

**PARAGRAPH 74—FAILURE TO COLLECT MONIES  
DUE THE CROWN**

This paragraph deals with a situation similar to that dealt with in the previous paragraph, and in particular with the question of whether the Department of Industry, Trade and Commerce had the necessary authority to advance additional funds to a contractor for maintaining production rather than for development. Your Committee has ascertained that there is a difference of opinion between the Auditor General and the Department on the legality of this additional advance but understands that legal opinion is being sought.

Your Committee is concerned with the lack of communication between Departments which became apparent during questioning of officials of the Department of Industry, Trade and Commerce. As other Departments are concerned in this matter, your Committee intends to re-open consideration of this paragraph on some future occasion.

**PARAGRAPH 78—EXAMINATION OF CANADA MAN-  
POWER CENTRES AND REGIONAL  
OFFICES**

The Committee is concerned to note that following an examination of 10% of the Canada Manpower Centres and Regional Offices of the Department of Manpower and Immigration across Canada, the Auditor General noted a number of serious weaknesses in the control of transactions relating to the Adult Occupational Training Program, the Manpower Mobility Program and the Vocational Rehabilitation of Disabled Persons Program. The Committee is pleased to note that amended procedures have been issued designed to correct many of the weaknesses, and requests that the Auditor General continue to give close scrutiny to implementation of these amended procedures. It also expresses the hope that he might be able to increase the number of offices included in his check.

**PARAGRAPH 119—PROVINCIAL PAYMENTS TO  
FEDERAL HOSPITALS UNDER  
THE HOSPITAL AND DIAGNOS-  
TIC SERVICES ACT**

Your Committee appreciates the difficulty of procuring accountants for northern hospitals. Although pleased that conditions have improved, your Committee remains concerned over the inability of the Auditor General to determine whether the terms of the agreements with the various provinces under the Hospital Insurance and Diagnostic Services Act relating to payments to federal hospitals are being observed in all cases. Your Committee wishes to point out that unless the records of the hospitals are established and maintained in accordance with the Canadian Hospital Accounting Manual, and kept up to date so that the hospital returns are prepared and submitted promptly to the provincial hospital service plans, it is not possible to determine whether *per diem* rates

received by the hospitals are equitable and in accordance with the terms of the agreements with the provinces.

**PARAGRAPH 120—CONTINGENCIES VOTE USED TO  
SUPPLEMENT FUNDS PROVIDED  
BY STATUTE**

Your Committee wishes to record disapproval of the action of the Treasury Board in approving payment of \$589,000 as a charge to 1969-70 Treasury Board Vote 5—Contingencies when the authority of Parliament was required to make this additional payment because of the fact that the Fitness and Amateur Sport Act statutory provision of \$5 million for payments had already been disbursed to the extent of \$4,984,000.

**PARAGRAPH 122—OVERPAYMENTS IN THE OLD  
AGE SECURITY PROGRAM**

Your Committee remains concerned with the extent of the overpayments in the Old Age Security Program. It notes that irregular payments of \$961,000 have been made and that the Department of National Health and Welfare has been diligent in recovering \$375,000 to March 31, 1970 and requests the Department to file a report with the Committee showing the status of recoveries up to the present date.

**PARAGRAPH 123—GUARANTEED INCOME  
SUPPLEMENT**

After considering the effectiveness of the administration of this program by the Department of National Health and Welfare, your Committee is of the view that a test of 5% of each year's claims was too low in light of the overpayments disclosed by the tests as reported by the Auditor General. Your Committee was of the opinion that this rate should be increased and is pleased to learn that the Department has increased the percentage of tests.

**PARAGRAPH 155—SUBSIDIZATION OF IRRIGATION  
PROJECTS**

In this paragraph the Auditor General has commented on three irrigation projects carried on under the Prairie Farm Rehabilitation Act, that is, the Bow River and the St. Mary irrigation projects in Alberta and irrigation areas in southwest Saskatchewan.

In questioning the Director of the Prairie Farm Rehabilitation Administration your Committee noted the similarities between the Bow River and St. Mary irrigation projects in which the Federal Government is subsidizing the projects at the rate of over \$1 million a year.

Your Committee has been informed that negotiations are under way which would have the result of the Province of Alberta assuming operating responsibilities for these two projects. Your Committee urges that these negotiations be energetically pursued with the aim of concluding them in favour of the Federal Government as soon as possible.