

The CHAIRMAN: Before you go on, you mentioned the letter of May 14, 1952, from the office of the Comptroller of the Treasury. I think it would be a good thing if you put it on the record at this point.

The WITNESS: Would you like me to read it?

The CHAIRMAN: Yes, please.

The WITNESS:

Col. F. H. Collins,
Chief Treasury Officer,
Dept. of Resources and Development,
Ottawa.

*Payment for materials shipped to
points in the Northwest Territories.*

In reply to your letter of 2nd May, it is confirmed that it will be in order for you to pay suppliers' invoices covering materials shipped to places in the Northwest Territories on the strength of bills of lading or other like documentary evidence establishing proof of delivery to a common carrier.

You will understand, of course, that the accounts must also be certified as to price, as required by the Financial Administration Act.

(Sgd.) J. O. Hodgkin,
Asst. Comptroller of the Treasury.

Ottawa,
May 14, 1952.

By Mr. Harkness:

Q. Before you go on, what about the \$8,660 worth of cheques which were still being held at the time of the audit in August?—A. Mr. Chairman, I think if I could continue that will be dealt with.

The Auditor General has also commented on the question of drawing cheques and then holding them for lengthy periods. It should be emphasized that in no case was payment made for any goods that had not either been accepted at factory before March 31 or delivered to a common carrier before March 31. We are of the view that the holding of cheques for long periods is not good accounting practice and new arrangements have now been made. To the best of our knowledge there is no specific regulation against this practice. We think, since the Auditor General has pointed it out, that it is not a good practice and we are discontinuing it. I can explain to you the circumstances under which it was done.

The CHAIRMAN: At the time you did it it was not forbidden?

The WITNESS: Even now it is not forbidden. The cheques were drawn in the month of April, 1955, totalling \$115,862.59 against 1954-55 funds to cover items accepted at factories, or that we had good reason to expect had been delivered to common carriers before March 31. As it turned out, proof of delivery before March 31 was furnished to cover all but \$1,043.86 of this amount and seven cheques totalling \$1,043.86 were cancelled in September of 1955, by which time it had been ascertained that delivery of the items concerned had been made to the common carriers after March 31.

Of the total amount, cheques valued at \$64,157.44 were released in May, \$40,721.48 in June, and the remaining \$9,939.81 were released over the period from July to September as evidence was received. The suppliers, in some cases, did not seem to appreciate that it had to be proof of delivery on or before March 31, 1955, and the reason that the cheques were held in some