

- (2.) Advertising, £227 8s. 6d., should be £233 8s. 6d.
- (3.) Valuation fees, £75 6s., should be £76 13s.
- (4.) Commission refunded, £103 4s. 1d., should be £91 18s. 1d.
- (5.) The balance of the Expenses Account is stated in the balance-sheet to be £1,405 3s. 1d. In the detailed statement of the Expenses Account it is stated to be £1,350 3s. 1d. But both accounts should represent the same facts.
- (6.) Lessees under the West Coast Settlement Reserves Act have been charged for cost of revaluation in excess of the sum actually paid by the office.
- (7.) Sums amounting to £704 6s. 1d. are standing in the "Expenses Account," or "Profit and Loss Account," which should have been transferred to the estates to which they belong.

3. Investment Account.—

The values of the following mortgages are wrongly stated:—

- (1.) £2,000 1s. 7d., should be £1,427 19s. 7d.
- (2.) £600, should be £450.
- (3.) £75, should be nil.
- (4.) £1,200, should be £1,100.

The difference in each case has been discharged; but, in the case of (1), although the difference has been discharged, cash has not been received by the office.

4. The Act requires that all investments of money in the Public Trust Office shall be made by authority of the Public Trust Office Board. In two cases moneys have been so invested without reference to the Board: (1) In a deficiency bill, £15,000; (2) in debentures under "The Government Loans to Local Bodies Act, 1886," £15,000. It also appears that, in one case at least, the Public Trustee has lowered the rate of interest fixed by the Board on a loan on mortgage of real property without consulting the Board.

5. The West Coast Settlement Reserves Account is shown to be overdrawn. It only appears so from the neglect to transfer to the respective grants moneys standing to the credit of the *globo* account under the head of "Special Deposits," notwithstanding that the attention of the Trust Office was specially called to the matter.

6. The ledger account of one estate was rightly credited with the sum of £2 10s. The sum has been altered, to make it agree with an erroneous entry in another account, to 2s. 10d. The estate is therefore deficient by £2 7s. 2d.

7. The regulations require two Investment Accounts to be kept, one of the "common fund," the other of the investments on account of particular estates. This direction is not obeyed. There is only one Investment Account, as shown in the balance-sheet.

8. There is no general statement kept, showing the total of the interest payable to the office annually; nor a similar statement showing the total of rentals so payable.

9. In my report last year (Parliamentary Paper B.-9, 1893) I said, "I feel it my duty to call attention to the fact that the system of book-keeping in the Trust Office under the present management throws a considerable amount of additional labour on the Audit examiner, as well as on the staff of the Trust Office itself, arising from the fact that loose unnumbered sheets of 'statements of lodgments' are substituted for the ordinary cash-book in use in commercial institutions; and, notwithstanding that the labour of preparing such statements is imposed on the staff of the Post Office, there has been no saving in the work or in the cost of the Trust Office itself. The increase in the value of properties coming into the Trust Office has been much less in 1892 than in some former years, whilst the staff employed in the office is larger, and the cost is not less than in former years."

To the above remarks the Trustee thought proper to reply, "The system of accounts now entails on the Public Trust Office examiner and officials *only a fraction of the labour of old methods*. The saving of work and expense in accounting is too obvious for discussion: it is incredible that such is not Audit experience."

The following table, compiled from the reports presented to Parliament annually, is sufficient evidence of how little the statements made by the Public Trustee can be relied on:—

A RETURN showing the Business done, the Cost, and the Numbers of the Staff employed in the Public Trust Office during the Last Three Years of the late Management and the First Three Years of the present Management.

Year.	Cash.	Investments.	Total.	Expenses.	No. of Staff.	Ratio of Expenses to Total.
	£	£	£	£		
1888	14,234	366,886	381,140	8,770	21	2·3
1889	462,782	463,746	9,299	20	2
1890	14,966	478,595	493,861	8,756	21	1·77
1891	17,920	505,349	523,270	9,257	23	1·76
1892	15,961	551,101	567,061	10,448	23	1·84
1893	21,326	594,338	615,664	13,417	27	2·18

Thus it appears that the cost of the office, and the number of hands employed, have increased, notwithstanding that the labour imposed on the officials is "*only a fraction of the labour of old methods*," and that the "*saving of work and expense in accounting is too obvious for discussion*."