

The WITNESS: Yes, it is our duty to follow all expenditures through, but to us there is nothing magic about March 31st. It is just the end of the year. As I said, our audit is a continuing thing, but for the purpose of reports, a certain date is desirable and in the case of government accounts the deadline is March 31st, the end of the fiscal year. However, that does not change our activity with respect to the audit of expenditures, the proper audit of property accounts and so on.

Mr. FLEMING: I take it then that as to these cases where you have payments charged before the services were performed, you study the account after March 31st and you do find out that in fact these services were performed.

The WITNESS: I thought you were referring to this paragraph. I do not know just to what you have reference.

The CHAIRMAN: I do not think we should go into that at this time.

Mr. FLEMING: But we are dealing with that in connection with this paragraph.

The CHAIRMAN: Just a moment. Might I say this, we are not entering into a discussion of the report at this moment but just paragraph two of the memorandum which is before us. I do not think we should ask the witness to go outside of the memorandum to discuss sections of the report at this time. We will come back to the report later on.

Mr. FLEMING: But, Mr. Chairman, this is the first item of section two, or paragraph two as you call it. Is not that what you are referring to?

The CHAIRMAN: I am referring to paragraph two of this memorandum.

Mr. FLEMING: This is an important matter. I understand—

The CHAIRMAN: Even so, you are referring to an item in the report of the auditor-general which we will discuss later on. At the moment we are dealing with the contents of paragraph two—or perhaps I should say section two—of the memorandum which Mr. Sellar has put before the committee this morning. I would like to see our discussion limited to the subject matter of the memorandum itself.

Mr. FLEMING: Very well, Mr. Chairman, I hope you do not misunderstand me. I was referring to paragraph two, and to the related section in the report.

Mr. CRUICKSHANK: Speak up so we can hear you, please.

The CHAIRMAN: Yes, I think we should speak louder.

Mr. FLEMING: Mr. Chairman, I thought I was being courteous.

The CHAIRMAN: That will explain to you why I chose a much smaller room for our earlier meeting. While we have much improved lighting and space in this room we have much worse acoustics.

Mr. FLEMING: I would like to ask Mr. Sellar this—this is pertinent to the section under discussion—he is talking here about lapses in appropriations, and then steps apparently were taken with a view to preventing the lapse of appropriations by making commitments in anticipation of such lapses of appropriations.

Mr. SINCLAIR: What are you discussing now, is it paragraph 2 of the memorandum?

Mr. FLEMING: I am referring directly to this paragraph 2, or section 2 of the memorandum. It states here specifically, "about \$245,000,000 lapsed unused". And he goes on, "many lapsings stem from decisions to postpone work because of scarcity of labour and materials", and so on.

Mr. SINCLAIR: What you are referring to now is referred to in the report of the Auditor General. We are not discussing the report of the Auditor General yet.

The CHAIRMAN: That is the point I have tried to make.