

A register in which all accounts and documents, as they come in, are entered, and the times when they are given to, and returned by the Examiners are noted.

Books for each Examiner in which the appropriation statements of the different accountants are entered with all the remarks which the examination has called forth with regard to the various items, whether as to a doubt of the connection with the appropriation, the insufficiency of the departmental authority, the want of evidence of payment or any other apparent defect.

In the Examiner's books, the explanations of the accountants in reply to queries are also noted.

J. L. McDOUGALL,

Auditor-General.

AUDIT OFFICE,
1st October, 1878.

Much time was expended, shortly after the inauguration of the Audit system in the examination of the election accounts. The late Hon. John Simpson, Assistant Auditor, who had taken exclusive charge of the examination of election accounts, died a few days after the general election, and the undersigned was obliged to put a large part of the Audit staff to the work of examining and disposing of the accounts without their having had any previous training.

It was therefore late in the financial year, indeed about the end of March, before anything like a fair beginning could be made in the audit of the ordinary expenditure of the Government. There are appended letters written to the Treasury Board with reference to expenditure made of Canadian moneys in the hands of English bankers.

(Copy.)

AUDIT OFFICE,
OTTAWA, 8th December, 1879.

SIR,—I have the honour to draw attention to Sec. 22 of the Audit Act, and to state that, although the Dominion Notes are being regularly cancelled, I have not received any intimation of the receipt of the other securities mentioned in that section.

I should like to receive as long notice as you can give of the time when you will be prepared to have the necessary assistance from your Department given to the work of cancellation of the other securities, so that I may be able to put a person to the work with as little derangement of the general duties of the office as possible.

I have the honour to be, sir,

Your obedient servant,

J. L. McDOUGALL,

Auditor-General.

J. M. COURTNEY, Esq.,
Deputy Minister of Finance,
&c., &c., &c.

OTTAWA, 12th December, 1879.

SIR,—I am in receipt of your letter of the 8th instant, on the subject of the destruction and cancellation of matured securities; and in reply thereto, I have to state that, on my assumption of office, I found that the marking off of coupons and matured debt belonged to the old Receiver-General's Department, and that, for some