

receipt could have been obtained from this transportation company. There were signatures on the invoice which were thought by our people to be an acknowledgment of payment. The transportation company said they were only a certification of the correctness of the invoice. We had what we thought was a receipt, but we were too easy in accepting that.

Mr. Forbes: I think when we are doing business with these foreign countries they should at least meet us part way with our system, because our employees do not appear to be as honest as theirs.

Mr. Long: You are dealing with individuals and if you want a man in that country to do something, he is just not interested in doing it unless you pay him the way he wants to be paid. That did not apply in this case because a government corporation was involved. This money could have been taken by one of their employees; it could have been taken by one of our employees; it could have been fifty-fifty. Or, they may have been paid and credited it to the wrong place; they may have made an honest mistake.

Mr. Lefebvre: This is just what I wanted to bring up, Mr. Long. In this statement the onus is on our employees. Are we satisfied that the employees of the transportation company are more honest than our own? How do we know, as you stated, that it was not taken by the employees of this transportation company? If this were transacted in cash, one of their own employees might have done it or, as Mr. Bigg said it could have been fifty-fifty. We still do not know, but in the statement the onus is on our employees.

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Mr. Long: Mr. Lefebvre, the main reason we do not know and could not find out is that it took so long for this to come to light. If our employees had seen to it that they had a proper receipt there would not have been any problem. Our employees in the embassy should have known long before this came to light that these bills, according to the company, in fact were not paid. If this had come to light before our three employees left the embassy and before everybody's memory had become dim it probably could have been settled who got the money, but too much time elapsed before it came to light.

Mr. Lefebvre: Yes, but the question in my mind is that we are not sure if our employees are more dishonest than the transportation company's employees.

Mr. Long: No.

Mr. Lefebvre: But this statement leaves the impression that we do not doubt the transportation company employees, only our own, which I think is the wrong impression.

The Chairman: Thank you, Mr. Lefebvre. Mr. Winch and then Mr. McLean.

Mr. Winch: Mr. Chairman, there is one final question I would like to ask. I understand, Mr. Henderson, because of your staff limitations you can only make a spot check of our embassies abroad. In view of the fact that a few years ago it came to our attention that a major defalcation or theft occurred in one embassy, and now some four or five years later this case has come to light because of your spot check, the evidence can only be that there has been defalcation or theft. The principle is then very important. Do you have any specific recommendations to make—as Auditor General you can now only make a spot check—so that there will be greater internal control in our embassies of the money which is allocated to them?

The Chairman: Mr. Winch, we will ask Mr. Henderson to summarize this when the questions are finished. I am sure he will have some observations and suggestions to make.

Mr. McLean (Charlotte): I was a little confused about the employees. Do you mean the employees of the embassy or the employees of the Auditor General?

Mr. Henderson: The employees of the embassy.

Mr. McLean (Charlotte): You said when these receipts came in you thought they were all right. Do you mean the employees of the Auditor General's office or the employees of the embassy?

Mr. Henderson: Both the embassy and the Comptroller of the Treasury, who has the receipts in Ottawa.

Mr. McLean (Charlotte): I thought these accounts were audited in Canada. I thought they came from the embassy to be audited in Canada?

Mr. Long: The audit is a test audit, Mr. McLean, and these particular accounts...

Mr. McLean (Charlotte): But do these accounts not come from the embassy to the Auditor General in Canada?