

(b) *Review of Administration of Estates.*—Estates under administration are subject to regular review by a staff of Reviewing Inspectors who are experienced in both administration and accountancy work. The Inspectors investigate and report regarding the management and realization of estate assets, and the general conduct of the work involved in the administration of estates. Special attention is given to new estates, the administration of which requires the utmost care until the policy to be observed is defined. The loans work, which during the year has been transferred to the district offices in furtherance of the scheme of decentralization, is also subject to review by the Inspectors.

Each Reviewing Inspector works a group of District offices so arranged as to ensure the utmost economy in the working of the scheme and to bring about so far as possible an even distribution of the work amongst the Inspectors.

During the year regular visits have been made to all offices, and practically every estate under active administration has been reviewed either by the Reviewing Inspectors or by the Chief Inspector or his Assistant on their special visits. The system of review is most valuable in maintaining a high standard of efficiency, and much constructive work is performed by the Inspectors, whose wide experience is of great assistance in the conduct of the work involved in the administration of the larger and more complicated estates, and in other estates and matters where difficulties arise.

The additional work involved in the investigation of loans matters, together with the ever-increasing volume of new estates business, renders necessary an addition to the staff of the Reviewing Inspectors in the North Island, and a reduction will be made in the territory at present worked by the two existing North Island Inspectors and a further appointment made to assist in the work. During the year an additional Reviewing Inspector was appointed to the South Island, with headquarters at Dunedin.

In the period under review 433 formal reviews were prepared in the larger and more complicated estates, in addition to which the files of 7,662 estates and investments were surveyed.

(c) *Internal Audit.*—The conduct of the internal audit of the Office has been considerably facilitated by the co-ordination in the conduct of this work between the checking officers at the branches, the officers of the Audit Department, the Chief Inspector and his staff, and the Chief Auditor. This co-ordination prevents duplication in the work of inspections and reduces to a minimum the cost of the Office audit. During the year the audit at both the Head Office and at the branches has been well maintained.

The cash at the Head Office and at all branches is checked daily by experienced officers, and the cash is also checked whenever a Reviewing Inspector or an Inspector from Head Office visits the branches. Further independent checks of the cash transactions at all branches controlled by District Public Trustees are conducted at intervals of not more than six months by officers of the Audit Department, who trace all items into the half-yearly balance-sheets, whilst at the four large centres—Auckland, Wellington, Christchurch, and Dunedin—where the transactions are heavy, the Audit Department maintains a practically continuous audit. Cash transactions at all branches under the control of District Managers and at all agencies are audited at half-yearly intervals by the controlling District Public Trustees.

Negotiable securities belonging to estates have been carefully and systematically handled. A detailed check of all securities at each branch is conducted at half-yearly intervals by a responsible officer, and a further independent audit is made once a year by the Chief Inspector or Chief Auditor to ensure that the regulations drafted to safeguard the receipt and custody of negotiable securities are faithfully observed.

An annual check is in force in regard to the securities for investments of the Common Fund. By virtue of section 8 of the Finance Act, 1927, and as a corollary to the decentralization of the loans work, the relative mortgage securities, which hitherto have been held under three keys at the Head Office, have now been forwarded to the branches controlling the mortgage investments, where they are held under two keys. The senior accounting officers attached to the branches