

tures during the year and the statements of account in various forms amount to only \$29,000 for 1966-67 and \$150,000 for 1967-68.

In the two years 1966-67 and 1967-68 \$429,000 was advanced from the Department's Vote 35 and recorded as expenditures. Your Committee is alarmed to learn that the Department officials could produce certification for \$179,000 only, leaving \$250,000 for which no certified statement of account was available.

The Departmental officials stated that they do not have an adequate explanation as to why these certifications were not produced and there was a definite breakdown in their accounting procedure.

The departmental officials emphasized that these funds were advanced to Indian bands for these purposes even though they had not received proper certification of accounts because they realized the difficulty these bands had in following proper accounting procedures. Notwithstanding the fact that the Department had considerable difficulty securing the proper certification for advances, the Committee is of the opinion that public moneys should not have been advanced without a certified statement of account as required by the legislation.

Your Committee is of the opinion that the department must institute stricter accounting procedures and better administration in the field without delay. Your Committee requests the Auditor General to keep this matter under close examination and keep the Committee informed of his findings.

Inadequate accounting and financial control procedures, Indian agencies

This is an area where the Committee is of the opinion that the Department must institute a definite strengthening of financial control over its field activities. Office procedures were inadequate. There were unsatisfactory welfare administrative procedures, procedural shortcomings and apparent failure of the Department to verify entitlement to welfare.

While realizing that in this area, the Department has a very difficult task to perform, the Committee is of the opinion that a great deal of reform must take place in all the department's accounting and financial control procedures if, as is hoped in a few years, Indian bands find themselves administering their own funds. Some real problems similar to the alleged misuse of funds at the Hay Lake Reserve will arise if they are not given more aid in becoming used to proper accounting procedures.

The agencies are manned by Departmental employees and the Committee is of the opinion that the Department has been lax in not ensuring that their employees adhere to the rules and regulations. Your Committee recommends that the Department issue a directive to all its agencies, that all rules and regulations relative to expenditure of these funds must be complied with and if discrepancies continue, disciplinary action will be taken.

Your Committee further recommends that when funds are to be administered by Indian band officials, these departmental officials must be prepared to give special assistance to these bands.

Additional costs resulting from airlifts of fuel oil to meet shortages

Because of lack of proper records, failure to make allowances for increased demand arising from public housing programs and through accidents (one case involved the pumping of 3000 gallons of water instead of fuel oil