

deviations were made before it was fully felt how important it is, apart from the legal aspect of the case, to make the accounts of the year include exactly the payments of the year without any reference to the time when the liabilities were incurred.

Owing to the late Auditor-General having been also Deputy Minister of Finance, there has been some inconvenience in the different departments and with accountants, through their not knowing the duties which, under the new system, devolved upon the Finance department, and those which should be performed in the Audit office. The inconvenience is, however, only of a temporary character, and will become less and less, as those who have frequent occasion to refer to one or other department will soon learn to determine the principles which underlie the working of the two offices.

The undersigned, shortly after entering upon his duties, addressed a circular of which the following is a copy, to the different departments and individuals entrusted with the expenditure of public money :

AUDIT OFFICE,

OTTAWA, 21st August, 1878.

(Copy.)

SIR,—I have to call your attention to the following sections of chapter 7, of last session, viz.: 30, 33, 37, 40 and 41, which apply more particularly to your connection with this office.

You will observe that by section 30, besides the statement for the Minister of Finance of monies drawn under credits, a similar statement is to be made for me.

With each monthly statement you will send to me the cheques which have come in from the banks.

Section 33 requires that I obtain from you the substance of all contracts.

There seems no ground for difference of opinion with reference to the other sections.

I have the honor to be, Sir,

Your obedient servant,

(Signed) J. L. McDOUGALL,

*Auditor-General.*

The following communication was received from the Accountant of the House of Commons :

(Copy.)

HOUSE OF COMMONS,

OTTAWA, 29th August, 1878.

SIR,—In answer to your circular of the 21st instant, I would draw your attention to the 4th clause of 31 Vic., cap. 27, which provides that all sums of money voted by Parliament for contingencies or under the Members' Indemnity Act shall be paid over to and held by the Minister of Finance, subject to the Order of the Commissioners for the Internal Economy of the House of Commons, and shall be paid to them or their order from time to time in such sums as they may deem requisite. (*Please observe, these sums are not paid to me by the Minister of Finance, but to the Commissioners.*) Sec. 5 provides that the sums above mentioned shall be paid according to the directions