

officers engaged, and maintain proper functioning between Head Office and the branches. During the year seventeen of the nineteen offices under the charge of District Public Trustees and the whole of the twelve offices under the charge of District Managers were inspected either by the Chief Inspector or the Assistant Chief Inspector, and any requisite action arising out of the inspections has been taken.

The agencies which have been established in the smaller centres, and which are conducted by local business men upon a commission basis, are periodically inspected and reported upon by the District Public Trustees controlling the districts in which they are situated.

*Review of Estates and Investment Work.*—In previous reports the advisability of this important work has been dealt with more or less at length. With the development of the very necessary policy of establishing throughout the country self-contained branches where the work can be carried out on the spot, it is recognized that a periodical and searching review of all the estates under administration must be provided. Ever since 1920 there has been in force a system whereby every estate has come under the notice of the Reviewing Inspectors, and the beneficial results obtained demonstrate its value as an aid to the efficient conduct of the administration work. The Reviewing Inspectors are competent and experienced administration officers who conduct their reviews entirely independently of the District Public Trustees and are directly responsible to the Public Trustee. Since the extension of the system of delegation to the Office investment work which was put into effect some time ago, this side of the operations of the Department now also comes under regular and systematic review by the inspectorial staff. There are at present five Reviewing Inspectors, three for the North Island and two for the South Island. The district offices allotted to each Reviewing Inspector are grouped in a manner calculated to minimize the time and cost of travelling. The ever-increasing volume of estates work and the rapid expansion of the investment operations render it necessary to appoint an additional Reviewing Inspector, and this is being arranged.

Regular visits have been made to all the branch offices during the year, and practically every estate under active administration has been reviewed.

*Internal Audit.*—During the year the audit at both the Head Office and the branches has been effectively maintained. At all branches the cash transactions are checked daily by responsible officers, and certificates for submission to the Controller and Auditor-General, covering the cash system, the posting of ledgers and subsidiary registers, and the protection of negotiable securities, are forwarded by all District Public Trustees. An additional independent check of the cash is made by the officers of the inspectorial and the Audit staff immediately upon their arrival at any branch and the cash-book is reconciled with the bank pass-book. At Head Office and at the four largest centres—Auckland, Wellington, Christchurch, and Dunedin—a continuous audit of cash transactions is maintained by Inspectors of the Audit Department, and at the remaining District Public Trustee offices a detailed audit is made at half-yearly intervals by Inspectors of the Audit Department, who vouch all receipts and payments. Should the Audit Department for any reason be unable to carry out the audit of any branch on due date, immediate arrangements for the conduct of the audit are made by the Chief Auditor. Cash transactions at all branches under the charge of District Managers and at all agencies are audited at half-yearly intervals by the controlling District Public Trustees.

In addition to the audit of the cash transactions, a comprehensive inspection of the accounting work at the branches is carried out at approximately yearly intervals. These inspections deal with the accounting-work and system generally, and serve to ensure that the Office regulations for the conduct of the work are being observed and that uniform practices are maintained at the branches. The majority of these inspections are conducted by the Chief Auditor, but on all suitable occasions the Chief Auditor and the Chief Inspector co-operate in the work. During the year sixteen of the nineteen branches controlled by District Public Trustees and ten of the twelve District Manager offices were so inspected.