

This is a vast program involving extremely large sums of money, \$1.3 billion from the public purse and your Committee was concerned that the setting up of this program and the expenditures were in order and properly audited.

Your Committee was informed by the Auditor General that his office was called initially to meet with officials of Energy, Mines and Resources to work with them in devising an effective program, one related to the actual compensation payments; and secondly the price guidelines.

Your Committee was assured that compensation is being paid, only in respect of oil that is not indigenous to Canada and the regulations from the start specified that fuel supplied to ships or aircraft not registered in Canada engaged in international movements should not qualify for compensation.

To assist them in monitoring this program, providing the extra manpower needed on this assignment, the Auditor General obtained the services of a public accounting firm to give them the expertise needed for this unique assignment.

Your Committee will await the Auditor General's next report on this vast and expensive program to discover how effective the control measures have been.

PARAGRAPH 70—*The Establishment of a Special Audits and Enquiries Branch.*

PARAGRAPH 71—*Financial Management and Control Study. (See Minutes of Proceedings and Evidence, Issue No. 33, dated June 12, 1975)*

At this meeting your Committee were joined with members from the Standing Committee on Finance, Trade and Economic Affairs and the Standing Committee on Miscellaneous Estimates. Your members heard a progress report from the Auditor General and his associates, from the Chairman of the Public Service Commission, plus representatives of the Public Accounting Firms on Executive Interchange, on how the Interchange Canada Program is helping the Auditor General supplement and assist in his undertaking a comprehensive evaluation of financial and management and control systems throughout all of the government departments, agencies and Crown corporations for which the Auditor General has audit responsibilities.

These representatives of the public service and the outside business world gave your Committee a very illuminating insight of the uses made of the Executive Interchange Program, in obtaining the services of senior members of sixteen major firms of chartered accountants across Canada to work on the Financial Management and Control Study. In all a total of 34 joined the Office of the Auditor General under the Interchange Canada Program.

In 1975-76 the Office of the Auditor General will also be sending selected professional personnel for experience with participating firms of chartered accountants.

The Chairman of the Public Service Commission outlined the Commission's role in getting this plan under way, which provides for the temporary transfer of executive personnel between the public service and the private sector, the universities and other levels of government and international agencies.

Your Committee also heard evidence from some of the members of the Accounting firms, who lent their experience and expertise serving on this Executive Interchange Program.

From these representatives of the accounting firms on loan through Executive Interchange, your Committee was given an insight into the wide scope of their plan of action and accomplishment.

A central group is responsible for directing study teams, maintaining liaison with departments, studying the central agencies and reviewing findings and recommendations developed by the study teams.

There are fourteen study teams, each consisting of a partner and manager from a participating firm and a senior auditor from the Audit Office.

These study teams were active and an idea of the scope of their 1974-75 program can be realized, when it is stated that by August 31, 1975 studies were completed on 28 departments and agencies.

The particular areas of study are broad and for the information of the House are listed:

The form of the Estimates and Public Accounts: the appropriateness of these documents as a basis for parliamentary control and the standards of disclosure of financial information included therein.

Budgetary preparation and control: the appropriateness of the systems supporting the resource allocation process and the management of resources during the year.

Financial reporting systems: the adequacy of financial information provided to all levels of management and the appropriateness of the central and departmental systems used to assemble this information.

Financial control of expenditures, revenues, assets and liabilities: the adequacy of the controls to prevent unauthorized or improper expenditures, inappropriate recovery of revenues or the improper use or disposition of assets.

Internal audit: the effectiveness of this function within departments and agencies.

Staffing: the adequacy of the systems for ensuring that persons performing financial functions have the