to withdraw his funds. It is no doubt advisable to encourage the confidence of the Natives in the Native Department, and if it is considered necessary to continue this procedure we suggest, to avoid unnecessary and unduly expensive book-keeping, that a branch of the Post Office Savings-bank be opened in the Native Department's offices at Mulinu'u.

93. We consider that the fees for proceedings before the Land and Titles Commission should be increased in each case to a sum sufficiently high to pay the actual cost of the proceedings. We are told that, speaking generally, the fees received at present are not sufficiently high to cover the cost of preparation of plans alone, and one official's estimate of the minimum cost of a typical case not involving any difficulty, taking into account the long delays that appear to be inevitable, is £10. This is, of course, far in excess of the maximum fee chargeable.

94. The printing and stationery account of the Native Department, which (including the *Savali*, or Native *Gazette*) amounts to approximately £1,000 annually, is far too high, and we recommend it for immediate reduction.

95. The Native Department have recently taken over certain of the officers of the Agricultural Department, now closed, and as the form of departmental organization had not been finally settled we do not feel in a position to comment on this aspect.

96. The full amount of Native fines (75 per cent of which is now retained for village funds) should be paid to Treasury, so as to ensure better control in the case of villages where taxes are not being paid, and refunds should be made by special vouchers payable through the Treasury.

97. A similar rearrangement should be made in the case of dog-taxes.

98. A receipt should be taken from the Pulenuus for all tax receipt-books issued.

99. A preliminary debit statement of taxes due should be prepared for the collection of taxes, and a monthly summary of the position should be forwarded to Apia.

100. The financial arrangements for the supply of water to Native villages are most unsatisfactory. In many cases the water has been put in without any arrangement as to payment, and it will, of course, now be exceedingly difficult to come to terms. Where arrangements have been made they seem, in our opinion, to be inadequate to pay the full cost, which should be made to include cost of maintenance, depreciation, sinking-fund charges, &c. We recommend that the whole subject should be carefully considered by the new Treasurer.

101. The Administration offices in Savaii are regarded as a branch of the Native Department, and consequently our remarks on the organization at Fagamalo may appropriately be made here:—

(*a*) The Post Office Savings-bank books in Savaii are held not by the depositors, but by the office; and deposit-slips, again, are filled in not by the depositors, but by the office. If it is necessary, as is apparently the case, for the books to be held in the office, they should be placed under lock and key in the charge of a responsible officer, and not held by the counter clerk; and in no case should deposit and withdrawal slips be filled in by the counter clerk alone. Where a Native is unable to fill in his own form, the form should be filled in by two officers, one of whom should be a responsible officer.

(*b*) The audit of the books at Fagamalo is insufficient, and we recommend this for the early attention of the new auditor.

(*c*) A more businesslike organization of the office is required.

(*d*) Cases appear to have occurred in Savaii of the payment of salaries to village officials who have not paid their taxes. This, of course, should cease.

(*e*) A proper system of stores accounting, &c., in this Department, as elsewhere, should be put in force immediately.

Public Trust Office and Offical Assignee.

102. This office is a unit of the Treasury; and the loss on the year's working amounted to £221. The office presented an untidy appearance, and the books of accounts were kept in a slovenly and untidy manner. The accounts of estates under administration appeared to be dealt with in a haphazard manner, and statements of accounts submitted for the information of beneficiaries without proper examination by some independent official.

103. As there was no proper system of audit, the necessity for some internal check was very apparent. It is considered that as a preliminary step all payments should be certified by some independent official, and countersigned by an official such as the Treasurer.

104. Generally the work of this office was regarded as unsatisfactory.

105. It came under our notice that an advance of £5,000 has been made to the Administration for general purposes. There seemed to us to be no authority for making such advances—which provides another typical example of the haphazard way in which finances generally have been regarded in the past.

106. The duties of Official Assignee are carried out conjointly with those of Public Trustee. The remarks generally in respect of the Public Trust Office apply equally to this section.

Audit of Accounts.

107. In our opinion the audit of the accounts of the Administration and also of the Reparation Estates is ineffective. An Audit officer from New Zealand annually visits the Territory, but the time allocated for the work does not permit of a complete investigation being made. There exists a system of internal check under the control of the Treasurer, but the work of this official is of little value, embracing as it does a verification of cash only, and in many Departments even this has not been done. Some Departments have not been audited by the Local or Inspecting Auditor.

108. We have recommended under "Finance and Treasury" that a qualified accountant independent of the Administration be appointed to the position of Local Auditor.