

The CHAIRMAN: Question No. 3: Do you not think the auditor or the Auditor General's department could help you in determining the feasibilities of the recommendations of the management consultants, if they had consulted you?

Mr. RICHARD: We had no intention of making any radical changes in the accounting and internal check features, without consulting the Auditor General. We are still at the point of trying to find out what they are driving at.

The CHAIRMAN: I think Mr. Chown has put his finger right on a very important thing, and I am very glad you brought it to the attention of this committee.

Mr. Auditor General, would there be other crown corporations who might have received reports from management consultants, but they have not brought these reports to your attention?

Mr. HENDERSON: There is only one other firm, to my knowledge, at the moment, who have employed management consultants; and the president has just made available to me a copy of their completed report and their recommendations. I have acknowledged them and indicated I would like to discuss them with him.

Mr. CHOWN: What crown corporation was this?

Mr. HENDERSON: Eldorado Mining and Refining.

Mr. CHOWN: This is the first knowledge you have that such an outside agency was retained by that corporation?

Mr. HENDERSON: I learned about it at about the time of our previous discussion in this committee. I believe Mr. Stokes was familiar with the work being in progress at the time it was being carried out. Mr Gilchrist very kindly telephoned me and sent over the reports.

Mr. CHOWN: Mr. Stokes, when were you brought into the picture.

Mr. STOKES: We were not brought into the picture, in the sense of consulting, but we were informed and they mentioned that the consultants had been engaged. We knew it was going to take place in the year 1959, in the course of our interim audit. That was around August.

Mr. CHOWN: Having been informed of this, would you say it was early—at the time that they were retained, or before they were retained?

Mr. STOKES: We were aware that they were considering their engagement, I will put it that way. Yes, we knew they were being engaged.

Mr. CHOWN: As a result of that, did you take an interest in it?

Mr. STOKES: No, we were not consulted.

Mr. CHOWN: On your own initiative, you did not take an interest in it?

Mr. STOKES: No.

Mr. SMITH (*Simcoe North*): I do not think that the audit supervisor of the Auditor General could, on his own initiative, go to Eldorado and say, "We want to be included in these discussions".

I do not think we should imply any dereliction of duty on the part of Mr. Stokes or any other audit supervisor.

Mr. CHOWN: No, I had no intention of doing that, for the record.

Mr. HENDERSON: Mr. Chown, if I may say so, I think you have made a very good point. In my experience I have seen quite a number—I am speaking of business experience—of these jobs undertaken. I, personally, have a very high regard for the approach that the management consultants bring to their work, particularly a firm of Price Waterhouse's reputation. But due to the fact that they go about it without always consulting with the client's auditors has, in my experience, often resulted in very expensive, elaborately prepared