

*From Environment Canada:*

Mr. J. B. Seaborn, Deputy Minister;

Mr. W. E. Armstrong, Assistant Deputy Minister, Planning and Finance Service;

Mr. G. Vachon, Director General, Finance and Facilities Directorate;

Mr. R. J. Kelly, Director, Departmental Financial Services.

*From Atomic Energy of Canada Limited:*

Mr. J. S. Foster, President;

Mr. E. Deslauriers, Treasurer.

*From the St. Lawrence Seaway Authority:*

Mr. Paul D. Normandeau, President;

Mr. J. H. Graham, Treasurer.

*From the Department of Indian Affairs and Northern Development:*

Mr. A. Kroeger, Deputy Minister;

Mr. P. C. Mackie, Assistant Deputy Minister, Indian and Eskimo Affairs Program;

Mr. E. F. McTaggart, Director, Departmental Financial and Management Services Branch;

Mr. E. T. Parker, Director, Financial and Management Services Branch, Indian and Eskimo Affairs Program.

*From the Department of Energy, Mines and Resources:*

Dr. Charles H. Smith, Senior Assistant Deputy Minister;

Dr. Pierre Bourgault, Assistant Deputy Minister, Planning and Evaluation;

Mr. Richard P. St. John, Assistant Deputy Minister, Administration;

Mr. Dal Browne, Director, Financial Services.

*From Energy Supplies Allocation Board:*

Mr. N. J. Stewart, Chairman;

Mr. W. D. Archbold, Vice-Chairman;

Mr. C. Drabble, Board Member.

*From the National Energy Board:*

Mr. B. H. Whittle, Director, Administration.

*Financial Management and Control Study*

Your Committee reviewed the subject areas of each Chapter in the Financial Management and Control Study which was undertaken by the Auditor General during 1975, and which is contained in the Supplement of his annual report to this House. The purpose of the Study was to evaluate the quality of financial management and control throughout the Government of Canada, its departments and agencies, and certain Crown corporations.

Your Committee examined witnesses from the central agencies of government as well as from a selection of departments and agencies, including CIDA, Environment, Energy, Mines and Resources, Public Service Commission, Public Works, Supply and Services, and Transport. It became evident to the Committee that the conclusion reached by the Auditor General was well substantiated:

“the present state of the financial management and control systems of departments and agencies of the Government of Canada is significantly below acceptable standards of quality and effectiveness.”

In order to correct the situation, the Auditor General has proposed 34 significant recommendations, which your Committee unanimously endorsed, based on the evidence presented to it.

Your Committee is pleased to inform the House that the Treasury Board has accepted 32 of the key recommendations and that it is already engaged in a comprehensive program of implementation. A new Financial Administration Branch of the Treasury Board has been established to ensure that the measures necessary to increase the standards of financial management and control in government will be implemented and effectively monitored.

Your Committee has requested that the Auditor General follow up and monitor the actions taken both at the government-wide and departmental levels in response to the findings and recommendations on which he has reported. Your Committee has been given the full assurance by the Auditor General that he will report on any matters where action to remedy reported deficiencies and weaknesses in financial control has been inadequate or is not functioning satisfactorily.

Furthermore, your Committee has been given the assurance by the Secretary of the Treasury Board that it will be furnished with periodic progress reports on the implementation of these measures so that Parliament will be kept informed, and that progress in the strengthening of government-wide and departmental financial procedures will be assured.

*Weakening of Parliamentary Control*

One area of immediate concern to the Committee was the form of the Estimates. Changes in the form and content of the Estimates over the last ten years, in the Committee's view, have seriously reduced the effectiveness of Parliament's control over government expenditure. The reduction in the number of votes, the broadening of the vote wording, and the standardization of the Estimates have generally resulted in a significant loss of information