

reports being read by the management, and perhaps only 10 per cent of their value used, and the rest goes on the shelf and gathers dust. That, not too infrequently, is the case.

Mr. CHOWN: That is the point I wanted on the record, Mr. Chairman.

Mr. HENDERSON: They are not practical. I have not studied all the recommendations in respect of Crown Assets Disposal Corporation, but I have discussed a few of them with Mr. Richard and his associates, and there are several remarks here that I think we could have ironed out very happily together, had we been in on the discussions.

For example, they say:

Accounts receivable records are now kept on a national cash register company bookkeeping machine. Accounts receivable could be handled more easily and more quickly by using a manual system—

That is to say, by writing. I would agree with that, if there were just a few hundred accounts. In the case of Crown Assets, there are 2,500 accounts; and to say that a person could write them up in longhand faster than a machine—with just that rather limited remark—I think is open to question. That is the type of thing that possibly we could have made a contribution to, had we been consulted.

Mr. McGRATH: Could the Auditor General's department fulfil this role of the management consultant to the crown corporations?

Mr. HENDERSON: At the present time, due to our staff situation—which we discussed earlier—the answer would be no, Mr. McGrath. But I would hope that in due course, over the next year or so, we would be in a position to discharge the bulk of this type of thing.

Mr. McGRATH: I would gather from your reply that you would be in a better position to do this to the crown corporations than an outside firm.

Mr. HENDERSON: I have maintained before that by virtue of his close knowledge and experience with the client's affairs, the auditor is in a preferred position to render this type of service.

Where specialists are required, they can always be obtained for the job in question, or something like that—or we could work in cooperation with an outside firm, equipped to cover the more technical aspects. It depends on the nature of the assignment.

Mr. McGRATH: Do you make recommendations of this nature?

Mr. SMITH (*Simcoe North*): It was on the record yesterday.

Mr. McGRATH: In this specific case?

Mr. HENDERSON: Yes.

Mr. McGRATH: I am sorry.

Mr. CHOWN: Mr. Chairman, may I ask the deputy auditor general the same question that I asked of Mr. Henderson earlier, about whether it was the practice in the past, in your experience, for you to be consulted before or after outside agencies were retained as management consultants.

Mr. IAN STEVENSON (*Assistant Auditor General*): No, sir, it was not the practice for us to be consulted either before or after.

Mr. CHOWN: I see.

The CHAIRMAN: There is one thing that worries me, if I may ask a question of the assistant auditor general. Are these management consultant reports brought to your attention automatically, or must you dig for them?

Mr. STEVENSON: As I understand it, Mr. Chairman, they come to the notice of our audit staffs while they are engaged in the audits of the various corporations, unofficially, as it were. They have not been—