

I have the honour to submit my Report for the fiscal year 1896-97 on Expenditure (Appropriation and Statutory) and on Revenue accounts.

The letters which immediately follow and which appear to be sufficiently plain, will, I hope, form the subject of special consideration by the Public Accounts Committee and lead to a careful examination of the Audit Act to determine the changes which should be made to remove ambiguities, and the new provisions which should be introduced.

I should feel that a step had been taken, not only to lighten my responsibility, but to give uniformity and system to the financial affairs of Canada, if it were determined to form a practically permanent but small committee of Members of Parliament who have a taste for accounts, to examine all the differences, including the Treasury Board over-rulings, which the year's report shows to have arisen between the Departments and the Audit Office. The reports of the similar Committee of the Imperial Parliament have been useful to me. The time and attention given to the inquiry in England by prominent public men, show that the importance of the results is fully appreciated there.

J. L. McDOUGALL

*Auditor General.*

AUDITOR GENERAL'S OFFICE, February 7, 1898.