

It will be recollected that in making up the Civil Government Expenditure last year (1876-77) it was found that Mr. Ross had made no payments for the petty contingencies of the Public Works Department, and on examination it was discovered that Mr. Harper had paid these petty contingencies for two years and had made no application for a refund. (See the Public Accounts of 1874-75.) In the Civil Government Contingencies there is an amount of over \$700 paid to Mr. Harper, being petty contingencies paid by him for two years and four months.

The total amount of cash passing through Mr. Harper's hands during the year is about \$300,000.

I do not wish for one moment to let it be supposed that I have the slightest suspicion of Mr. Harper. I believe him to be scrupulously honest, but at the same time I think the system under which he is at present working is bad and ought to be changed.

I propose that the present year's accounts be wound up as speedily as possible, and that, if after the 1st proximo any payments are to be made for the present year's service, the present account shall be used and allowed to be gradually wound up.

From the 1st proximo and for the services of the year 1878-79, and for future years, I propose that Mr. Harper be placed under the credit system, *i.e.*, a credit for say \$15,000 should be opened at the Bank of Montreal; that the cheques (consecutively numbered and marked "Drawn against Credit Account") should be debited to this account; that fortnightly schedules should be made out of all cheques drawn against these credits, and these schedules and the cheques paid and the charge sheet should be rendered at present to the Finance Department, and subsequently, as directed by Sec. 30 of the Audit Act, in the way therein provided. The Bank would then be recouped for cheques drawn. I am not certain but that it would be better if the cheques were countersigned by the Accountant for the Deputy Minister of Public Works, but that would be for the Department to settle.

(Signed,)

J. M. COURTNEY,

*Deputy Minister of Finance.*

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*EXTRACT from the minutes of a meeting of the Treasury Board, held at Ottawa on the Seventh day of October, 1878.*

The Board have had under further consideration the memorandum from the Auditor-General upon the subject of the payments by Mr. Harper, Paymaster, Public Works Department; and looking at the fact that Mr. Harper's account is reported by the bank to be overdrawn to the extent of \$6,500, the Board approve the report and direct that it be acted upon.

W. REGINALD BAKER,

*for the Secretary.*

The Auditor-General.

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OTTAWA, Dec. 3, 1878.

DEAR SIR,—You will find enclosed herewith a minute of the Hon. the Treasury Board and memoranda of the Deputy-Minister of Finance and myself, on which that minute was based.

Mr. Bradley, with whom I have had some conversation on the subject during your recent absence, can explain the reason for my not conforming, at the request of your deputy, with the exact requirements of the minute above mentioned.