

## Auditor General's Report.

### Appropriation Balances.

*Order in Council, June 27, 1888.*—The Treasury Board had under consideration a communication from the Auditor General respecting the interpretation of section 37 of the Audit Act which provides for the extension of time for closing the Appropriation Accounts.

The Auditor General states that he understands the section to mean: "That an Appropriation Account can be kept open for any time fixed by the Council, up to three months, for the purpose of charging against a vote all services or supplies for which the vote was taken, that is, those rendered before June 30."

As the present practice of bringing down the balances of appropriations for three months, and thereby lengthening the financial year to fifteen months, has been productive of delay in the preparation of the accounts for Parliament, and with the view of definitely deciding what course should be followed, the matter was referred to the Department of Justice for opinion.

The Deputy Minister of Justice reports: "The question is, whether, upon an Order in Council having been passed as specified in the section, a department may make additional expenditure and incur increased liabilities upon the strength of the original estimate; or whether the extension referred to in the section is only for the purpose of enabling a department to pay, after June 30, liabilities that have been incurred previously to that date. It would appear that the latter interpretation is the correct one. The section, without the proviso, categorically provides that any balance unexpended on June 30, shall lapse, and be written off. The proviso does not either expressly or by implication give a department power to make a new expenditure, and if that power is not contained in the proviso, it is nowhere; it does not exist. The only meaning to be drawn from the proviso is that the extension is made for the purpose of paying after June 30, out of the original appropriations, such accounts as had at that date been incurred."

The Board, after careful consideration of the matter, recommend to Council that for the current fiscal year the present practice be retained, so that no inconvenience may be experienced by the departments, the Auditor General having intimated that he is willing that for the present year such course be adopted; but as the law is clearly in accordance with the contention of the Auditor General, the Board are of opinion that under existing circumstances the practice now followed cannot be continued.

JOHN J. MCGEE, *C.P.C.*

### Letter-of-Credit Cheques.

*Order in Council, June 27, 1888.*—The Treasury Board had under consideration a communication from the Auditor General with regard to the signing of letter-of-credit cheques, and submitting a list of the names of persons who sign such cheques for the different departments; and they recommend to Council:—

- (1.) That for each department, substitutes be authorized by Order in Council to sign for those in whose favour the letter-of-credit is drawn, and that a copy of the Order in Council be sent to the Bank of Montreal, or other bank on which the credit may be drawn.
- (2.) That the departments be instructed not to permit any person to sign except those authorized by Order in Council.
- (3.) That no cheques be signed in blank, either in the inside or outside service.
- (4.) That all cheques be drawn in the form: "Pay to the order of———;" and not in either of the forms: "Pay to —— or bearer," or "Pay to —— or order."
- (5.) That authority be given for the signing of letter-of-credit cheques in the different departments by the following substitutes: (List not printed).

JOHN J. MCGEE, *C.P.C.*