

Q. It is wise maybe to put the facts on record because it is not only members of the committee who may wish to follow this, Mr. Chairman, but also those who are interested in the work of the committee. Under the Act those two auditors must be chosen from different firms of auditors?—A. That is right.

Q. Yes. And your term is restricted to a period of two years?—A. That is as associate auditor.

Q. I beg your pardon?—A. As associate auditor.

Q. Yes.—A. As principal auditor I can be elected from year to year without interruption if the shareholders choose to elect me; but as associate auditor, they change every two years.

Q. And there must be a period of two years elapse between the employment of the same auditor?—A. That is the associate auditor.

Q. I am a little puzzled by that statement with regard to the principal auditor. I do not notice any distinction in the Act, Mr. Clarkson, with regard to the principal and associate auditors.—A. There is a provision in there. I have not got it here. I have been handed the Act. It says; "The shareholders shall at each annual meeting—

Mr. NOSEWORTHY: Would you mind telling us what page that is?

Mr. GRAHAM: Subsection 5.

The WITNESS: Subsection 5 of section 55. It reads:

The shareholders shall at each annual general meeting appoint two persons, not members of the same firm, whose names are included in the last published list, to audit the affairs of the bank, but if the same two persons, or members respectively of the same two firms have been appointed for two years in succession to audit the affairs of any one bank, one such person or any member of one such firm shall not be again appointed to audit the affairs of such bank during the period of two years next following the term for which he was last appointed.

*By Mr. Graham:*

Q. Yes.—A. That results in one so-called permanent auditor or continuous auditor and the other alternate.

Q. Putting it in another way, it results in a fresh auditor having access to the books on behalf of the shareholders every two years?—A. That is what was intended, yes.

Q. And that is what happens in practice?—A. That is what happens.

Q. Just so that we may know, how long has your firm been established? I am speaking now of Clarkson, Gordon Dilworth and Nash.—A. The original firm? Eighty years.

Q. Eighty years?—A. Yes.

Q. I assume that we all know it, but you can vouch for the fact that it has a very large business in the auditing field?—A. We have a fair business, yes; an extensive business.

Q. I notice Mr. Tompkins has told us of your association with the liquidation of certain banks. That, too, would give you a very great insight into the method of management and the safeguards that have to be adopted in the banking business, I take it that would follow through that?—A. Well, the liquidation of a bank gives you a kind of experience that you do not get from the audit. It is something entirely different.