The Chief Accountant reports that the accounting-work at the end of the financial year was in an excellent position, and this result is largely due to the centralization of the work.

The segregation of the Head Office accounting staff which was forecasted in the last annual report of the Department has been effected, the staff being removed from the various divisional positions and located on the ground floor of the main building. Excellent results have followed from the change.

The ground floor now presents a businesslike appearance, and this result has been achieved without any undue expenditure having been incurred.

The new arrangement has greatly faciliated the performance of the accounting-work. The Divisional Accountants are in close proximity both to the Chief Accountant and to their own staffs.

Inquiries in the many cases of difficulty which constantly occur are thus facilitated.

Report on certain Aspects of the Accounting System.—From the time the Board took office the subject of the relation between the Assets and Claims Registers on the one hand and the ledgers, in which are recorded all receipts and payments in estates, on the other hand has engaged attention.

The "Hunt" Commission which examined the work of the Office in 1912 considered, among other questions, the desirability of incorporating the Assets and Claims Registers with the ledgers, so as to ensure that proper credits and debits would be raised in the ledger accounts at the commencement of the administration of each estate.

The Commission, however, did not recommend the introduction of such a scheme, as it was considered that an enormous number of adjusting entries in the ledgers would be required.

The matter has been discussed at various times by the Board and the accounting officers of the Department, and, as a result of these discussions, it became apparent that there was a considerable divergence of opinion on the subject.

Under these circumstances it was thought desirable that an independent investigation should be made by a qualified accountant conversant with the best commercial methods and practice.

Through the courtesy of the Hon. the Minister of Justice the services of Mr. J. S. Barton, Stipendiary Magistrate at Gisborne, were placed at the disposal of the Board for this purpose.

After a careful examination of the system and consultation with the accounting officers of the Department, Mr. Barton has furnished a report in which he recommends that the Assets and Claims Registers be brought into more intimate relation with the ledgers. The following extract from the report will indicate the general bearing of the recommendation:—

> I am of opinion that the Assets and Claims Register should be linked up more closely with the ledgers. I do not mean that the figures which are recorded should be incorporated in the accounts: a closer physical connection is what is in my mind. I would suggest that the assets and claims pages be printed on a distinctive colour and placed in the same binder as the ledger pages, the assets and claims pages relating to any particular estate being next to the ledger account of that estate. The accounting staff, with the ledger open at any particular estate account, could then on the spot refer also to the information contained in the Assets and Claims Register in relation to that estate. It may, however, still be a separate record from an accounting point of view.
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> I think that the balance of advantage is decidedly with the suggestion that the register should be kept and viewed as a memorandum. I am of opinion, however, that it should be a memorandum the figures of which are capable of being balanced, and, further, that these figures should be balanced monthly by an arithmetical check based on the double-entry principle. This . . . could be easily done with very little increase in the work of the Office; in fact, I think the increase will be barely appreciable.

Steps are now being taken to give effect to Mr. Barton's recommendations.

Committee of Accountants.—In the annual report for 1917–18 reference was made to the constitution of a Committee of Accountants to act in an advisory capacity.

During the past year the Committee has met at regular intervals for the consideration of matters referred to it by the Board and by individual Accountants.