

estimates is then published and presented to the House, generally in January. As you know, they are then called for discussion under the Supply motions and are debated in the House, or referred to committee for study.

I will ask Mr. Henderson to carry on from there about the audit.

Mr. A. M. Henderson (Auditor General of Canada): Mr. Neveu, it might be helpful if you look at the blue book of Estimates which the government has tabled.

As you know, when the government asks for supply it is usually for a percentage to carry them over a given period. If, when Parliament dissolves, and no supply has been voted the only recourse is to go to the Governor General with these special warrants. The government then prepares them and invites the Governor General to approve.

Our Financial Administration Act is very specific about this in Section 28, the text of which, on Governor General's warrants, is given to you at the beginning of this paragraph.

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As we discussed last Tuesday, it has been more or less the practice, and it is quite reasonable for the executive of the government, the Treasury Board, when they want money for the next 30 days—it is usually a month—to take approximately one-twelfth of what is in the estimates in the blue book. I am over-simplifying this. However, the expenditures that they take to the Governor General must conform to section 28. In other words, they must be urgent expenditures. The wording is: only expenditures payment of which is "urgently required for the public good".

We discussed this matter at such length in the Committee as recently as a couple of years ago that the Treasury Board this time, as I say at the top of page 18, took particular trouble to instruct all departments to make abundantly sure that their expenditures were in accordance with section 28 and gave them guidelines for determining it. However, notwithstanding the best intention in the world, a lot of payments still got through; the urgency of which, in my opinion, was open to question. I give examples of these.

You are completely right when you say that the criteria of what is urgently required are difficult to define were the Secretary of the Treasury Board present I am sure he would support that completely, because they have

had a great deal of trouble in determining this.

The Chairman: We covered this the other day, Mr. Neveu. We are going to have Treasury Board here to discuss this matter. At that time you will have an opportunity for further review.

Mr. Winch?

Mr. Winch: Mr. Chairman, I wish to ask Mr. Henderson a question about paragraph 61.

I believe a very important matter is raised here. Mr. Henderson tells us of something which I can only conclude amounts to misappropriation of funds. He states that two employees believed to have been concerned with the handling of funds left the service shortly afterwards, and the Department was unable to trace them. He then states that the Department had Treasury Board authority to make certain payments, which I believe concern what I call misappropriation of funds. I think the entire picture presented in paragraph 61 is most unfortunate. I would like to hear from Mr. Henderson what the exact situation was; whether it actually did concern misappropriation of funds; whether, as Auditor, he found that any endeavour had been made to trace those who were responsible; and whether a criminal charge was involved?

The Chairman: Mr. Henderson.

Mr. Henderson: Mr. Winch, this was primarily a question of establishing the facts. In the course of our work, when my officers have occasion to go abroad, they can include visits to some of our foreign posts; we do so and make an on-the-spot investigation. This was the result of just such a visit. It was found that there were...

Mr. Winch: Would you mind telling us where this was? You do not mention that.

Mr. Henderson: We do not usually mention the location of posts or the names of individuals, Mr. Winch. If the Committee wish the information I naturally give it, but I follow the practice of omitting it unless there is some compelling reason.

The Chairman: I do not think it would be advisable to ask for names in this instance, but I can see no harm in knowing the post.

Mr. Winch: I would like to know the name of the post.