

cases for a lengthy period was that there had been protracted correspondence with suppliers before we got the necessary proof of delivery.

I mentioned to Mr. Harkness, sir, that a change has been made. Arrangements have now been made that no cheques will be requested from the treasury office unless the invoice and proof of delivery before March 31 to a common carrier have been received. We will not now ask for cheques until we have the evidence.

By Mr. Applewhaite:

Q. Does that mean that no cheques are going to be asked for and that you are not going to immediately pay the suppliers?—A. We will now require that we have the bill of lading or the receipted certificate of delivery before we ask for the cheque. What we had done hitherto was, in cases where we knew the items had been identified at the factory or had good reason to think they had been delivered to a common carrier, on the statement of that we would ask for the cheque if it was toward the end of the fiscal year but we would not release the cheque until we had the evidence. Now we will have the evidence first and then ask for the cheque.

By the Chairman:

Q. And if you do not get the evidence in time there will be no payment?—A. We will have to pay the amount elapsed out of the following year's funds. This new procedure will make a good deal of extra work in following up orders to make sure invoices and bills of lading, and so forth, are received quickly. It will also mean that in many cases this evidence will not be received before April 30, and payment will have to be made from the next year's funds, to the detriment of the new year's program.

Arrangements have also been made at a cost of about \$2,000 to provide warehousing space at Montreal where certain supplies purchased from 1955-56 funds can be held pending onward transmission. We are doing this in an effort to reduce cases where we accept delivery at factories. Only in the most urgent circumstances will goods be accepted at the factory in future and in those cases the purchase orders will be amended to give the f.o.b. point as at the factory, so we can take delivery and give payment at the factory.

We believe that nothing has been done that was not in keeping with the spirit and purpose of parliamentary appropriations. We had the concurrence of the treasury office in all transactions and no regulations existing at the time were contravened. We are of the view that difficulties can arise through the holding of cheques for a lengthy period, and that practice has been amended.

I think that that covers the general points which I wished to make in explanation of this.

Q. There is one point which I think you might explain in more detail; that is an explanation of section 29 of the Financial Administration Act in connection with obtaining authority from the treasury board.—A. Would you like me to read the section?

Q. It would be a good idea. Would you also explain to the committee how it applies?—A. Section 29 of the Financial Administration Act reads as follows:

At the commencement of each fiscal year or at such other times as the treasury board may direct, the deputy head or other officer charged with the administration of a service for which there is an appropriation by parliament or an item included in estimates then before the House of Commons shall prepare and submit to the treasury board through the comptroller a division of such appropriation or item into allotments in the form detailed in the estimates submitted to parliament for such appropriation or item, or in such other form as the board may prescribe, and when approved by the board the allotments shall not be varied or