Administrative Department (Dirección General de Intendencia y Administración).
(b) By the Ministry of Finance.

The Ministry of Finance receives the monthly accounts of the responsible officials and audits them, thus affording the material requisite for the establishment of the general account of the State.

8. Final Audit.

Supervision after the execution of the budget is exercised:

(a) By the Ministry of Finance.
(b) By the Major Accountancy of Finance, which is subject to the legislature.

The Major Accountancy of Finance constitutes the supreme judicial authority in the matter of the supervision of accounts.
(c) By the Chamber of Deputies, which finally approves the accounts.

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 one month during which payments may be made in respect of expenditure commitments incurred during the previous year. After this period, credits not used pass automatically to the Public Debt.

2. Budgets and Accounts.

There is only one Ministry of National Defence. The chapter of the general budget relating to it includes the expenditure on all three forces.

3. The Model Statement.

The Model Statement has been based on the figures of the audited accounts for the year 1930.

4. Execution of the Budget.

The budget is put into force automatically. All Ministries allocate the sums assigned to each of them in accordance with the budget through the intermediary of their administrative departments.

For payments in respect of credits which are not divided into daily or monthly instalments, orders for payment have to be issued, which are checked and countersigned by the “Secretaría de Hacienda y Crédito Público”, the organisation entrusted with the supervision of the application of the general budget.

Orders for payment in respect of the expenditure of the National Defence Ministry are issued by the “Dirección General de Intendencia y Administración”. The orders for payment are then transmitted to the Federal Treasury, which makes payments, if the disbursements are to take place in the capital, or sends them to the appropriate revenue office (Oficinas Federales de Hacienda) if the payment is to be made in one of the States of the Republic.

In the case of credits divided into daily or monthly instalments, the Federal Treasury countersigns each month the applications for funds by the paying offices, if such applications are in accordance with the credits in the budget.

The accounts of the responsible officials are submitted within ten days from the close of each month.

5. The Accounts.

The accounts show the payments effected during the exercise.

6. Audit and Publication of the Accounts.

The general accounts drawn up by the “Secretaría de Hacienda” (Ministry of Finance) are audited by the Major Accountancy of Finance and submitted to the Chamber of Deputies within the first ten days of September in each year. The Major Accountancy of Finance is independent of the Executive. The accounts are approved by the Chamber of Deputies. The accounts are not published.
C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


(a) The Mexican delegation has submitted three tables summarising the amount of expenditure to be included in each table of the Model Statement. The relation between these tables and the Model Statement is shown by detailed reconciliation tables.

(b) No difficulty has been found in connection with the budget system in regard to the possibility of including all national defence expenditure in the Model Statement.

2. Military Departments.

In addition to the expenditure of the National Defence Ministry, the Model Statement includes expenditure relating to the Fabrics and Military Supplies Establishments (see under A,6).

3. Civil Departments.

The Model Statement includes:

(a) The amount of pensions expenditure appearing in the Finance Ministry's budget;

(b) The amount of subsidies and grants paid to the Yaqui tribe out of the budget of the Ministry of the Interior.

Note. The Mexican delegation states that the credits for these subsidies and grants are shown in the year subsequent to 1930 under the chapter relating to the expenditure of the National Defence Ministry.

The Model Statement shows no expenditure in respect of the chapter "Public Debt".

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

1. Separation of Expenditure the Three Forces.

Though there is only one National Defence Ministry, the expenditure relating to the three forces is shown in separate "conceptos". There is very little common expenditure, and the sums it represents are very small. The separation of the expenditure of the three forces can therefore be made in the chapter relating to national defence without any difficulty.

In the chapter relating to Fabrics and Military Supplies Establishments, the expenditure on the three forces is not shown separately.

2. Optional Columns.

The optional columns have not been completed.

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

A considerable number of items of expenditure can be transferred direct to the sub-heads of the Model Statement.

4. Head IV: Separation from Other Heads.

The expenditure on war material is charged entirely to the chapter for Fabrics and Military Supplies Establishments.

As the expenditure is there shown in great detail, there can be no difficulty in separating that which relates to head IV from that which relates to other heads.

5. Head IV: Separation of Sub-heads of that Title.

All expenditure on war material properly so-called, which is included in the chapter for the Fabrics and Military Supplies Establishments, is shown in sub-head N of the Model Statement. This expenditure might easily have been split up amongst the sub-heads of head IV.

The Mexican delegation has not shown in Table D of the land forces the sub-head M (a) which appears in the corresponding table of the Model Statement proposed by the budgetary experts.

In Table C, a new sub-head M (a), "Scientific Instruments", for which there is no provision in Table C of the Model Statement of the budgetary experts, has been added. The amount of the expenditure shown under this new sub-head is $1,000.
Two new sub-heads have been added in Table D as follows: “M (a) : Scientific instruments and apparatus, $20,000”; “N: Manufacture of war material in State establishments not enjoying budgetary autonomy (expenditure which cannot be split up between Chapters N and N (a), $254,881.77”.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

These tables have not been furnished.

List of Documents.

Budgetary system : reply of Mexican delegation to the Technical Committee’s questionnaire (document Conf.D./C.D./C.T.22(1)).


Budget for the year 1930 (“Presupuesto general de Egresos”).

Secretaria de Hacienda y Crédito Público : Boletin de Informaciones.
NEW ZEALAND.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budgets are prepared by the various Ministerial Departments and centralised by the Treasury, which draws up the draft State budget under the direction of the Finance Minister and forwards it to the Governor-General.

2. Discussion and Voting of the Budget.

(a) The budget and estimates are submitted by the Governor-General to Parliament, which consists of two Houses—the House of Representatives and the Legislative Council. The estimates are voted by the House of Representatives after investigation by the Public Accounts Committee of that House. The House of Representatives has the right to reject or reduce the expenditure estimates, but no power to increase them. The Legislative Council, the members of which are appointed by the Governor-General, has no power to modify the financial measures proposed by the Government and adopted by the House of Representatives. The estimates do not go before the Legislative Council. The estimates of expenditure are included in the annual Appropriation Act, which is passed by both Houses of the General Assembly and approved by the Governor-General.

(b) The national defence expenditure for a given financial period is voted during that period. The Appropriation Act, which appropriates the amounts embodied in the estimates, is voted several months after the opening of the budgetary year. During the three months following the opening of the budgetary year (April 1st), the Government may incur, in the case of each Department, expenditure equivalent to one-quarter of the credits voted for the same Department in the previous year's budget, plus any portion of the latter credits still unexpended at the end of the year. All expenditure thus incurred must be adjusted in the budget.

Parliament meets as a rule in June. To meet the requirements of the period following the three months above mentioned, Parliament grants credits in the form of advances to the Government (supply bills) until the Appropriation Act is passed.

(c) Expenditure is authorised by law. When it becomes necessary to exceed the credits voted or incur expenditure not foreseen in the budget, the Minister in question sends a report to the Treasury, which, if the Finance Minister approves the expenditure proposed, forwards the report in turn to the Controller and Auditor-General to be noted. A payment warrant may then be issued for the expenditure in question and paid, but the total of this expenditure for all departments may not exceed £350,000. An abstract of the unauthorised expenditure duly certified by the Auditor must be submitted to Parliament by the Finance Minister within ten days of the opening of the next Parliamentary session.

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

The draft budget (estimates) and the budget (Appropriation Act) are published as official documents. The final accounts are published in the form of a Parliamentary paper.

4. Conditions governing the Expenditure of Credits.

(a) The vote of a credit limits the amount of the payments which may be made during the budgetary year. The credits granted by Parliament lapse on the expiry of the budgetary year. The accounts show the totals of the payments made during the budgetary year opposite the credits voted.

1 £100,000 for services in connection with working railways under the control of the Government Railways Department and £250,000 for all other services.
Expenditure commitments may be incurred for a period extending beyond the budgetary year, but the payments to be made under such commitments during a given year must be charged to the credits entered in the budget for that year.

5. Division of Expenditure in Budget and Accounts.

(a) The general budget is divided into chapters (votes), each Ministerial Department having one chapter. The expenditure is voted chapter by chapter. The chapters are divided into paragraphs (sub-heads) and these again into items.

The 1933-34 budget for the National Defence Departments contains altogether 146 items. The subdivisions of the chapters for national defence are fairly numerous and give a clear indication of the purpose of the expenditure.

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

(c) Transfers are not permitted between chapters, paragraphs or items. Surpluses on items may, with approval of the Treasury, be applied towards meeting over-expenditure on other items of the same vote not adequately provided for. Should the credits provided for an item be exceeded, the excess expenditure must be charged to a special credit known as the "unauthorised expenditure account".

6. Unity of the Budget.

(a) All national defence expenditure is included in the State budget. There are several special funds and accounts but none having any bearing on national defence. There is no establishment for the manufacture of armaments having budgetary autonomy. There are no extra-budgetary resources which could be devoted to expenditure for national defence purposes.

(b) The budgets and accounts show the net expenditure, but the amounts of the resources which Departments are entitled to utilise (credits-in-aid) over and above the budgetary credits strictly so called are shown in the budgets and accounts.

7. Supervision during the Execution of the Budget.

This supervision is exercised:

(a) By the accounting officer of each Ministerial Department acting under the direction and supervision of the Treasury. The latter frames the instructions and regulations to be complied with by the accounting officers. These officials certify the supporting vouchers and see that no expenditure is incurred which would not be authorised by law or correctly charged against the appropriations;

(b) By the Minister of Finance, who must disallow any illegal or irregular proposal of the various Ministerial Departments.

The accounts of these Departments must be collated monthly with the books of the Treasury;

(c) By the Controller and Auditor-General, who keeps the accounts of the various Departments under detailed and constant supervision during the year. He is particularly careful to see that expenditure is correctly charged to the proper chapters and does not exceed the amount voted for those chapters.

Should a dispute arise between the Controller and Auditor-General and the Government, the expenditure objected to may be authorised by a decision of the Governor-General in Council. Such a decision implies that the Governor-General has consulted the Executive Council appointed under letters patent and composed of members of the Government. The Controller and Auditor-General can in such case report to Parliament on the irregularities found and publish the correspondence exchanged in this connection.

No funds may be issued out of the Public Treasury except in pursuance of a warrant counter-signed by the Controller and Auditor-General, who certifies that the issue is in accordance with law.

8. Final Audit.

This is carried out by the Controller and Auditor-General.

The Finance Minister assists the Controller and Auditor-General to carry out the audit by appointing Treasury inspectors to inspect the books and accounts of the accounting officers.

The Controller and Auditor-General is a high official independent of the Executive and responsible for seeing that all expenditure is made in accordance with the authorisations granted by Parliament. He is responsible solely to the latter body and can only be removed from office on an address to the Governor-General passed by both Houses.

The Controller and Auditor-General supplies Parliament with an annual report on the results of the audit, mentioning any irregularities found during his inspection and any other information he thinks advisable.

Parliament does not audit the accounts or pass a law approving the accounts.
B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year runs from April 1st to March 31st. The accounts are closed at the end of each budgetary year and no payment made after March 31st may be included in the accounts for the past year.

2. Budgets and Accounts.

There is a Defence Department for the land and air forces and a Department for the naval forces, both under the same Minister.

3. The Model Statement.

The Model Statement supplied relates to the expenditure for the budgetary year 1930-31. The figures give the amount of the payments shown in the closed accounts. The Model Statement includes an additional amount of £12,114, representing the value of small-arms ammunition issued to rifle-clubs during the year from stocks manufactured in previous years. The tables for the expenditure on the three forces have been filled in. The expenditure is gross expenditure. The statement for the naval forces includes a payment of £90,000 to the home Government as a contribution towards the construction of the Singapore base. Expenditure on pensions has been deducted.

4. Execution of the Budget.

The Appropriation Act enables expenditure to be made for the purposes specified when the credits were voted. The Paymaster-General, who is the Secretary of the Treasury, arranges during the year to issue warrants distributing funds between the Ministerial Departments within the limits of the credits laid down by Parliament. The aggregate amount of all warrants may not exceed the total budgetary credits for the year. The Treasury takes care that the credits voted are not exceeded. The accounting officer of the Defence Department and the Secretary for the Navy are the officials who certify the supporting vouchers for their respective departments, while the Under-Secretary for Defence in respect to land and air defence, the Naval Secretary in respect to naval defence, and the Secretary of the Treasury are the officials who approve the corresponding expenditure.

5. The Accounts.


6. Auditing and Publication of the Accounts.

Within thirty days after the close of the financial year, the Treasury prepares and sends to the Audit Office the final account. The Auditor-General examines and certifies the account and returns it within fourteen days to the Minister for Finance. The closed accounts are generally ready and published within three months after the end of the budgetary year.

C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


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

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

(c) No difficulty due to the budgetary system has been encountered as regards the possibility of including all national defence expenditure in the Model Statement.

(d) The Committee has observed deviations from the instructions given regarding universality of expenditure in the cases mentioned hereunder.
2. Military Departments.

(a) The Model Statement shows the total amount of pay and allowances without deductions.

(b) The Model Statement for the land forces shows the expenditure on goods purchased abroad, including exchange variations, whereas in the Model Statement for naval forces the expenditure on the latter is shown at par of exchange.

(c) The Model Statement shows the expenditure on civil aviation. Both civil and military aviation are under the sole control of the Director of Air Services. The very small amount spent on civil aviation is included in the expenditure on the air forces.

3. Civil Departments.

(a) Certain unimportant expenditure having an indirect bearing on national defence (e.g., public works) is borne on civil budgets and accounts and has not been included in the Model Statement.

(b) The Railways Department charges the National Defence Department the usual civil tariffs.

(c) No Customs duty is charged on purchases made overseas by the Naval Department.

(d) Government buildings are exempt from local rates and taxes, but these exemptions are very small in amount.

(e) The National Defence Department repays the Department of Scientific Industrial Research for expenditure on meteorological information supplied by the latter department to national defence authorities and this expenditure is shown in the Model Statement. The naval forces do not use this service.

(f) In the opinion of the New Zealand delegation, none of the expenditure on the Department of Education need be regarded as having a bearing on national defence.

4. Special Questions.

(a) The expenditure on the territorial force is shown in the Model Statement for the land forces in the column “Armed forces stationed in the home country”.

(b) Rifle-clubs have the privilege of free railway transport and of supplies, free or at reduced prices, of small-arms ammunition. The relevant expenditure is included in the Model Statement and the prices given represent the actual cost of this ammunition.

(c) Arms and ammunition are supplied to New Zealand by the United Kingdom and ammunition by the Colonial Ammunition Company at trade prices. The Company must keep a stock of the necessary material for manufacturing 2,000,000 cartridges, which constitutes a year's reserve.

(d) The officers, N.C.O.s and other ranks of the territorial army receive no pay when they are not serving with the colours.

(e) No military expenditure is incurred for the mandated territory of Western Samoa.

(f) No national defence expenditure is defrayed out of the proceeds of loans.

(g) The Model Statement for the land forces includes the pay while on leave preceding premature retirement or discharge. The Model Statement for the naval forces omits both deferred pay and contributions in respect of retired pay and pensions.

Payments in respect of pensions for land and air forces are made direct out of the funds of the Superannuation Board.

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

1. Separation of Expenditure on the Three Forces.

The national defence services are under unified control, but the expenditure is shown both in budgets and accounts in two distinct “votes”, one relating to Naval Defence and the other for the Defence Department, which covers both the land and air forces.

Although there is only one vote for land and air forces combined, nearly all the expenditure which is proper to the latter can be completely identified, as it is shown under separate sub-heads of the vote. The cost of the civil administration, however, of the Defence Department, which is common to both land and air forces, is not shown separately as between the two forces and appears to have been included wholly in Table B (Land Forces).

The salary of the Minister for Defence is provided for in a special section of the budget and account (Civil List) and has not been included in the Model Statement. The Minister of Defence
is also Minister for certain other branches of the public service. The salary of the Under-Secretary for Defence, however (a new post created since the year to which the Model Statement relates), is included in the budgets and accounts for the Defence Department.

2. Coast Defence.

The information available does not enable the Committee to state in which table of the Model Statement expenditure on coast defence has been included.

3. Optional Columns.

The optional columns have not been completed.

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

The manner in which the expenditure is classified in the budgets and accounts enables a very large proportion of this expenditure to be transferred bodily to the appropriate sub-heads of the Model Statement.

Where the expenditure recorded under any one item has had to be divided between two or more sub-heads of the Model Statement, it is not possible to say how the allocation has been effected.

5. Head IV : Separation from Other Heads.

The separation of expenditure proper to head IV presents practically no difficulty. New Zealand possesses no State factories for the manufacture of war material for the land or air forces, such requirements being obtained by cash purchase from the United Kingdom Government or from private factories. In regard to the naval forces, she possesses no State shipbuilding or ship-repairing yards, both new construction and repairs of ships being carried out by the United Kingdom Government or in private yards on the basis of cash repayment. It is thus a simple matter, having regard to the detailed way in which the relevant expenditure is recorded in the accounts, to identify that expenditure.

The only State establishments which exist for war material are depots, the staff of which is very small. The remuneration of the staff concerned appears to have been charged almost entirely to head I, while other storage expenses have been charged to heads II and III.

6. Head IV : Division between Sub-heads.

All head IV expenditure proper to the land armed forces has been shown under sub-head M in the Model Statement, sub-heads M(a) and N being shown as "nil".

Head IV expenditure proper to the naval armed forces has been divided between sub-heads L and M, sub-head N being shown as "nil". Where the expenditure under any one item in the account has had to be divided between sub-heads L and M, the allocation appears to have been made on the basis of internal accounts.

7. Special Questions.

Civilian Personnel.—The number of these employees is very small.

Naval Reserves.—The emoluments of the Director of Naval Reserves and six Royal Naval Voluntary Reserve Instructors employed on a full-time basis have been included in sub-head D.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

New Zealand has submitted two series of annexed tables, one for land forces and the other for naval forces.

(a) Land Forces.

Table A.—As this table has been omitted from the “Instruments necessary for the application of a system of publicity of national defence expenditure” (document Conf.D./C.G.I60), no comment is called for under this heading.

Tables C, D, E.—No observation regarding the “nil” entry.

Table F.—The amount shown in this table includes expenditure on pensions to widows of the Great War. The expenditure on “Military Pensions, Maori War”, is not included in the amount shown.

1 The pay, salaries, etc., of the whole of the Headquarters and Administrative staff, both naval and civil, in the Naval Defence Department have been included under sub-head L of Table C in the Model Statement, but the New Zealand Government have since expressed the view that, with the possible exception of one small item, such expenditure would be more appropriately charged to sub-heads A, B or C of head I.
(b) Naval Forces.

*Tables A and B.*—As these tables have been omitted from the “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.

*Tables C, D, E.*—No observation regarding the “nil” entry.

*Table F.*—A single amount has been shown for military personnel, which includes all the pensions (Articles I, II, III, IV).

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**List of Documents.**

- Estimates for the year ended March 31st, 1932.
- Public Revenues Act, 1926.
- Appropriation Act, 1931.
- Imprest Supply Act, 1931.
PANAMA.

PRELIMINARY NOTE.

Article 1 of the Convention of November 18th, 1903, concluded on February 26th, 1904, between the United States of America and the Republic of Panama for the construction of the Panama Canal, reads as follows:

"The United States guarantee and will maintain the independence of the Republic of Panama."

In a communication, dated October 8th, 1931 (document C.970.M.533.1931.IX.39), the Government of the Republic of Panama makes the following statement:

"Panama has no army or navy and her armaments are therefore intended purely for police purposes and for the internal security of the Republic."

In view, however, of the universal character of its work, the Committee thought fit to draw up the following summary.

A. BUDGETARY SYSTEM.

1 and 2. Preparation, Discussion, Voting and Execution of the Budget.

Contrary to the practice generally followed, the financial exercise of Panama is not yearly but two-yearly.

The provisions relating to the budgetary system are to be found partly in the Constitution and partly in the "Ley sobre el Presupuesto", which is voted every two years by the National Assembly.

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

The budgets are published in extenso every two years.

The Committee has not had the opportunity of examining any closed account and does not know if these are published.

4. Division of Expenditure in Budget and Accounts.

Expenditure which might possibly be considered as national defence expenditure is to be found under the heading "Secretaria de Gobierno y Justicia". This heading comprises nine articles relating to the "Policia nacional", one article relating to the "Ejercito nacional" and three articles relating to the "Banda republicana".

5. Conditions governing the Expenditure of Credits.

The Committee has not sufficient data to determine whether a vote of credits authorises the public services, during the financial exercise, to incur commitments, issue orders for payment, or make payments up to the total of credits voted.

6. Supervision during the Execution of the Budget.

No expenditure can be incurred by the Executive without a certificate from the "Controlor General de la Republica" to the effect that funds are available, that expenditure is in order, etc. Details as to the organisation of this supervisory service are given in Law 84 of 1930 annexed to the "Presupuesto 1931-1933".

The Controller-General is appointed for four years by the President and his appointment must be approved by the National Assembly. He is entirely independent both of the Executive and of the Legislature. He can only be dismissed by a sentence of the "Corte Suprema de Justicia".

NOTE.—Up to the time when the Committee concluded its work, the text of this summary had not been confirmed by the Government of Panama.
B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

I. Budgetary Year.

The budgetary period 1931-1933, which began on March 1st, 1931, should have finished on February 28th, 1933. But as from January 1st, 1933, the two years of the financial exercise begin on January 1st, one financial exercise corresponding to two calendar years.


No Model Statement has been submitted.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.


It will only be possible to decide whether the expenditure appearing under the following headings should be regarded as national defence expenditure when the competent organs of the Conference have given a definition of effectives:

(a) "Policia nacional" (entirely or partly);
(b) "Ejercito nacional" (officers "en disponibilidad" (on half-pay), emoluments);
(c) "Banda republicana".

2. Civil Departments.

There would not appear to be any expenditure relating to the police in departments other than the "Secretaria de Gobierno y Justicia".

There may possibly be some small expenditure in Article 609 ("Para pagar las reparaciones de los edificios públicos") of the "Secretaria de Agricultura y obras públicas".

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

1. Separation of the Expenditure on the Three Forces.

As there are no naval or air forces, this question does not arise.

It is evident that the inconsiderable expenditure under Articles 85 and 86 ("Para pagar los sueldos de los empleados del Panquiaco y para gastos de Aviación") relates to civil aviation.

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

The delegation of Panama has submitted the following outline of a statement:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay of employees of the police force</td>
<td>1,239,587.29</td>
</tr>
<tr>
<td>Expenditure on material, etc.</td>
<td>70,355.04</td>
</tr>
<tr>
<td>Total</td>
<td>1,309,942.33</td>
</tr>
</tbody>
</table>

The second item is the total of Articles 56, 57, 58, 59, 61, 62 and 63 of the budget. It cannot be regarded as corresponding to head IV of the Model Statement, for in the above articles appears certain expenditure not relating to this head, such as medicines (Article 56), which should appear under head I, sub-head E, and expenditure on forage for horses, which should appear under head II, sub-head F, etc.

E. TABLES ANNEXED TO THE MODEL STATEMENT.

Tables A, B, C, D and E.

These tables have not been supplied.

See note on page 186.
Table F.

There appears to be no expenditure relating to military pensions. As regards officers on the unemployed list (Article 79, "Ejército nacional"), it must above all be decided whether such expenditure is to be regarded as expenditure on national defence or on pensions.

List of Documents.

Communication from the Government of Panama, dated October 8th, 1931 (document C.970.M.533.1931.IX (Conf.D.39)).

Communications from the Government of Panama, dated March 21st and April 6th, 1933, concerning the expenditure of the national police of the Republic during the two-yearly exercice 1931-1933.

Budget for the exercice from March 1st, 1931, to February 28th, 1933 ("Liquidacion general de los presupuestos de rentos y gastos").

Budget for the exercice from January 1st, 1933, to December 31st, 1934 ("Presupuestos de rentos y gastos").

Decree No. 73 of March 11th, 1931, approving the budget for the exercice from March 1st, 1931, to February 28th, 1933.

Law of January 6th, 1933, approving the budget for the exercice from January 1st, 1933, to December 31st, 1934.

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

DARESTE, "Les Constitutions modernes". IV. Amérique.
PERU.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

By June 10th, the Minister of Finance draws up the revenue estimates and informs the other ministerial departments of the amount assigned to each of them from the said revenue. Each ministerial department then draws up a Statement of its estimated expenditure within the limits of the total assigned to it and forwards this to the Ministry of Finance by July 15th. The Chambers of Congress draw up their own budgets and forward them to the Finance Ministry by August 15th. The Minister of Finance co-ordinates the above estimates and prepares the draft general budget.

After discussion and approval by the Council of Ministers, the draft budget is submitted by the Minister of Finance to Congress not later than August 31st, together with an explanatory statement.

2. Discussion and Voting of the Budget.

(a) The legislative power is vested in Congress, which consists of two Chambers, a Chamber of Deputies (Cámara de Diputados) and a Senate (Cámara de Senadores).

The Budget Commission of each Chamber examines the draft budget and introduces such amendments as it deems advisable, subject to the balance between revenue and expenditure being maintained.

The budget is voted chapter by chapter. The general budget is enacted by law. The law consists of the following parts: Part I, Revenue; Part II, Expenditure; Part III, Balance-sheet.

(b) Under the law of the Constitution, if the budget is not adopted by Congress before the beginning of the new financial year, Congress must decide that, until the budget has been definitely voted, either the budget of the previous year (by one-twelfth at a time) or the new draft budget presented by the Government will be put into force provisionally.

(c) Additional credits, whether supplementary or extraordinary, require the sanction of both Chambers of Congress. If the Chambers are in recess, the sanction can be given by the Council of Ministers, provided that such sanction is submitted for the ratification of the Chambers at the next session. Extraordinary credits may be sanctioned only in the event of foreign aggression, internal disturbances, fire, plague or any other public calamity requiring immediate Government action.

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

It is not known if the draft budget is published.

The budget and closed accounts are published.

4. Conditions governing the Expenditure of Credits.

The budget credits limit the amount of the commitments that may be entered into during the budgetary year.

Budgetary credits cannot be carried forward from one year to another. As soon as an exercise is closed, any balance outstanding of credits over payments made during the exercise is automatically cancelled.

If, on the expiry of the additional period of three months following the budgetary year, there are credits in respect of which no commitments have been entered into or any outstanding payments, a detailed report is made to Congress.

5. Division of Expenditure in Budget and Accounts.

(a) Budget estimates are divided into titles (pliegos) relating to each of the Chambers of Congress and the various ministerial departments. The titles are divided into chapters (capítulos) which group related services. Chapters are subdivided into very detailed articles (partidas).

NOTE.—Up to the time when the Committee concluded its work, the text of this summary had not been confirmed by the Government of Peru.
The budget for the Ministry of War includes 23 chapters and 132 articles; that for the Ministry of Marine includes 32 chapters and 116 articles.

(b) The closed accounts are divided into chapters and articles like the budget.

(c) The budget credits must be exclusively applied to the services for which they are provided.

When Congress is in session, transfers between chapters of a title require the preliminary approval of both Chambers. If the Chambers are in recess, these transfers may be effected under the authority of the Council of Ministers, but they must be submitted for the ratification of the Chambers at the next session.

Transfers between the articles of the same chapter may be effected with the authority of the Council of Ministers.

6. Unity of the Budget.

(a) The general budget includes, in principle, the estimated amount of all national defence expenditure. The Committee is unaware whether the general budget of Peru includes expenditure incurred under special laws or decisions.

(b) The budget is drawn up on a basis of gross expenditure.

7. Supervision of the Execution of the Budget.

This supervision is exercised:

(a) By the ministerial Accountancy Services (Dirección de la contabilidad).

These services record the amounts of all contracts and agreements entered into. In the event of such commitments not having been notified to them, they refuse to accept payment vouchers relating thereto.

(b) By the Court of Audit (Tribunal Mayor de Cuentas).

The Committee has no information regarding the composition of the “Tribunal mayor de Cuentas”, the mode of appointment and the independence of its members, or their functions. It is unaware whether this organ intervenes during the execution of the budget or whether it verifies and considers the accounts after the execution of the budget.

This Court does not recognise payment vouchers which were not made out through the intermediary of the Treasury Department and the Accountancy Service.

(c) By Congress.

At the opening of the ordinary sessions of Congress, a Committee is elected, consisting of five Deputies and three Senators, to examine the general accounts of the Republic. The members of the Committee submit a report to their respective Chambers within sixty days.

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 three months, during which commitments entered into during the year may be paid.


No Model Statement has been submitted.

3. Execution of the Budget.

Payment vouchers must indicate payees individually.

All payment vouchers are despatched to the Accountancy Department, which certifies that they are in order. They are then forwarded, together with this certificate, to the Treasury Department, which orders payment by the competent paying office.

No payment other than those relating to certain specific items of expenditure, such as pay, allowances, leases, may be made by any paying office without a ministerial order, signed by the responsible Minister and issued in advance in each case.

See note on page 189.
4. The Accounts.

The closed accounts show expenditure effected during the exercise, as compared with the original and supplementary budget estimates. They contain the same chapters and articles as the budget.

5. Audit and Publication of the Accounts.

The Minister of Finance presents the general accounts, together with an explanatory statement and documents in support, to Congress by August 31st of the year following that to which the budget relates.

The closed account for 1929 was published on July 26th, 1930.

C. EXPENDITURE TO BE INCLUDED IN THE MODEL STATEMENT.


No Model Statement has been furnished, but, in 1931, the Peruvian Government notified an expenditure of 14.4 million soles for the Ministry of War and 6.4 million soles for the Ministry of Marine, which figures included pensions amounting approximately to 980,000 soles.

2. Military Departments.

There are two Ministries of National Defence—viz. (1) the Ministry of War and (2) the Marine and Air Ministry. The Marine and Air Ministry is responsible for all the services and work of the Navy, the National Air Force, including the reserves for these forces, and the Merchant Marine.

3. Civil Departments.

Certain expenditure of relatively small amount included in the budget for the Civil Departments seems to present certain military interest. Thus the 1930 budget provides for expenditure of 63,000 soles for the Casa militar del Presidente (Title I: "Gobierno", Chapter I, Articles 2 to 6) and certain small expenditure connected with the Obras de Defensa (Title VII: "Fomento", Chapter VI, Article 166).

If, in pursuance of the decisions of the Conference, certain expenditure for the Civil Guard, Police or Customs is to be added to the national defence expenditure, this expenditure should be extracted from Chapters X to XV of Title I: "Gobierno" and from Chapter V of Title IV: "Hacienda".

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

E. TABLES ANNEXED TO THE MODEL STATEMENT.

In the absence of a Model Statement, it is not possible to give any information under these heads. In view of the amount of detail shown in the budget and accounts, there is no reason to suppose that special difficulties would be experienced in separating the expenditure on the three forces, or in allocating the expenditure of each force to the various sub-heads of the Model Statement.

Expenditure on pensions is included in the budgets of the Ministries of War and Marine.

List of Documents.

Organic Budget Law (Ley Orgánica de Presupuesto) No. 4598 of 1922.
Closed Accounts for 1929 (Cuenta General de la República).
Budget for 1930 (Presupuesto).
Armaments Year-Book, 1933 (published by the League of Nations).

See note on page 189.
PERSIA.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

The draft budgets prepared by the different Ministerial Departments are centralised by the Ministry of Finance, which examines them and makes up the final draft general budget.

2. Discussion and Voting of the Budget.

(a) The final draft budget is submitted to Parliament. After examination by a Financial Commission, it is submitted to general discussion and voted by Parliament in the fortnight preceding the commencement of the year in which it is to be executed.

The budget is promulgated by an Imperial Decree.

In the event of the budget not being voted at a sufficiently early date, expenditure for one or more months is approved provisionally by Parliament.

(b) The budget is voted annually.

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

The draft budget is not published officially.

After the budget is voted, it is published in the journal of Parliamentary debates.

No closed account was supplied to the Committee. Such accounts are published in the half-yearly reports of the Finance Ministry. The most recent of these reports deals with the 1929-30 financial year.

4. Conditions governing the Expenditure of Credits.

The State accounts show the amount of the cash disbursements effected during the year and the additional period.

Commitments can only be entered into to the extent to which corresponding budgetary provision exists.

Supplementary credits have to be sanctioned in the same way as the budgets.

Credits for one year cannot be carried forward to another year without the special authorisation of Parliament.

The Minister of War is allowed, under certain conditions, to enter into contracts, etc., payment for the execution of which will be chargeable against provision to be made in subsequent budgets.

5. Division of Expenditure in the Budget and Accounts.

(a) The expenditure of each Ministry constitutes a main head of the budget.

There is only one National Defence Ministry (the Ministry of War).

The main heads of the budget are divided into sub-heads.

The divisions of the budget of the Ministry of War are few in number. In the translation of the Budget Law for 1931-32, only three are shown.

(b) The accounts are kept in the same form and with the same details as the budget.

(c) Transfers between the heads or sub-heads of the budget are not authorised.

6. Unity of the Budget.

The greater part of national defence expenditure is shown in the general State budget.

As the general budget normally includes only the amounts necessary for the upkeep of the army and not amounts which would be applied to purchasing or renewing war material, the purchase of such material is regarded as extraordinary expenditure. When considered necessary, Parliament authorises amounts for these purchases of material either to be entered in the general budget or to be drawn from the reserve fund of the State.

1 After this summary had already been drafted, the Persian delegation forwarded a copy of the report issued by the Finance Ministry relating to the year 1929-30 and the operations previously effected.
Certain civil expenditure borne by special funds is not included in the general budget; for instance,

(a) The cost of constructing the Trans-Persian Railway and of operating the sections already open for traffic, as well as the operating costs of the Djulfa-Tabriz Railways;
(b) The maintenance costs of roads and harbours;
(c) The cost of the navigation service on Lake Rezaieh;
(d) Subsidies granted to municipalities;
(e) Subsidies granted to the "Lion and Red Sun" (the equivalent of the Red Cross).

Over and above these credits, the Ministry of War has the disposal of receipts on account of estates, barracks or land belonging to the War Department and sold as being no longer usable and receipts on account of issues made on repayment.

No public or private organisation finances expenditure on the regular army. But, in the case of the formations recruited by the tribes, the tribal chiefs finance the larger portion of the expenditure on the upkeep of their troops and obtain a reduction of taxation in return. This system is gradually disappearing as the new army is being constituted.

A special fund exists for military pensions, which is financed from contributions from individuals, and pension payments from this fund are not shown in the Government accounts. The accounts of this fund are not published.

7. Supervision of the Execution of the Budget.

For the supervision of national defence expenditure, there is a supervisory service under the command of the Controller-General-in-Chief of the Army, who is directly responsible to His Imperial Majesty the Shah.

In carrying out his duties, the Controller-General-in-Chief of the Army is independent of the Ministry of War. It is his duty to audit the accounts of the officials issuing orders for payment and of the paymasters.

The scrutiny and supervision of accounts is normally undertaken by the supervisory service of the Finance Ministry. A Court of Audit is being constituted.

A Finance Committee formed from the Parliament also supervises the proper execution of the budget.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

Like the calendar year, the budgetary year extends from March 21st to March 20th. Down to the budgetary year 1932-33, there was an additional period of three months for liquidating commitments and issuing payment orders and of twelve months for making payments. As from the beginning of the budgetary year 1933-34, the latter period was reduced to three months.

2. Budget and Accounts.

There is only one National Defence Ministry. The expenditure for the land, naval and air forces is not shown separately in the budget and accounts of this Ministry.

3. The Model Statement.

The Model Statement has been prepared on the basis of payment orders issued in the year 1931-32 (not including the additional period). The tables relating to each of the three forces have been filled in.

4. Execution of the Budget.

Generally speaking, credits voted cannot be used without the authorisation of the Finance Minister. The allocation of funds is in the hands of personnel responsible to the Finance Minister.

The Minister for War is, however, independent in the matter of expenditure. He receives a bloc credit and it is officials under him who are responsible for the issuing of orders for payment and the discharging of the State's indebtedness.

The functions of officials issuing orders for payment and accountants are incompatible.

5. The Accounts.

The accounts have not been submitted. They are published in the half-yearly reports of the Finance Ministry.

1 See note on previous page.
C. EXPENDITURE INCLUDED IN THE MODEL STATEMENT.


The relationship between the accounts and the Model Statement is shown by a statement of expenditure submitted by the Persian delegation; but, in the absence of published accounts,\(^1\) it has not been possible to check the accuracy of the Model Statement or to say whether all military expenditure is included in the same.

2. Civil Departments.

Independently of the Ministry of War, expenditure which would appear to relate to national defence is included in the civil budgets of the Finance Ministry and the Ministry of the Interior. Expenditure on the gendarmerie and police is included in the budget of the Ministry of the Interior, but expenditure on police has not been included in the Model Statement; expenditure on Custom guards is included in the budget of the Ministry of Finance.

It is not possible to say whether or to what extent this expenditure should be regarded as expenditure relating to national defence.

3. Special Questions.

(a) There are no autonomous enterprises for the manufacture of arms.

(b) The credit accorded for travelling expenses and emoluments of holders of scholarships from the War Ministry and the credits assigned for the purchase of materials and ships have been made available and expended in pounds sterling. The credits in question were voted in Pahlavis and in pounds sterling and are shown both in the Finance Acts and in the internal accounts in sterling. In order to simplify the Model Statement, these amounts have been converted into krans on the basis of the official exchange rate for the first six months of the year, which was the period when most of the sums in question were expended.\(^2\)

D. DISTRIBUTION OF NATIONAL DEFENCE EXPENDITURE AMONG THE TABLES, HEADS AND SUBHEADS OF THE MODEL STATEMENT.

1. Separation of Expenditure on the Three Forces.

Although there is only one National Defence Ministry (the Ministry for War), and only one budget in which the expenditure for the three forces is not shown separately, the expenditure has been shown in separate tables in the Model Statement for the land, naval and air forces.

This division over separate tables has been made on the basis of internal accounts. In the case of naval and military air force expenditure, in some cases, estimates have had to be resorted to. It should further be remarked that the whole of the expenditure of the central administration is included in the statement for the land forces.\(^3\)

2. Optional Columns.

The optional columns have not been filled in.

3. Division of Expenditure between the Heads and Subheads of the Model Statement.

The same observation applies to the division of expenditure as to the second paragraph of D. 1. In the case of civilian officials and employees employed with the land and air forces, they rank as military and draw the same pay under the same headings as the military personnel; and it was not found possible to show them separately from Subheads A and B. Hence no entries occur under Subhead C.

For reasons already given, it has not been possible to verify from published accounts the figures given under the various subheads of the Model Statement.

4. Head IV.—Separation from Other Heads.

In the case of each of the three forces, expenditure has been allocated to Head IV of the Model Statement.

5. Head IV.—Division between Subheads.

The expenditure under Head IV has been divided between the various subheads.

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\(^1\) See note, page 192.

\(^2\) The Persian delegation points out that, during the whole of this period, the unofficial rate of the pound sterling was about 115 krans, although its value was distinctly greater.

\(^3\) The Persian delegation states that this total expenditure would have been substantially the same if there had been no navy and air force.
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.

The following statement represents amounts outstanding at the end of the budgetary year 1931-32 on account of bloc credits voted in respect of expenditure for more than one year:

1. Balance of the credit voted by the 1310 (1931-32) Budget Law for the purchase of material ........................................ 787,871
2. Carry-over credit voted by the Finance Act of March 17th, 1932, for the purchase of material (£1,500,000) at the current rate of exchange ....................... 135,000,000
3. Balance of credit for the purchase of ships........................................ 12,102,986

Tables D and E.

There are no figures shown against these heads.

Table F.

No expenditure on account of pensions appears in the State accounts.

The Persian army is at present under re-organisation. At the outset of the re-organisation, a certain number of old officers were automatically placed on the retired list by a Finance Act making their pensions a direct charge on the Finance Ministry, like the pensions of retired civilians.

A new law established a special Retiring Pensions Fund for officers and others in the same position. The fund is supplied by a deduction of 5 per cent from the pay of the army. Military pensions, being financed henceforward out of the resources of the fund, are no longer entered in the State accounts (see also A, 6).

List of Documents.


Model Statement with annexed tables (document Conf.D.64(I)).

Budget Law for the financial year 1931-32; French translation of the text of the State Budget Law for the year 1310 (Ganun. Budjeh ieksaleh 1310 Méméhéhti) published in the "Full Text of Parliamentary Debates" (Survt Mächruh Mozakerate Mädjless) for the eighth session (Dovreh Hächtomd Tägminic), eighteenth sitting (Djdlseh Hidjddhom), dated March 18th, 1931 (27 Esfand 1309).

Statement of military expenditure for which payment orders were issued during the year 1931-32 (French).

Additional credits in Laws of September 17th, 1931, February 19th, 1932, and March 17th, 1932; French translation of certain pages of the Official Journal of the Persian Parliament (Survt Mächruh Mozakerate Mädjless), eighth session, fiftieth, seventieth and seventy-sixth sittings, with the Persian original text.

Statement of budgetary credits and extra-budgetary receipts pertaining to national defence expenditure for the year 1931-32 (French).

Document communicated by the Persian delegation after the summary of information had been drafted: Twenty-sixth Report of the Ministry of Finance (Bischchómomin Raporta. Vesarate Malieh.)
PORTUGAL.

A. BUDGETARY SYSTEM.

1. Preparation of the Draft Budget.

A. Home Country.—The draft budgets are prepared by the various Ministerial Departments and submitted to the Intendance-General of the Budget, which is responsible for the technical supervision of the preparation of the budget under powers delegated to it by the Finance Ministry, by which it is directly controlled.

B. Colonies.—The draft colonial budgets are prepared by the Finance Departments in each colony. They are discussed and approved by the Government councils concerned and transmitted, by March 31st of each year, to the Secretariat-General of the Ministry of the Colonies.

2. Discussion and Voting of the Budget.

A. Home Country.—(a) At present the budget is neither discussed nor voted, as the National Assembly has not yet been elected.

(b) National defence expenditure is approved annually.

(c) Expenditure is authorised by the decree-law (budgetary law) by which approval is given to the general State budget.

B. Colonies.—The draft budgets of the colonies are examined by the Supreme Colonial Council and by the various services at the Colonial Ministry, which are required to submit such observations as they may deem appropriate. They are subsequently submitted to the supervisory services at the Colonial Finance Department, which transmits them, after discussion, to the Colonial Minister for approval.

The colonial budgets cannot come into force without the express approval of the Colonial Minister; such approval is embodied in a Ministerial order (portaria).

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

A. Home Country.—The draft budget is not published officially until it has been submitted to the National Assembly for approval.

The budget is officially published in a single volume containing the general State budget, with full details of revenue and expenditure. The detailed budgets of the various Ministries are also published separately.

The decree-law by which approval is given to the general State budget is published in Series I of the Diario do Governo.

The closed accounts are published.

B. Colonies.—The Colonial Minister’s order giving approval to the colonial budgets is published in the Diario do Governo.

The said budgets are published in the supplement to the Bulletin of each colony.

The accounts of the various colonies are published.

4. Conditions governing the Expenditure of Credits.

The budgetary credits represent actual financial provision and are granted for each exercise. Expenditure in respect of which commitments have been entered into in the course of the budgetary year may be liquidated during an additional period of one month and paid in the next fourteen days.

The present summary has been drawn up in the light of:

(a) The particulars supplied by the Portuguese Government in 1932 relating to the situation obtaining at that date;

(b) The replies of the Portuguese Government to the observations of the Technical Committee, which are based on the provisions of the new Constitution adopted on March 19th, 1933.

Under Article 63 of the Constitution approved on March 19th, 1933, "the general State budget shall be drawn up annually and brought into force by the Government in pursuance of the legal provisions in force, and more especially of the authorisation act provided for under point (4) of Article 91 of the Constitution".

Under the provision in question, it will be for the National Assembly "to authorise the Government to collect State revenue and pay public expenditure during the following exercise, while defining in the relevant authorisation act the principles by which the budget is to be governed in respect of that part of the year's expenditure the amount of which is not determined under previous laws".
The carry-forward of credits is not permitted. Any credits remaining unexpended at the end of the additional period are cancelled.

The Portuguese system does not recognise commitment authorisations. Authority to conclude contracts for supplies, the payments in respect of which are to be spread out over a number of years, must be specially granted by decree-law in each individual case.

Unforeseen expenditure or expenditure inadequately provided for is met by opening "special credits". Decrees opening special credits are registered by the Directorate-General of Public Accounts and endorsed by the Court of Audit.

5. Division of Expenditure in Budget and Accounts.

(a) In the budget, expenditure is grouped under a number of subdivisions—viz.:
- Chapters (capitulos);
- Services;
- Categories: (1) Personnel, (2) Material, (3) Service Payments, (4) Various;
- Articles (artigos);
- Items.

The budget of the War Ministry for 1930-31 consisted of eleven chapters (including the chapter relating to expenditure in respect of previous economic years) and 292 articles, while the navy budget consisted of twelve chapters and 286 articles.

The articles were subdivided into numerous items.

The headings under which national defence expenditure is shown are extremely detailed, and the various subdivisions clearly indicate the purpose of the expenditure.

(b) The accounts are drawn up under exactly the same subdivisions as the budgets, and with exactly the same degree of detail.

(c) Transfers between budgets, chapters, services and categories are illegal. Transfers are legal:
1. From one article to another in any category, by decree, provided that the Finance Minister's endorsement is first obtained on application through the Intendance-General of the Budget;
2. From one item to another in the second category (expenditure on material), subject to the same procedure;
3. Between items of the same article in the other categories, by order of the Minister concerned.

6. Unity of the Budget.

(a) The budget comprises all State expenditure, including that of the autonomous services. It also supplies such particulars as are necessary to form an opinion of the financial position of autonomous local authorities (districts, municipalities, parishes) and colonies.

All national defence expenditure is shown in the budget (there are no extra-budgetary resources out of which national defence expenditure can be met).

No public or private bodies, apart from the State and Colonial Administrations, are empowered to finance national defence expenditure.

There are establishments enjoying budgetary autonomy which manufacture material for the military services. Each of these establishments fixes its own annual budget, which is submitted to the Finance Minister for approval.

(b) Expenditure is brought to account on a gross basis.

Receipts in respect of the military tax, exemptions from military service granted to troops of the active army, the sale of scrapped war material, fines imposed on the civil personnel of the War Department, etc., are placed to the credit of the Finance Department as being State receipts.

7. Supervision during the Execution of the Budget.

Such supervision is exercised:

(a) By the Directorate-General of Public Accounts;
(b) By the Intendance-General of the Budget;
(c) By the Court of Audit.

The Directorate-General of Public Accounts, which acts under the Finance Ministry, checks all orders for payment through sections attached to the War and Navy Departments; in so doing, it ascertains that the expenditure has been correctly allocated, that the credits have not been exceeded, that the expenditure is in order, and that payment is made in accordance with the law.

The Intendance-General of the Budget, which is under the immediate and direct control of the Finance Ministry, is responsible for the supervision and technical control of the execution of the budget. It sees that credits are economically employed with a view to obtaining maximum efficiency with a minimum of expenditure.

The Court of Audit endorses all decrees and documents implying advances of any kind whatsoever, together with all decrees opening special credits, before these various papers are submitted to the President of the Republic for signature. It also endorses all documents notifying the appointment, promotion, etc., of officials, together with all contracts for supplies of material and the execution of works.
Sums expended over and above, or independently of, the budgetary credits are deducted from the salaries of the officials responsible. The law, indeed, makes the officials of the public accounts services responsible for all such expenditure, by the very fact of its passing through their hands.

8. Final Audit.

A. Home Country.—The Court of Audit checks and passes judgment upon the general State account. It states its opinion regarding the application of the revenue and expenditure law and of all special finance laws. The Court’s opinion is published in the Official Journal.

The Court of Audit is independent of the Executive. Its members are appointed for life by the Finance Minister and are irremovable.

B. Colonies.—The general accounts of the colonies are judged by the Supreme Colonial Council.

B. IDENTIFICATION OF NATIONAL DEFENCE EXPENDITURE.

1. Budgetary Year.

The budgetary year extends from July 1st to June 30th.

There is an additional period extending to August 14th. Expenditure incurred up to June 30th may be liquidated up to the end of July and paid up to August 14th. The credits relating to expenditure not paid by August 14th are cancelled.

2. Budgets and Accounts.

There are two National Defence Departments: the War Ministry and the Navy Ministry. Air expenditure is included in the budgets of one or other of these departments according as it relates to the land or naval air forces.

3. The Model Statement.

The Model Statement has been completed for the exercise 1930-31. It is based:

(a) On the provisional accounts of the War, Navy, Interior and Finance Ministries; these accounts show the payments actually made and, according to the Portuguese Government, the figures will only differ very slightly from those of the final account;

(b) On the budgets of the different colonies for the year 1930-31, as when the statement was drawn up the accounts showing how these budgets were carried out had not yet been closed. The Portuguese Government states that the differences between total credits and total payments are insignificant.

The expenditure shown in the Model Statement is gross (see under C, 4).

The tables in respect of the three forces have all been completed. Expenditure relating to closed exercises has not been included in the Model Statement.

4. Execution of the Budget.

The various services are authorised to make use of the credits assigned to them in the budget, provided that they do not spend more than one-twelfth of the budgetary provision each month. Commitments may be incurred as follows:

(a) As regards fixed expenditure on personnel, by the inclusion of the amounts concerned in the annual budget;

(b) As regards other fixed expenditure and expenditure on material not exceeding the sum of 500 escudos, by a decision of the head of the service concerned.

All other expenditure can only be incurred under a Ministerial authorisation.

The liquidation of expenditure is carried out by the competent services in the various departments. The documents relative to such liquidation are subsequently transmitted to the section of the general accountancy service which is attached to each Department. After checking the documents thus communicated, the above-mentioned section of the accountancy service authorises the necessary payments.

As soon as the payment has been authorised, the service responsible for the expenditure sends a payment warrant to the general Cash Department of the Treasury (Banco de Portugal) and hands to the creditor the papers which will enable him to obtain payment of the sums due.

With a view to the payment of certain expenditure which it has been impossible to liquidate and pay in the course of the budgetary year during which the commitments were entered into, a special chapter is included in the budget under the title "Expenditure of past financial years", against which all such expenditure must be charged. The total amount of such expenditure is slight; for the 1932-33 budgetary year it amounted to 4,500 escudos.