

**Mr. Long:** The Auditor General's audit is a test audit. He does not see all payments, and he did not see these at the time they came in.

**Mr. McLean (Charlotte):** Would it not be simple to recommend that the embassies do a little double entry bookkeeping?

**Mr. Long:** They do, there is nothing wrong...

**Mr. McLean (Charlotte):** I cannot see that they do. I cannot see how they can do double entry bookkeeping and have these cash payments and no receipts, and all this sort of thing. I think it is just sloppy.

**Mr. Long:** An invoice came in as having been paid. It had signatures on it which were accepted as acknowledgment of payment. It turned out these were not an acknowledgment of payment.

**Mr. McLean (Charlotte):** Who said it was paid? Did the bookkeeper at the embassy say it had been paid? Did the Ambassador say it had been paid?

**Mr. Long:** The embassy people and the Ambassador, who would have to take the responsibility, sent it in as a paid voucher and they were then reimbursed...

**Mr. McLean (Charlotte):** Then why did the Ambassador not make good if he said it was all right and the bill had been paid? If I were the head of a company and I verified a bill and said it had been paid when it had not, I would expect to pay it myself. It seems to me there was sloppy bookkeeping done there.

**Mr. Henderson:** No doubt there is room for improvement, and that is one of the reasons we feel...

**Mr. McLean (Charlotte):** I think there should be a recommendation that the embassy keep some books and keep them right.

**Mr. Henderson:** In my opinion the soundest recommendation, and one which I hope would commend itself to the Committee, is that...

**Mr. McLean (Charlotte):** You may go out and spot check again and get another one.

**Mr. Tucker:** Apparently, Mr. Chairman, there is not very much we can do about this now, but can we not take steps to prevent the recurrence of a similar situation?

**The Chairman:** Mr. Henderson is going to speak about that just as soon as Mr. Stafford

has asked a question. We will then ask Mr. Henderson to move on to the next subject.

Mr. Stafford, you may proceed.

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**Mr. Stafford:** I have two or three questions.

The Embassy officials did think they had a receipt; is that not correct?

**Mr. Henderson:** As Mr. Long explained, yes.

**Mr. Stafford:** And were all the other receipts that came in marked "paid"? Did you check those to see if this receipt was different?

**Mr. Henderson:** I take it we would do that Mr. Stokes?

**Mr. Stafford:** But did you do it? Was this receipt marked differently from the others?

**Mr. Henderson:** From the same company. I think one of the reasons for our picking Yugoslavia is because you had not included it in your headquarters work, as Mr. Long was saying.

**Mr. Stokes:** Our reason for selecting Belgrade was that the transportation company had submitted a statement claiming payment of these accounts.

**Mr. Stafford:** That was to be my next question. Therefore, your spot-check was only successful because the transportation company had asked for the second time for payment? I take it that whether you had made the spot-check or not the department would have been just as aware of the fact that this payment had been asked for?

**Mr. Henderson:** Oh, yes, I am sure they would have.

**Mr. Stafford:** So that this is really hindsight rather than foresight. Any checks on balances such as you have mentioned would not obviate any such dishonesty in the future?

**Mr. Henderson:** It would go a long way to curing it, if I may say so, if someone was going around and looking at the operation of the procedures, reconciling the bank accounts on the spot and doing the usual job that a travelling internal auditor customarily does.

**Mr. Stafford:** Relative to that, if, on the second request for payment, this account would be just as obvious to the department as