

65. The Committee noted that the Auditor General had not been consulted concerning the employment of the management consultants, nor had he seen their report dated December 16, 1959, in its entirety until May 31, 1960.

66. The Committee recommends:

- (a) that since the report clearly disclosed areas where improvements could be made and savings effected, the President of the Corporation and the management consultants should meet with the Auditor General to determine the validity of the various recommendations and to implement those recommendations decided upon, without further reference to the management consultants retained unless absolutely necessary, and that the Auditor General report to the Committee next year on the results achieved;
- (b) that any government department or corporation considering employing management consultants in future should consult with the Auditor General as to the proposed employment and terms of reference so that provision may be made for the consultants to work in cooperation with the Auditor General in his capacity as the auditor of the government department or corporation concerned.

Future of the Corporation

67. The Committee recommends that consideration be given by the government as to whether the function of disposing of surplus Crown assets could be more efficiently performed by a division of the Department of Defence Production.

V—The Canada Council

68. The Auditor General made a statement to your Committee regarding his examination of the accounts of the Canada Council for the year ended March 31, 1959, and describing the scope of the audit.

69. The Committee heard evidence given by the Director and other officers of the Council regarding its responsibilities, aims and operations, particularly the awarding of various classes of grants from the Endowment Fund, and the investment policy of the Council. An outline was also received from the Vice-President of the National Commission for UNESCO, regarding the purposes and work of the commission, whose secretariat is provided by the Council.

70. The Committee received a report from its special subcommittee appointed to consider the question of the Committee's powers to elicit information from the officials of the Canada Council. In the Minutes of Proceedings and Evidence No. 6, at page 146, this report, given by the Vice-Chairman, reads as follows:

At the May 4 meeting of the Standing Committee on Public Accounts it was agreed that a subcommittee be appointed by the Chairman and Vice-Chairman to consider the question of the relationship between the Committee and the Canada Council and, in particular, the scope of the Committee's examination of the council's operations. This subcommittee was composed of Messrs. Fisher, Benidickson, Robichaud, Morton, Morissette, Bell (*Carleton*) and myself. Your subcommittee engaged Dr. Ollivier, the parliamentary counsel, and obtained his opinion on various aspects of the matter.

Members will recall that Dr. Trueman made reference to two statements of Prime Minister Diefenbaker made in the House of Commons in reply to questions asked by Mr. Fisher. The statements appear at page 134 of the proceedings of this committee and the questions asked