

AUDIT

Section 85(1) of the *Financial Administration Act* exempts the National Arts Centre (and the Canada Council, the CBC and Telefilm Canada) from the provisions of Part X of the Act which deal with Crown corporations. These provisions establish the rules and regulations governing, among others, directives by the Governor in Council, the transactions requiring Governor in Council authorization, the appointment and remuneration of directors and officers, the power of the Governor in Council to make regulations prescribing the form or the content of by-laws, the power of the Treasury Board to make regulations prescribing the form in which corporate plans, operating and capital budgets and summaries shall be prepared, the tabling and reference to a committee of Parliament of a summary of these plans and budgets, the power of the Governor in Council to require the corporation's auditor to prepare reports other than the annual auditor's report, the power of the Treasury Board to prescribe the information to be included in annual reports and the obligation of Crown corporations to provide the Treasury Board or the Minister with such accounts, budgets, returns, statements, documents, records, books, reports or other information as the Board or Minister may require.

Part X of the Act also provides for a special examination to be carried out at least once every five years. The special examination's object is to determine if financial and management control and information systems and management practices are maintained in a manner that provides reasonable assurance that they meet certain requirements. Section 131(2)(a) and (c) of the Act outlines these requirements:

- (a) that the assets of the corporation and each subsidiary are safeguarded and controlled;
- (c) that the financial, human and physical resources of the corporation and each subsidiary are managed economically and efficiently and the operations of the corporation and each subsidiary are carried out effectively.

The National Arts Centre is exempted from all these provisions, including the quinquennial special examination, unless the Centre, through its Board of Trustees, requires otherwise. The "comprehensive audit" carried out by the Auditor General in 1986 was undertaken at the request of the then Board of Trustees. In view of the above, and of the many questions which have surfaced over the past few years, it is a strong recommendation of the Committee that the Board of Trustees request another special examination by the Auditor General of Canada. As the report on the Auditor's findings is submitted to the Board of Trustees, as required by the Act, the Board should make it public as it did previously.