

- (2) The acceptance by Cabinet of the responsibility of preparing this statement, of formulating estimates of future expenditure and of devising expedients for raising funds to meet these expenditures, all of which it submits to Parliament.
- (3) The acceptance by Parliament of the responsibility of receiving these statements and plans and of scrutinizing and appraising them.
- (4) The acceptance by both Cabinet and Parliament of the doctrine that approval by Parliament in no way diminishes the responsibility of the Cabinet, either for the proposals originally submitted or for any modification in these proposals which may be made after discussion.
- (5) A combination of rigid control over major appropriation items with a degree of flexibility in matters of supporting details and the power to abstain from making any authorized expenditure if the Cabinet should consider such abstention desirable.
- (6) As an aid to the foregoing and as insurance that the wishes of both Cabinet and Parliament will be carried out, there must be adequate administrative machinery, and the presentation of material in such a way that the House of Commons can deal with it intelligently. The House has its own auditor, the Auditor General, and its own auditing machinery, primarily the Standing Committee on Public Accounts.

Fundamental Principles

The basic principles of this system are, therefore, that no tax shall be imposed and no money spent without the authority of Parliament and that expenditures shall be made only for the purposes authorized by Parliament. Along with Parliament, Cabinet is, however, also an integral part of the financial decision-making process, in that it determines the general magnitude of expenditures when it establishes policy in the various fields of government activity. While, in practice, Ministers exercise their collective responsibility for policy in Cabinet, most of the detailed supervision and co-ordination of expenditures is delegated to the Treasury Board. It has the important function of rationalizing the requirements of all departments and fitting them into the budgetary picture as a whole. In consultation with the departments, it indicates to them the overall expenditure policy of the Government and what the Government considers the nation can put into particular activities at any given time. The burden of determining priorities at this planning stage rests primarily upon the individual department, where it properly belongs, since Ministers and officials are in the best position to compare the importance of one activity with another within the sphere of responsibilities of any particular department. But within the framework of the general policy conclusions of the Cabinet, the Treasury Board is responsible for co-ordinating and establishing priorities among the many competing expenditure programs and activities of the various departments. From its central position, the Board must ensure that the proposals of departments are consistent with each other