

Act, 1927. The Act contains authority for the Board to utilize the services of any Department of State for the purpose of carrying out its duties under the Act, and, in view of the widespread organization which the Public Trustee has built up throughout the Dominion, the Office was chosen for this purpose. The responsibility for the administration of the system remains with the Board, which is a separate entity, and the Office acts only as its agent in the administration of the system.

The chief executive officers of the Board have been chosen from amongst the senior officers of the Public Trust Office, and, in addition, district officers act as branch officers of the Board. The majority of the District Public Trustees are Chairmen of the District Rural Intermediate Credit Boards for their districts, and they also act as directors of the co-operative rural intermediate credit associations operating in their respective districts. By this arrangement is reaped substantial benefit, as the wide experience of the staff of the Office has been available to the Board.

81. When the conditions which have ruled in the farming community during the year are taken into consideration, the operations of the Board must be deemed to have been very successful, and while in some cases it has been necessary to grant concessions to borrowers, owing to the fall in prices of primary produce, the manner in which payments due by borrowers have been met is highly gratifying. From the inception of the system the Board has maintained that it should adopt a conservative attitude when making loans, and that this has been justified has been borne out by the satisfactory position in which the Board's loans are to-day, even though there has been a substantial drop in the value of the securities. There are few cases where any anxiety is felt as to the protection afforded to the Board by the securities held, and careful supervision is being exercised over these by the Branch Officers concerned.

82. Recently the Government decided to make available the sum of £100,000 to assist farmers to obtain fertilizers, and, owing to the efficient organization which the Board has built up with the assistance of the Office, the Board was chosen to administer this fund.

INSPECTIONS AND AUDIT.

83. Under the scheme of decentralization adopted by the Office, the work of the administration of estates and the numerous other duties undertaken by the Office are, subject to the general control of the Public Trustee, carried out by the various branches. To ensure that such a system functions properly, a strict method of internal checks and safeguards must be provided. It has been found that the most effective manner in which to carry out these checks and safeguards, and to ensure that the work is kept at the high standard required, is by means of periodical inspections by officers conversant with all stages of the work. The inspections may be classified thus —

- (a) *General Inspections.*—These deal with such matters as staff, organization, accommodation, and internal arrangements.
- (b) *Review of the Administration of Estates, Trusts, and Investments.*—These matters are subject to regular review by a staff of 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. Special attention is given to new estates, the administration of which requires special care while the policy to be observed is being defined. During the year the files and records relating to 16,195 estates and investments were perused. In addition to their usual duties, the services of the Reviewing Inspectors were availed of during the past year to supervise the opening of certain new branch offices.
- (c) *Internal Audit.*—This work is conducted in co-operation with officers of the Government Audit Department. It covers inspections of accounting matters and systems, and a daily check on the cash at all Branches of the Office.

The inspection and audit work is co-ordinated under the supervision of the Chief Inspector at Wellington.