

## APPENDIX No. 3

delegated to the officers are restricted in their nature and only of a purely executive character. These well-defined powers are limited to the requirements of operations of a very simple and local business. But even these precautions have not been considered sufficient, and as there were to be inconveniences to members to call them often in general meetings to examine the management of the Boards of Administration and Credit, another board was created called Committee of Supervision. This last board have very wide powers of a controlling character, but have no right to decide important questions arising in the discharge of their duties. All that they can do is to appeal to the general meeting, which holds the supreme power to pronounce upon those matters. These supervisors correspond to the auditors in companies, but their powers as qualified above are far more extensive. They are selected yearly by the general meeting from amongst the shareholders. Their number may vary, but three is considered enough. They are re-eligible.

They watch over all the operations of the association; frequently check the cash, the investments and securities; see to the carrying out of the by-laws, regulations and decisions of the committee of credit and direction especially as regards loans and renewals; they must ascertain frequently the exact value of the securities in hand and, in a word, take cognizance of all the documents they deem useful for the performance of their duties. The committee of supervision has the right to examine and audit all the books of the association. They are bound to call an emergent general meeting of the shareholders if they find anything serious in connection with the management of the association's affairs or any violation of the statutory prescriptions relating to the administration of the moneys paid into the funds or of the securities exacted for the repayment of loans. They may, in the event of emergency or of extraordinary cases, suspend the salaried officials and members of the committee of credit, but shall at once report their reasons to a general meeting of the shareholders who shall decide on the same.

They shall, when the case is not of sufficient importance to necessitate the calling of a general meeting of the shareholders, report their observations in writing to the council of administration. The latter shall be bound to act accordingly and, if necessary, to remedy the state of affairs pointed out so as to remove all subjects of complaint. Should the council of administration not act, refuse to take up the matter, or neglect to take the proper steps to remedy the state of affairs pointed out, whereof the committee of supervision are constituted judges, they may bring the matter before the next ordinary or special general meeting that may be held, by entering the same on the orders of the day.

They shall, generally, take the most suitable steps for ascertaining the progress of the association's affairs which are entrusted to the various persons whose services are either gratuitous or remunerated and take every means to see, as far as possible, that the by-laws and regulations are faithfully observed. The members of the committee of supervision are chosen from amongst the shareholders who do not belong to the council of administration, the committee of credit or any other temporary or standing committee and who hold no office, whether salaried or not. The members of the committee of supervision are not allowed to borrow from the association. In this respect their position is similar to that of the members of the committee of credit and management in order to ensure their perfect independence and impartiality. They must submit a written report to every annual general meeting of their doings.

I would humbly submit that the provision in the bill relating to the auditors should be drawn so as to convey the general idea set out in the foregoing definition of the duties and powers of these officers, and that their name be, if possible, changed so as to give a more exact conception of their functions, as the word auditor, as generally understood, carries a much more restricted meaning than the one indicated here as appertaining to these supervisors.

As it will be readily seen, this committee represents the general meeting sitting in permanence alongside the officers and boards entrusted with the management of the